



Cal OES
GOVERNOR'S OFFICE
OF EMERGENCY SERVICES



California Wildfire Mitigation Program

Home Hardening Initiative

Joint Powers Authority Public Meeting

July 19, 2022

Agenda

- Homeowner taxes
- County selection process
- Next steps

Costs to Homeowner - Taxes

State dollars invested in residential mitigation projects are likely taxable for the homeowner at the state and federal level.

- Federal mitigation dollars are not taxable
- Homeowners who receive \$40k may add up to \$10k (25% of the project costs) in additional taxable income
- Major increase in taxable income may prevent homeowners from participating in other state social programs
- May increase property values and therefore property taxes

Recommend the JPA consults a tax attorney to determine exact tax implications, and work to introduce federal and state legislation to exempt the state dollars from consideration as taxable income, if necessary.

- Federal legislation was also introduced and the exemption for taxing state mitigation dollars was included in the Build Back Better Act – not passed
- CA Earthquake Authority successfully worked with the Legislature to exempt their state funded residential investments from being taxable at the state level

Demonstration Community Selection

- State-wide analysis at the parcel and census-tract level using data on fire risk, climate change risk factors, and social vulnerability.
- Prioritized pilot locations that ranged in physical, social, and administrative characteristics to ensure that the program would be flexible for implementation in diverse communities:
 - Vegetation type
 - Housing density
 - Region
 - Type of implementing entity
 - Past mitigation efforts and interest
 - Inputs required for the Benefit Costs Analysis for HMGP, such as home values, replacement costs, and burn recurrence intervals.
- Project areas within these counties were selected with input of local representatives based on local expertise but were required to be areas that are at high risk for wildfire, and with high proportions of socially vulnerable residents.

AB 38- Section 4

8654.6.

Designated wildfire hazard areas eligible for financial assistance under the wildfire mitigation program shall include all of the following:

- (a) **Local responsibility areas located within a very high fire hazard severity zone**, as designated pursuant to subdivisions (a) and (b) of Section 51179.
- (b) **State responsibility areas located within any fire hazard severity zone**, as indicated on maps adopted by the Department of Forestry and Fire Protection pursuant to Section 4202 of the Public Resources Code.
- (c) Any other lands designated by the joint powers authority as consistent with the purposes of this article.

AB 38- Section 4

8654.7.

The joint powers authority shall develop criteria and a scoring methodology to prioritize financial assistance provided under the wildfire mitigation program to areas and communities based upon criteria that include, but are not limited to, all of the following:

- (1) Area and community vulnerability to wildfire.
- (2) The impact of future climate risk factors on area and community wildfire vulnerability assessments.
- (3) Factors that lead some populations to experience a greater risk to wildfire, adverse health outcomes, or an inhibited ability to respond to a wildfire, including socioeconomic characteristics of the areas or communities that would be protected by financial assistance. For purposes of this paragraph “relevant socioeconomic characteristics” may include, among other things, **data on poverty levels, residents with disabilities, language barriers, residents over 65 or under 5 years of age, and households without a car.**

Scoring Criteria

A total of two scoring “classes” were used:

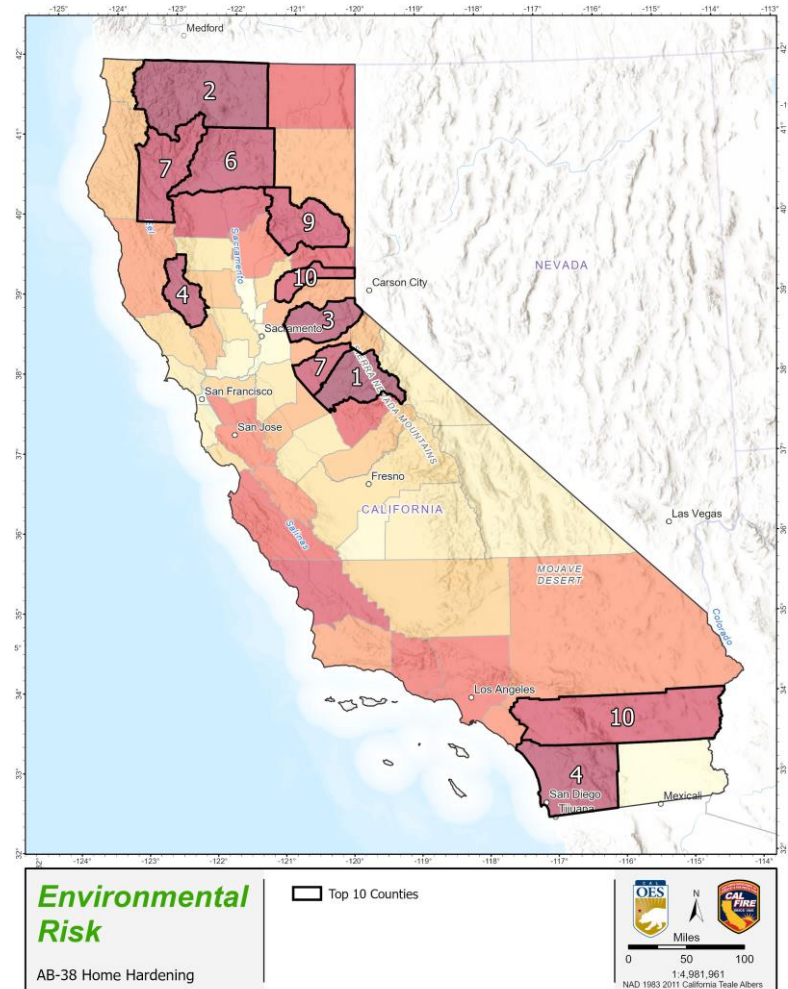
- Environmental:
 - Four criteria are environmental (Fire Hazard Severity Zone)
- Socioeconomic:
 - Ten criteria are socioeconomic

