Date of Hearing: April 28, 2025

ASSEMBLY COMMITTEE ON EMERGENCY MANAGEMENT
Rhodesia Ransom, Chair

AB 1531 (Committee on Emergency Management) – As Introduced March 26, 2025

SUBJECT: Office of Emergency Services: comprehensive wildfire mitigation program

SUMMARY: Adds a representative of the California Department of Insurance to the California Wildfire Mitigation Program Board (CWMPB), by July 1, 2026. Specifically, **this bill**:

1) Adds a representative of the California Department of Insurance to the California Wildfire Mitigation Program Board (CWMPB), on or before July 1, 2026.

EXISTING LAW:

1) Under the California Emergency Services Act, establishes the California Office of Emergency Services (Cal OES) within the office of the Governor for the purpose of mitigating the effects of natural, manmade, or war-caused emergencies. (Government Code 8550)

2) Requires the Office of Emergency Services to enter into a joint powers agreement with the Department of Forestry and Fire Protection, until July 1, 2025, to develop and administer a comprehensive wildfire mitigation program to, among other things, encourage cost-effective structure hardening and retrofitting to create fire-resistant homes, businesses, and public buildings. (Government Code 8654.4)

3) Requires the joint powers authority to develop eligibility criteria for property owners, community organizations, and local governments that may receive financial assistance under the wildfire mitigation program. (Government Code 8654.4)

4) Under the Robert T. Stafford Disaster Relief and Emergency Assistance Act (Public Law 100-707), authorizes the Federal Emergency Management Agency (FEMA) to provide emergency assistance to states and local entities impacted by disasters. In any emergency, the President may, among other things, authorize public assistance programs aimed at providing essential emergency assistance, repairing and restoring damaged public facilities and removing debris.

5) Establishes, under Section 404 of the Stafford Act, the HMPG, which is administered by FEMA and provides grants to States and local governments to implement long-term hazard mitigation measures after a major disaster declaration.

6) Establishes the Hazard Mitigation Grant Program (42 U.S.C. Sec 5170c) to finance up to 75% of the cost of hazard mitigation measures determined to be cost effective and that substantially reduce the risk of, or increase resilience to, future damage, hardship, loss, or suffering in any area affected by a major disaster, or any area affected by a fire for which assistance was provided under specified federal law.

FISCAL EFFECT: Unknown. This bill has not been analyzed by a fiscal committee yet.

COMMENTS:

Purpose of the bill: According to the author, "In January 2025, Los Angeles experienced the most catastrophic wildfires in its history. The wildfires that ravaged L.A. County ultimately consumed 55,082 acres. The Palisades and Eaton Fires were the most destructive, burning 23,700 and 14,000 acres, respectively. The fires have claimed at least 29 lives and destroyed over 16,251 structures. Total property and capital losses from the L.A. wildfires could range between $76 billion and $131 billion, with insured losses estimated at $45 billion. These estimates are subject to uncertainty due to a number of factors, including the dynamic nature of wildfires, housing prices, and fire suppression and recovery costs.

California is struggling with an ongoing insurance crisis, where companies are boosting rates, limiting coverage or pulling out completely from regions susceptible to wildfires and other natural disasters. In 2023, several major insurance companies either paused or restricted new business in the state, saying they can't truly price the risk on properties as wildfires become more common and destructive due to climate change.

In an ongoing effort to mitigate the impacts of climate change and the threat of catastrophic wildfires, the California Office of Emergency Services, in collaboration with the CAL FIRE and the Office of the State Fire Marshal, manage California Wildfire Mitigation Board. One of the goals of this board is to leverage federal hazard mitigation funds to harden homes and make communities more wildfire resilient. Given the intersection of wildfire risk and insurance, adding the California Department of Insurance to the Wildfire Mitigation Board makes sense and will ensure a more comprehensive approach to investments in wildfire hazard mitigation projects."

Equity Impact: According to the author's staff, "people of low socioeconomic status are more likely to live in homes that are vulnerable to disasters and to have their homes damaged or destroyed in the event of a disaster. They are also less likely to be able to afford home hardening or other mitigation projects on their own."

California Wildfire Mitigation Program (CWMP): In 2019, AB 38 (Wood), required Cal OES and Cal FIRE to establish a Joint Powers Authority (JPA) to administer the CWMP. The purpose of the CWMP is to harden homes and establish defensible space in high risk, socially vulnerable communities; and provide financial assistance for low- and moderate-income households. These efforts encourage cost-effective wildfire resilience and hazard mitigation measures to create fire-resistant homes, businesses, public buildings, and public spaces.

