From: patricia borchmann < >
Sent: Friday, July 23, 2021 10:30 AM
To: Blom, Erica < >; Simonds, Keene < >
Cc: patricia borchmann < >
Subject: LAFCO Commission, (Public Comment item #4) August 2, 2021, Consider NY Times article "California Looks at Curbing Construction in Wildfire Prone Areas"

Dear LAFCO Commissioners,

I am grateful to LAFCO staff for allowing an email on a Public Comment (Agenda #4) item, to allow Commission discussion of an article published in NY Times (June 5, 2021), "California Looks at Curbing Construction in Wildfire Prone Areas". The article is contained in the attached digital file for your convenience.

If possible, LAFCO Commissioners are asked to focus on the following excerpt from the article: "In California, like most other states, local officials have significant control over where homes are built. Those officials face powerful incentives to permit construction in fire-prone areas. New homes mean more jobs, and more residences, which translate into more tax revenue. But expanding development into fire-prone areas also carries costs, such as the need to fight wildfires, evacuate people and repair damages afterwards. A significant share of those costs are borne by the state and by insurance companies, who have little influence over the decision to build there in the first place".

Although LAFCO Commission does not have authority for action on state insurance issues, many think there is value to make sure LAFCO officials are mindful of the overlap of recent recommendation by California's insurance regulator, which endorsed "sweeping changes to discourage home building in fire-prone areas, including looking at cutting off new home construction in those regions from what is often their only source of insurance -- the state's high risk pool. The insurance commissioner Ricardo Lara endorsed proposals that include halting state funding for infrastructure in certain areas prone to fire, leaving vacant lots undeveloped and the expansion of more stringent building codes". Even if the recommendations by the state insurance commission are not formally adopted, LAFCO Commission should consider the many critical wildfires that already consume much of California and western states in 2021 that are largely uncontrolled, where brutal conditions have become megafires that have even more devastating consequences. So stakeholders do not consider these extreme conditions and risks are merely a frivolous concern, or a threat that does not deserve serious consideration or action by LAFCO, on certain areas where LAFCO and other agencies do have authority. My email message is sent to alert LAFCO Commission of a community-driven issue that is of vital importance to many in San Diego county, who want to see LAFCO develop new policy, instead of a passive stance with no policy action.

In a recent voice-mail message, LAFCO analyst Priscilla Allen confirmed that LAFCO currently has no formal policy which explicitly limits locations where homes are constructed, or applies restrictions for homes located in "very high severity fire hazard zones", that are designated by CalFire. Due to the absence of such an explicit LAFCO policy, the public and environmental organizations would like LAFCO to schedule a future Agenda item for the October 2021 LAFCO Commission meeting, to consider forming a NEW policy, for Fire Protection (through Land Use restriction) on new development, to disallow large projects with extreme density increases in rural areas located in "very high severity fire hazard zones", as designated by CalFire. A future series of LAFCO Commission meetings on this important topic is desirable to solicit public feedback from all stakeholders, including the Building Industry Association (BIA) tor a fair, complete, and balanced perspective. Robust discussion is necessary on relevant land use issues, emergency evacuation capacity, fire protection plans, building codes with most stringent requirements for fire resistant structures with features for hardened homes, best practices, and defensible space policies that do not cause detrimental impacts to sensitive plant and animal species. Many stakeholders and organizations believe LAFCO and other local agencies should be proactive, and take affirmative steps to minimize foreseeable fire hazards, and reduce potential loss of life, property, injury, illness, damage or extreme suffering by humans and animals. I urge LAFCO Commissioners to respond professionally, and agree to undertake a more robust discussion at the next LAFCO Commission meeting in October 2021.

Thank you for thoughtful consideration of my personal comment.

The New York Times | https://www.nytimes.com/2021/06/04/climate/climate-California-wildfires-insurance.html

As Disasters Worsen, California Looks at Curbing Construction in Risky Areas

The state's insurance regulator endorsed proposals that could reshape the real estate market, the latest sign of climate shocks hitting the economy.

By Christopher Flavelle

June 4, 2021

At the start of wildfire season, California's insurance regulator has backed sweeping changes to discourage home building in fire-prone areas, including looking at cutting off new construction in those regions from what is often their only source of insurance — the state's high-risk pool.

The proposals, many of which would require approval by the State Legislature, could remake the real estate market in parts of California and are the latest sign of how climate change is beginning to wreak havoc with parts of the American economy.

On Friday, the insurance commissioner, Ricardo Lara, endorsed proposals that include halting state funding for infrastructure in certain areas prone to fire, leaving vacant lots undeveloped and the expansion of more stringent building codes.

"These ideas are going to be challenging," Mr. Lara said at the beginning of a meeting of the Climate Insurance Working Group, which he established and which recommended the changes. "We are really going into uncharted territory."

