



CONSENT CALENDAR
April 28, 2026

To: Mayor and Members of the City Council

From: Disaster and Fire Safety Commission

Submitted by: Greg Murphy, Chairperson

Subject: Support Position on SB 894 (Allen) - California Wildfire Resilience Loan Program

RECOMMENDATION

Adopt an official Support position on Senate Bill 894 (Allen), the California Wildfire Resilience Loan Program, and authorize and direct the Mayor or City Manager or designee to send letters of support to Senator Ben Allen, Senator Jesse Arreguín, representing Berkeley in the California State Senate, and Assemblymember Buffy Wicks.

FISCAL IMPACTS OF RECOMMENDATION

No direct fiscal costs to the City of Berkeley. The recommended action is limited to communicating a policy position and transmitting letters of support to state legislators; no City appropriation or expenditure is required.

Substantial potential fiscal benefits to the City. SB 894 would establish a state-administered loan program providing financial assistance to Berkeley residents, homeowners, and small businesses for wildfire hardening and defensible space improvements. Increased adoption of such measures citywide would be expected to:

- Reduce the risk and severity of catastrophic wildfire losses within Berkeley, particularly in the Very High Fire Hazard Severity Zone (VHFHSZ) in the hills, where a major fire event could result in billions of dollars in property damage and significant municipal emergency response costs.
- Reduce pressure on the City's emergency response resources and the costs of post-disaster recovery, debris removal, and infrastructure repair.
- Help stabilize the homeowner's insurance market in Berkeley, where increasing non-renewals and premium escalations driven by wildfire risk pose growing fiscal and economic stability concerns for residents and the City alike.
- Complement City investments in emergency preparedness and wildfire mitigation without requiring additional local expenditure.

Because SB 894 operates through state and private financing mechanisms – including loan loss reserves and interest rate buy-downs administered by the California Alternative Energy and Advanced Transportation Financing Authority (CAEATFA) – the

City of Berkeley would receive these community protection benefits at no direct cost to the City's General Fund.

CURRENT SITUATION AND ITS EFFECTS

Berkeley faces a significant and well-documented wildfire risk, particularly in the hillside neighborhoods that border the Wildland-Urban Interface (WUI). The California Department of Forestry and Fire Protection (CAL FIRE) has designated a substantial portion of the Berkeley Hills as a Very High Fire Hazard Severity Zone (VHFHSZ). This designation reflects the elevated risk posed by the combination of steep terrain, dense vegetation, older housing stock, and the region's characteristic dry and windy seasonal conditions.

The 1991 Tunnel Fire – also known as the Oakland-Berkeley Hills Fire – remains the defining example of the catastrophic potential of wildfire in this urban setting. That event destroyed approximately 3,354 housing units, killed 25 people, and caused over \$1.5 billion in damages. Risk modeling and climate trends suggest that fire weather conditions in the East Bay hills have intensified since 1991, and the probability of a comparable or larger fire event remains a serious public safety concern.

Despite this well-established risk, access to affordable capital for home hardening and defensible space improvements remains a significant barrier for many Berkeley residents. Home hardening projects – which may include ember-resistant vents, fire-resistant roofing and siding, deck replacement, and vegetation management – can cost tens of thousands of dollars, creating inequitable outcomes in which wealthier homeowners are better positioned to protect themselves and their neighbors. SB 894 directly addresses this affordability barrier by leveraging state resources to reduce the cost of private financing for these improvements.

At the same time, the insurance market crisis in wildfire-prone California communities has reached an acute stage. Multiple major insurers have paused or discontinued homeowner's insurance offerings in California, with Berkeley's hillside neighborhoods among the most affected. Reduced insurability further depresses property values, complicates home sales, and threatens the financial stability of existing homeowners. Broad adoption of home hardening improvements, facilitated by accessible financing such as proposed under SB 894, would create a mechanism to improve insurability at the community level, simultaneously with making our community safer from wildfire.

Action:.

Votes: Ayes: 8

Noe's: 0

Abstain: 0

Absent: 1

BACKGROUND

The DFSC has maintained an active focus on wildfire resiliency in Berkeley for a number of years. The Commission's Wildfire Resiliency Workgroup has examined a range of policy options aimed at increasing the rate of home hardening and defensible space compliance among Berkeley residents, with particular attention to the challenges of affordability and equitable access to improvement resources.

As part of this ongoing work, the DFSC previously reviewed and discussed potential enhancements to the City's Resident Assistance Program, including proposals to expand financial assistance available to lower-income residents for wildfire mitigation improvements. These discussions informed the Commission's understanding of the financing barriers facing Berkeley homeowners and highlighted the limitations of locally funded approaches in achieving the scale of adoption necessary for meaningful community-wide risk reduction.

Most recently, the DFSC recommended – and the Berkeley City Council approved with modifications – a Transfer Tax Rebate program to incentivize wildfire hardening improvements at the point of residential property sale. This program represents an important step toward encouraging home hardening, and reflects the Council's recognition that financial incentives are a necessary component of a comprehensive resiliency strategy. However, the Transfer Tax Rebate is limited in reach, applying only to properties at the time of sale or in the preceding five years, and falling short of mobilizing the broad, proactive investment in fire hardening that the community's risk profile demands.