The 2020 Budget Act provided $21.9 million General Fund to match federal Hazard Mitigation Grant Program (HMPG) dollars earmarked for the CWMP. The Federal Emergency Management Agency (FEMA) Hazard Mitigation Grant Program (HMGP) is a post- disaster funding program that funds up to 75 percent of the costs of eligible hazard mitigation projects. Cal OES is working closely with FEMA to use the $21.9 million General Fund to cover the required 25 percent non-federal cost share for communities to participate in hazard mitigation programs. By matching federal grant dollars, California is increasing the dollars available for the creation of defensible space and wildfire home hardening.

In coordination with state and local partners, Cal OES and CAL FIRE are establishing a state wildfire home hardening framework that can be modeled throughout vulnerable California communities. The framework will provide the opportunity for California communities to leverage state and federal resources and develop local wildfire home hardening programs that address community resiliency needs. To help expedite local wildfire home hardening program development and inform build-out of the state's framework, Cal OES and CAL FIRE will provide state funding, resources, and support for demonstration communities to implement community wildfire home hardening projects in areas with high social vulnerability and wildfire risk.

<u>January 2025 Firestorms in Los Angeles</u>: On January 7, 2025, as a result of consistent forecasts for dangerous fire weather conditions, the Los Angeles Fire Department pre-deploys and pre-positions resources, including fire engines, command teams, brush patrols, water tenders and air operations personnel at 8:00am. Thirty minutes later, a hiker near the source of the Palisades Fire reports smelling smoke. At 10:20am, an AlertCalifornia wildfire detection camera, detects smoke rising. CAL FIRE reports the Palisades Fire has started southeast of Palisades Drive in the Pacific Palisades at 10:30am.The Palisades Fire erupts, growing from 10 to 200 acres within a half hour and prompting evacuation warnings and orders.

Governor Gavin Newsom proclaimed a State of Emergency in Los Angeles and Ventura Counties due to fire and windstorm conditions. The Palisades Fire has grown to 1,200 acres at the time of his declaration.[1] By 2:30pm, the Palisades Fire has spread to 700 acres and is making a run towards the Pacific Coast Highway. According to the Los Angeles Fire Department, 10,000 houses are threatened and there are 250 city firefighters on scene in addition to 100 Los Angeles County Fire Department Firefighters deployed to assist. Extreme fire behavior, including short and long-range spotting, continues to challenge firefighting efforts for the Palisades Fire. CAL FIRE Incident Management Team II is activated to assist Los Angeles County Fire and Los Angeles City Fire Departments as winds gust up to 60 mph and the fire grows to 1,262 acres by 4:00pm.[2]

At 6:18pm, CAL FIRE reports the Eaton Fire has begun in Altadena, describing the incident as a "fast-moving fire burning brush fueled by high winds," prompting evacuation orders.[3] Given the dire conditions of simultaneous conflagrations, the Los Angeles Fire Department calls on all of its firefighters to report for duty and the LA County Fire Department's incident commander orders 10 strike teams (50 engines) to help contain the Eaton Fire.

<u>Palisades and Eaton Fires</u>: At its height, the fires placed an estimated 331,335 people on an evacuation advisory, with nearly 192,000 residents facing mandatory evacuation and roughly 140,000 subject to warnings. The blazes burned a combined 37,469 acres and leveled entire communities in the Pacific Palisades and Altadena neighborhoods of LA County.

The Eaton Fire became the second most destructive fire in California history after destroying 9,418 buildings. The Palisades Fire is the third most destructive fire in state history with 6,837 structures destroyed. As firefighters were battling the largest conflagrations, additional fires broke out in the Los Angeles area. Crews were able to stop the forward spread and contain the blazes. These fires included the Lidia, Archer, Woodley, Sunset, Kenneth, Hurst and Auto fires, which burned close to 2,400 acres between them.