The building industry quickly pushed back against the recommendations. Dan Dunmoyer, president of the California Building Industry Association, said it wasn't necessary to limit development because building standards are already strong enough to protect homes in high-risk areas.

"If you build to the minimum code requirements, you are building a fire-safe home," Mr. Dunmoyer said. He added that if the state wanted to keep insurance available in those areas, it should allow insurers to raise their rates.

The new proposals mark the latest chapter in California's struggle to cope with years of record-breaking wildfires starting in 2017. Those fires led to insurance claims from homeowners that were unmatched in number and size, which in turn caused huge losses for insurers, wiping out decades' worth of profits.

In response, insurers have begun pulling out of fire-prone areas, threatening people's ability to buy and sell homes, which depends on access to affordable insurance. That's because banks generally require insurance as a condition of issuing a mortgage.

The state has taken a series of increasingly aggressive steps, including temporarily banning companies from dropping some customers after wildfires. But those steps were meant to be a stopgap as state officials searched for more lasting changes that would allow the insurance industry to keep doing business in high-hazard areas.

California's experience could become a model for the rest of the United States, which has staggered through a series of devastating wildfires, hurricanes, floods and other disasters.

Firefighters watched the LNU Lightning Complex fire from a home in Napa County in August. Noah Berger/Associated Press

In addition to the human toll, those disasters have put growing pressure on the financial sector, prompting large investors to warn of a "systemic threat" to the economy. President Biden last month told federal officials to prepare for financial shocks from climate change, including disruption in the insurance market.

The proposals endorsed by Mr. Lara offer a window into the scale of changes that may be necessary to prepare for those shocks.

The recommendations include changes to the insurance industry itself, such as making it easier for insurance companies to charge higher premiums based on the losses they expect to suffer from future disasters. Currently, they can only seek higher rate requests based on past losses.

But other proposed changes reflect the growing consensus among experts that accelerating climate risk is fast becoming uninsurable — and if governments want insurance to remain affordable, it will mean finding new ways to limit people's exposure to that risk.

In California, like most other states, local officials have significant control over where homes are built. Those officials face powerful incentives to permit the construction in fire-prone areas: New houses mean more jobs and more residences, which translate into more tax revenue.

But expanding development into fire-prone areas also carries costs, such as the need to fight wildfires, evacuate people and repair damage afterward. A significant share of those costs are borne by the state and by insurance companies, who have little influence over the decision to build there in the first place.

The recommendations call on the state to put pressure on local officials to be more selective about where new homes can be built, even if that means cutting off state support. The state should determine the areas where climate risk "is too high for state dollars to be used to support new development and infrastructure," according to the working group.

If local officials still want to build in high-risk areas, the recommendations call for an expansion of tough building standards. California already has one of the most exacting building codes for areas exposed to wildfires, but those codes only apply to the most dangerous areas.

A new home on land burnt the previous year by the Tubbs Fire in Santa Rosa, Calif., in 2018. Justin Sullivan/Getty Images

And if local officials insist on building in places exposed to wildfires, the recommendations call for preventing those homes from getting insurance through the state's FAIR Plan. That state-mandated plan is California's insurer of last resort; it offers coverage to homeowners who have been denied traditional coverage. Without access to the FAIR Plan, homeowners would run the risk of having no insurance at all.

"When insurance availability is guaranteed to all new developments, then homes may be built in areas where no private insurer may be willing to write insurance," the report says.

The Personal Insurance Federation of California, which represents the industry and was represented on the working group, said it supported the recommendations.

State Senator Bill Dodd, a Democrat whose district includes Napa, Sonoma and other areas hit hard by recent wildfires, said he was open to many of the recommendations, including stopping access to the FAIR Plan for new homes in high-risk areas, halting infrastructure spending and expanding building codes. "We've got to rethink how we are developing" in those places, he said.

He said he thought those ideas could find backing from other lawmakers in Sacramento, too. "A lot of my colleagues are having the same problems with their constituents not being able to get insurance," Mr. Dodd said. "They're open to listening."

In an interview, Mr. Lara said the state was hurting homeowners by allowing construction to continue in those places.

"Owning a home that loses value because it's uninsurable is really not affordable — it is a false promise that we're making to future homeowners," Mr. Lara said. "We need to have an honest conversation before we build into more of these sensitive areas: Do we truly recognize the risk? Or will these communities just exacerbate the problems that we're already living under?"

Christopher Flavelle focuses on how people, governments and industries try to cope with the effects of global warming. He received a 2018 National Press Foundation award for coverage of the federal government's struggles to deal with flooding. @cflav

A version of this article appears in print on , Section B, Page 3 of the New York edition with the headline: California Looks to Curb Building in Risky Areas