Final score weighted environmental and socioeconomic criteria equally (50/50)

Scoring Criteria: Environmental

- Total parcels in FHSZ
- Percent of parcels in FHSZ out of county total
- Wildfire climate risk in FHSZ
- Fire probability in FHSZ

COUNTY	RANK
Tuolumne	1
Siskiyou	2
El Dorado	3
San Diego, Lake	4 (tie)
Shasta	6
Trinity, Calaveras	7 (tie)
Plumas	9
Riverside, Nevada	10 (tie)

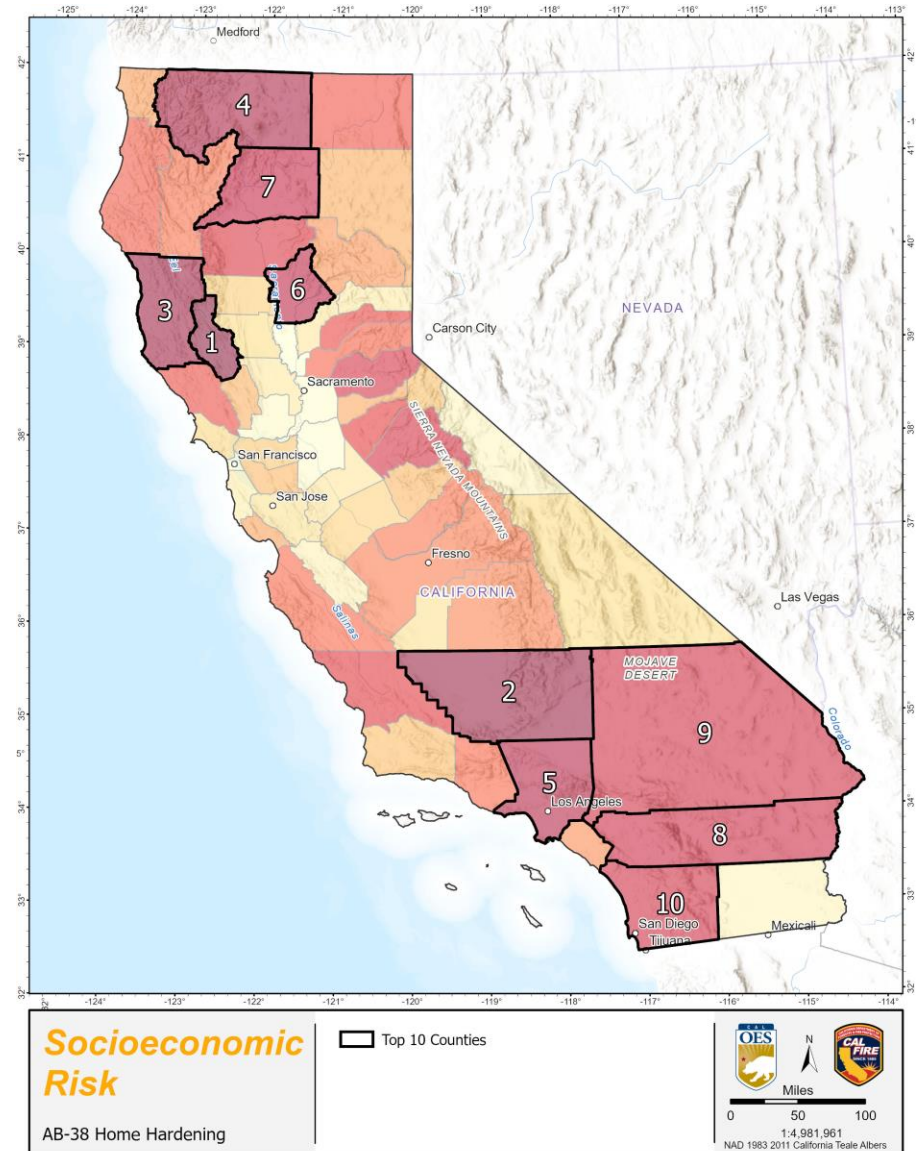


Scoring Criteria: Socioeconomic

Total number and percent of total parcels in FHSZ by:

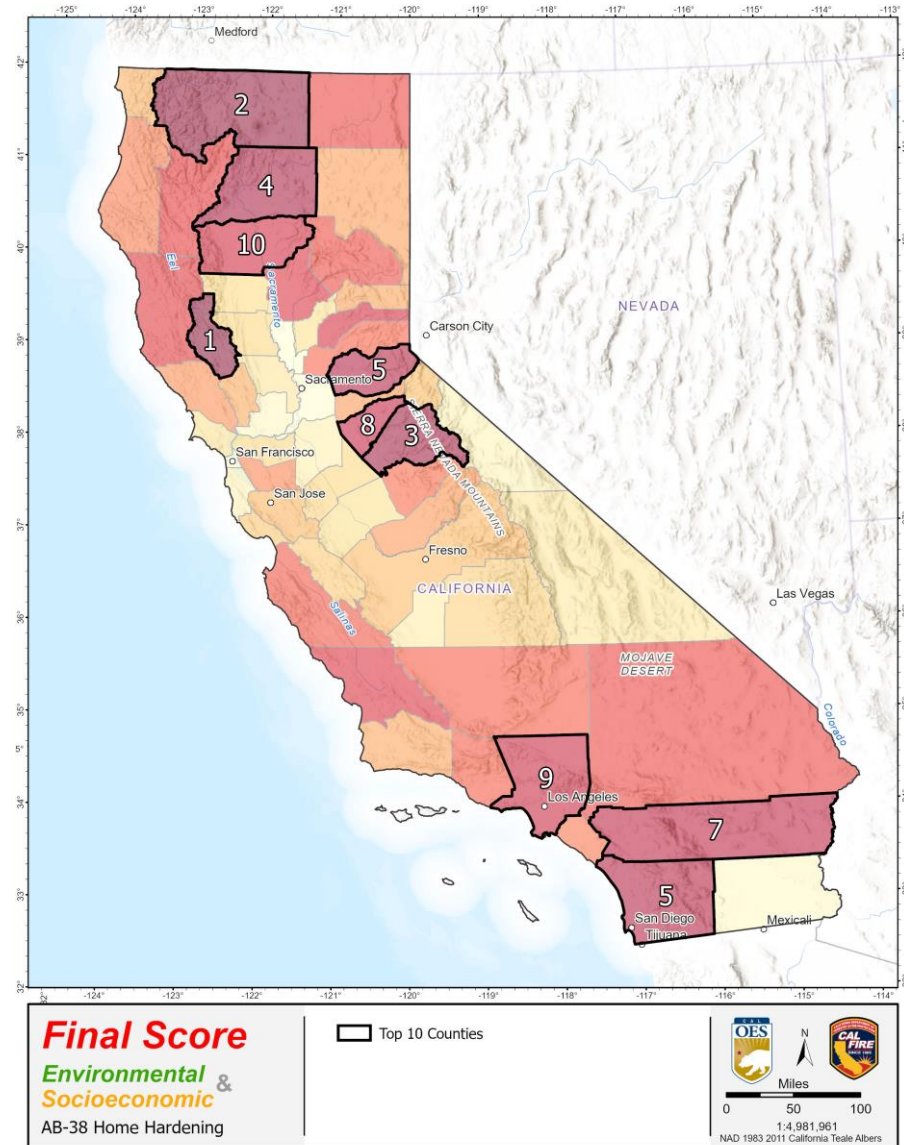
- Poverty
- Disability
- Limited English
- Over 65
- No Vehicle

COUNTY	RANK
Lake	1
Kern	2
Mendocino	3
Siskiyou	4
Los Angeles	5
Butte	6
Shasta	7
Riverside	8
San Bernardino	9
San Diego	10



Scoring Criteria: Combined Score

COUNTY	Enviro	Socio	FINAL RANK
Lake	4	1	1
Siskiyou	2	4	2
Tuolumne	1	11	3
Shasta	6	7	4
San Diego	4	10	5 (tie)
El Dorado	3	11	5 (tie)
Riverside	10	8	7
Calaveras	7	15	8
Los Angeles	19	5	9
Tehama	12	13	10



Available State Funds

SB 85 (2021) allocated funds to Cal OES implement the program established under AB 38 (2019).