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[1] https://www.gov.ca.gov/2025/01/07/governor-newsom-proclaims-state-of-emergency-meets-with-first-responders-in-pacific-palisades-amid-dangerous-fire-weather/
[2] https://www.fire.ca.gov/incidents/2025/1/7/palisades-fire/updates/b5ee529b-be05-4c4a-8892-5463128f2c1d
[3] https://www.fire.ca.gov/incidents/2025/1/7/eaton-fire/updates/35f4cb4c-4023-4484-a7b2-d0c2a40a5880

Two weeks after the initial fires, the Hughes Fire began near Castaic Lake in northern Los Angeles County on January 22 and quickly grew to over 10,000 acres. It was fully contained on January 30 after covering 10,425 acres.

After the wildfires were fully contained, LA City inspectors assessed more than 15,000 structures in the Palisades. Once these inspections were completed, the focus shifted to ensuring hazardous debris is safely removed. This process is currently underway with the help of the U.S. Environmental Protection Agency (EPA) and the Army Corps of Engineers.

<u>Major Presidential Disaster Declaration</u>: On January 8, 2025, President Biden approves a Major Disaster Declaration for California, which makes federal disaster assistance to supplement recovery efforts in the areas affected by wildfires and straight-line winds from Jan. 7, 2025 through January 31, 2025.

The President's action makes federal funding available to affected individuals in Los Angeles County. Assistance can include grants for temporary housing and home repairs, low-cost loans to cover uninsured property losses and other programs to help individuals and business owners recover from the effects of the disaster. Federal funding is also available to state, tribal and eligible local governments and certain private nonprofit organizations on a cost-sharing basis for debris removal and emergency protective measures, including direct federal assistance.

<u>Wildfire Insurance Crisis</u>: Given these estimates and the devastating fires since 2018, some insurers have left the California market. State Farm, the state's largest insurer, declared last year it wouldn't issue new policies in California. Last week, the company announced it will begin shedding coverage of 72,000 California homes and apartment buildings over the next year. These customers are expected to end up on the California FAIR Plan, which is the state's last-resort insurance plan. The number of homes and commercial properties in high-risk wildfire areas covered by the California FAIR Plan has more than doubled, from 154,000 in 2019 to 375,000. As a result, liability exposure has increased from $50 billion in 2018 to $336 billion in February, according to Victoria Roach, the President of the FAIR Plan.

Last fall, Insurance Commissioner Ricardo Lara last fall announced plans for a major overhaul of the state's home insurance regulations and already has rolled out proposed new rules to speed approval of rate increases and allow computer catastrophe modeling to factor into them. It is anticipated that these changes will occur by the end of this year.

<u>Insurance discounts for wildfire protection measures</u>: According to CDI, the home-hardening credit program is still in its early stages and that once fully implemented, it will provide consumers with important new benefits. They'll get financial rewards for every step they take to fireproof their property, and transparency from insurers on what they see as wildfire risk concerns so homeowners can make changes or challenge their risk scoring.

The FAIR Plan offers a two-tiered home hardening discount program. Homeowners can get a 10% discount for structural wildfire hardening of their home, and a 5% discount for hardening the home's immediate surroundings. Those who meet requirements of both can get a total of 14.5% off their bill. And those who live in areas that implement broader "Firewise Community" protections can qualify for an additional 10% discount.

To qualify for the structural discount, homeowners must meet all of five of the following criteria:

- A "Class A" rated roof of asphalt fiberglass composition shingles, stone, concrete or clay tile, or metal.
- Noncombustible material such as concrete or metal along the bottom six inches of all exterior walls.
- Vents must be ember or fire resistant with approved wire mesh coverings.
- Windows must be multipaned or fully covered by shutters.
- Eaves must be enclosed.

To qualify for the immediate surroundings hardening discount, homeowners must meet these four criteria:

- Maintain an ember-resistant zone of clearance within 5 feet of the entire dwelling.
- Clear vegetation and debris from under decks.
- Remove combustible sheds or other outbuildings within 30 feet of the home.
- Regularly trim trees, clear brush and remove debris from their yard.

<u>Hazard Mitigation Grant Program (HMGP)</u>: FEMA's Hazard Mitigation Grant Program provides funding to state, local, tribal and territorial governments so they can develop hazard mitigation plans and rebuild in a way that reduces, or mitigates, future disaster losses in their communities. This grant funding is available after a presidentially declared disaster. In this program, homeowners and businesses cannot apply for a grant. However, a local community may apply for funding on their behalf. All state, local, tribal and territorial governments must develop and adopt hazard mitigation plans to receive funding for hazard mitigation project application.