SB 894 would establish the California Wildfire Resilience Loan Program, administered by CAEATFA – an authority with demonstrated experience managing statewide financing programs that leverage public participation to unlock private capital. The program would establish a loan loss reserve and interest rate buy-down mechanism to make private financing for wildfire hardening and defensible space improvements more accessible and affordable to eligible property owners across the state, including in Berkeley. Eligible improvements would include home hardening measures consistent with California Code of Regulations requirements, defensible space activities, and smoke mitigation retrofits.

Importantly, financial assistance under the program would be available to eligible properties throughout California and would not be restricted by land classification, jurisdiction, or hazard severity zone designation – ensuring that Berkeley homeowners in all risk zones, not only those in the formally designated VHFHSZ, could potentially benefit from the program.

ALTERNATIVE ACTIONS CONSIDERED

- The City of Berkeley could independently establish a municipal loan loss reserve or interest rate buy-down program for wildfire hardening improvements. While this approach would allow the City to tailor program design to Berkeley's specific needs and move forward on its own timeline, it would require a significant commitment of City capital and administrative resources, and would operate at a much smaller scale than a statewide program. A locally funded program would also face challenges in leveraging private lending partnerships and achieving the critical mass necessary to materially shift the insurance market. The DFSC finds that this alternative should be deferred pending the outcome of SB 894.
- Berkeley could explore partnering with neighboring jurisdictions – such as Oakland, and other East Bay communities participating in the East Bay Wildfire Coalition facing similar wildfire risk, and perhaps in conjunction with agencies with an interest in property improvements for water and energy efficiency such as EBMUD or AVA – to establish a regional financing program modeled on the structure proposed in SB 894. A multi-jurisdictional approach could achieve somewhat greater scale than a purely local program. However, designing, negotiating, and launching a joint program across multiple jurisdictions would be time- and resource-intensive, and would likely take years to operationalize. This alternative should likewise be deferred pending the outcome of SB 894. If the bill does not advance, the City of Berkeley may wish to revisit this option in a subsequent recommendation.

CITY MANAGER

The City Manager concurs with the content and recommendations of the Commission's Report.

CONTACT PERSON

Keith May, Commission Secretary, Deputy Fire Chief, (510) 510-981-5508

Attachments:

- 1: Sample Letter of Support

Support Position on SB 894 (Allen) - California Wildfire Resilience Loan Program

CALENDAR

ATTACHMENT A

Draft Letter of Support from the Mayor of Berkeley

[DATE]

The Honorable Ben Allen
California State Senate, District 24
State Capitol, Room 2054
Sacramento, CA 95814

Re: Letter of Support – SB 894 (Allen): California Wildfire Resilience Loan Program

Dear Senator Allen:

On behalf of the City of Berkeley, I am pleased to write in strong support of Senate Bill 894, which would establish the California Wildfire Resilience Loan Program. This legislation represents exactly the kind of bold, statewide financial innovation needed to accelerate home hardening and defensible space improvements in wildfire-vulnerable communities across California.

Berkeley is acutely aware of the wildfire risk facing our community. The Berkeley Hills are designated a Very High Fire Hazard Severity Zone, and the memory of the 1991 Tunnel Fire – which destroyed more than 3,300 homes and claimed 25 lives – shapes our ongoing commitment to wildfire preparedness and mitigation. Despite that commitment, we continue to face a fundamental challenge: the upfront cost of home hardening and defensible space improvements is a significant barrier for many residents, particularly those of moderate means who may not qualify for or have access to affordable private financing.

SB 894's approach – leveraging CAEATFA's proven financing expertise to create a loan loss reserve and interest rate buy-down program – is precisely the right model to address this barrier at scale. By reducing the cost and risk of private lending for wildfire resilience improvements, the bill would mobilize investment that neither government grants nor property-tax-based financing alone can achieve. The program's statewide scope and its availability to properties regardless of hazard zone designation would ensure that communities like Berkeley, with significant WUI risk throughout our hillside neighborhoods, can fully participate.

The City of Berkeley has long worked to advance wildfire resiliency. SB 894 would complement and extend these local efforts by providing the affordable financing infrastructure our residents need to take action. We also recognize that improved home hardening at scale is essential to stabilizing the homeowner's insurance market in California's most vulnerable communities, and we strongly support that goal.

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CALENDAR

The City of Berkeley urges the Legislature to pass SB 894 and respectfully requests the Governor's signature. We look forward to working with your office and with CAEATFA to ensure that Berkeley residents are well-positioned to benefit from this program upon its enactment.

Sincerely,

Mayor, City of Berkeley

cc:

Senator Jesse Arreguín, California State Senate, District 9

Assemblymember Buffy Wicks, California State Assembly, District 14

Berkeley City Council