Allocation	Amount
CAL FIRE Positions	\$3,076,200
Project Implementation Funds to Cal OES	\$20,827,800
5% Administrative Costs	\$1,096,200
Total:	\$25,000,000

Existing Funding

***At the 75% federal cost share**

Entity	# of Homes	AB38 Match	Total Project Costs
San Diego County	500	\$5.9M	\$23.5M
Shasta County	500	\$5.9M	\$23.5M
Lake County	500	\$5.5M	\$22.2M
Total	1,500	\$17.3M	\$69.3M
Remaining Funds		\$3.5M	

State Funding

Cal OES is awaiting FEMA guidance on a new policy that may increase the federal share of these projects to 90%. This will free up additional state funds.

Entity	# of Homes	AB38 Match	Total Project Costs
San Diego County	500	\$2.3M	\$23.5M
Shasta County	500	\$2.3M	\$23.5M
Lake County	500	\$2.2M	\$22.2M
Total	1,500	\$6.8M	\$69.3M
Remaining Funds		\$14M	

Moving Forward

The JPA will need to determine how to spend the remainder of the funding.

- Remaining funding suggests approximately **200 homes** can be hardened at 75% cost share, or up to **3,000 homes** at the 10% cost share (contingent on HMGP match).
- **Options for allocating funds:**
 1. Expand to additional areas within existing demonstration communities
 2. Add additional demonstration communities via:
 - Competitive selection
 - Selecting the next communities based on the existing analysis

FINAL RANKING

1. Lake
2. Siskiyou
3. Tuolumne
4. Shasta
5. San Diego
6. El Dorado
7. Riverside
8. Calaveras
9. Los Angeles
10. Tehama

Moving Forward

Financing options for the next demonstration communities

1. Cal OES has HMGP funds available now – the JPA could work with one or more communities to apply for these funds.
 1. Projects would need to be developed by mid-October to meet FEMA deadlines.
 2. Could fund up to 6 additional projects at the 90/10% cost share.
2. State-only funded project (\$14M)
 1. Taxes
 2. Smaller projects (250-300), smaller overhead
 3. Speed
 4. Does not stretch the funds as far
3. Apply for future HMGP rounds, if available

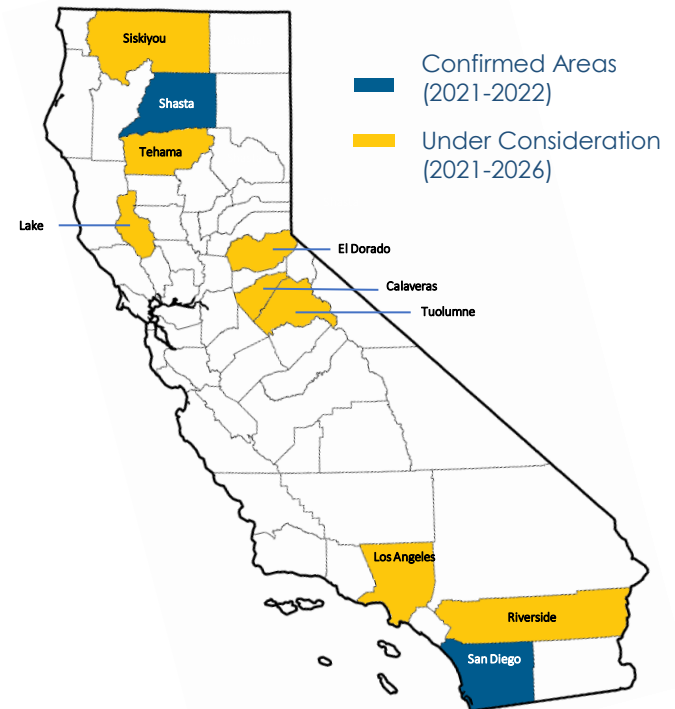
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Recommendation

Approach at least one additional community, based on the prioritized county list, to serve as the next demonstration project.

PROGRAM ACTIVITY MAP



Questions/Comments