<u>Eligible Risk Reduction Projects under the HMPG:</u> Hazard mitigation includes long-term efforts to reduce risk and the potential impact of future disasters. HMGP assists communities in rebuilding in a better, stronger, and safer way in order to become more resilient overall. The grant program can fund a wide variety of mitigation projects. These can include:

1) Planning & Enforcement: Developing and adopting hazard mitigation plans, which are required for state, local, tribal and territorial governments to receive funding for their hazard mitigation projects. Acquisition of hazard prone homes and businesses which enable owners to relocate to safer areas (acquisition). Post-disaster code enforcement.
2) Flood Protection: Protecting homes and businesses with permanent barriers to prevent floodwater from entering (levees, floodwalls, floodproofing). Elevating structures above known flood levels to prevent and reduce losses (elevation). Reconstructing a damaged dwelling on an elevated foundation to prevent and reduce future flood losses. Drainage improvement projects to reduce flooding (flood risk reduction projects).
3) Retrofitting: Structural retrofits to make a building more resistant to floods, earthquakes, wind, wildfire and other natural hazards. Retrofits to utilities and other infrastructure to enhance resistance to natural hazards (utility retrofits).
4) Construction: Construction of safe rooms for both communities and individual residences in areas prone to hurricane and tornado activity. Slope stabilization projects to prevent and reduce losses to structures.

<u>California's State Hazard Mitigation Plan</u>: The California (CA) State Hazard Mitigation Plan (SHMP) represents the state's primary hazard mitigation guidance document - providing an updated analysis of the state's historical and current hazards, hazard mitigation goals and objectives, and hazard mitigation strategies and actions. The plan represents the state's overall commitment to supporting a comprehensive mitigation strategy to reduce or eliminate potential

risks and impacts of disasters in order to promote faster recovery after disasters and, overall, a more resilient state.

Significance of the State Hazard Mitigation Plan (SHMP): The SHMP sets the mitigation priorities, strategies, and actions for the state. The plan also describes how risk assessment and mitigation strategy information is coordinated and linked from local mitigation plans into the SHMP, and provides a resource for local planners of risk information that may affect their planning area. States are required to review and revise its SHMP and resubmit it for FEMA approval at least every five years to ensure the continued eligibility of Stafford Act funding. This includes eligibility for FEMA's hazard mitigation assistance programs: Hazard Mitigation Grant Program (HMGP), Pre-Disaster Mitigation (PDM), and Flood Mitigation Assistance (FMA). This also includes eligibility for the Fire Management Assistance Grant (FMAG) Program and Public Assistance (PA) grants (Categories C-G). Additionally, with an approved and adopted SHMP, the state remains eligible for the reduced cost share for grants awarded under the Flood Mitigation Assistance grant programs.

Local Hazard Mitigation Planning: Because of the history of disasters throughout California, encouraging communities to adopt Local Hazard Mitigation Plans (LHMPs) is a priority. The Federal Disaster Mitigation Act of 2000 (DMA 2000) requires that states review LHMPs as part of their state hazard mitigation planning process. The intent is three-fold:

1) To gather hazard, vulnerability, and mitigation information from the local level for use in state-level planning
2) To ensure that state and local hazard mitigation planning is coordinated to the greatest extent practical
3) To ensure that local jurisdictions are made aware of the hazards and vulnerabilities within their jurisdiction and to develop strategies to reduce those vulnerabilities

This process ensures that mitigation actions are based on sound planning processes that account for the risks and capabilities of California communities. Mitigation plans form the foundation for a community's long term strategy to reduce disaster losses and break the cycle of disaster damage, reconstruction, and repeated damage.

Double referral: Should the Assembly Committee on Emergency Management approve this bill, it will be referred to the Assembly Committee on Insurance.

Prior legislation: AB 2983 (Rodriguez) of the 2023-24 Session. Would have requires the California Office of Emergency Services (Cal OES), the Department of Forestry and Fire Protection (Cal FIRE), and California Department of Insurance (CDI) to assess the extent to which wildfire mitigation projects will increase wildfire insurance availability and add a CDI representative to the Wildfire Mitigation Program Board. (Vetoed by the Governor)

AB 1569 (Committee on Emergency Management) of the 2021-2022 Session. Would have required Cal OES to report annually on Hazard Mitigation Funds are invested and how disaster risks were reduced. (Died in the Assembly Committee on Appropriations)

AB 38 (Wood), Chapter 391, Statutes of 2019. Established a program to help individuals make their homes more resistant to fires and to establish defensible space.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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