



OFFICE OF THE GOVERNOR

February 21, 2025

The Honorable Mike Johnson
Speaker
United States House of Representatives
568 Cannon House Office Building
Washington, DC 20515

The Honorable Hakeem Jeffries
Minority Leader
United States House of Representatives
2267 Rayburn House Office Building
Washington, DC 20515

The Honorable Tom Cole
Chairman
Committee on Appropriations
United States House of Representatives
2207 Rayburn House Office Building
Washington, DC 20515

The Honorable Rosa DeLauro
Ranking Member
Committee on Appropriations
United States House of Representatives
2413 Rayburn House Office Building
Washington, DC 20515

Los Angeles Recovery, January 2025 Firestorms

Dear Mr. Speaker, Minority Leader Jeffries, Chairman Cole and Ranking Member DeLauro,

The State of California respectfully requests a Supplemental Appropriation for disaster funding to help Los Angeles recover from the devastating 2025 January firestorms. As a result of these hurricane-force wind driven fires, 16,251 structures were destroyed. More than 16,000 personnel worked to extinguish these massive urban fire conflagrations across huge fire-fronts in separate areas of Los Angeles County.

The impacted communities have experienced widespread devastation and the total impact on California's economy will take years to fully quantify. The funding identified in this request totaling \$39,680,737,878 will directly support these communities in both



the immediate and long-term recovery work needed to rebuild lives and properties from this catastrophic event.

As the State continues to evaluate and assess the damage while conducting active response and recovery efforts, we expect to identify additional funding needs to help these communities recover.

Thank you for considering our request, and we look forward to working with you and our delegation to help repair, restore, and rebuild these Los Angeles communities, and its infrastructure and economy.

Sincerely,



Gavin Newsom
Governor of California

Enclosure: Breakdown of Supplemental Funding Request

cc: The Honorable Ken Calvert
The Honorable Norma J. Torres
The Honorable Josh Harder
The Honorable David Valadao
The Honorable Pete Aguilar
The Honorable Mike Levin
California Congressional Delegation

Breakdown of Supplemental Funding Request

Introduction

The firestorms that tore through two unique and vibrant Los Angeles communities could easily become the costliest natural disaster in United States history. Fully recovering from the devastation will require California and the nation to prudently and thoughtfully support the rebuilding of the area's homes, businesses, churches, schools, and vital infrastructure. Los Angeles is one of the most economically productive places on the globe, but it can only rebound and flourish with support from the federal government as it recovers from this unprecedented disaster. California has long been the tentpole of the American economy, a state whose GDP is the fifth largest on the planet and which contributes more tax receipts to the federal government than any other state — by far. California's success is America's success.

For the past two months, California has stepped up to significantly expedite rebuilding efforts. Through executive action, Governor Newsom has suspended the California Environmental Quality Act and California Coastal Act permitting requirements to fast-track reconstruction. The state has provided tax relief and expedited cleanup efforts, part of 19 separate executive orders from Governor Newsom so far focused on a fast and effective recovery. Our efforts to keep California safe from wildfires continue as well. We have nearly doubled the CAL FIRE personnel budget and increased wildfire funding tenfold — historic investments to help protect Californians. No other state is doing as much to protect itself against wildfires and reduce risk, but there is more work to be done. It's clear that recovery from these fires is beyond the capabilities of California alone and necessitates the support of the United States government.

Make no mistake, Los Angeles will use this money wisely. California will ensure that funds will serve individuals, communities, property owners, and businesses that suffered losses from these devastating fires.

From day one of being sworn in as the 47th President of the United States, President Trump and his Administration have demonstrated a strong commitment to supporting Los Angeles' recovery by fast-tracking debris clearance and helping to pilot this all-hands recovery. The same holds true for many members of Congress. We are eternally grateful. And we are confident that if we work together, Los Angeles will continue to serve as a beacon to the world and securely place the city on solid ground in the coming years as it hosts the FIFA World Cup and Olympics — and thrive for the century to come.

1. Business Recovery

a. Business Loans: \$5,290,000,000

California requests a supplemental appropriation for the U.S. Small Business Administration's Disaster Loan Assistance Program. This program provides low-interest loans to businesses, private non-profit organizations, homeowners, and renters. These Small Business Administration programs will greatly assist homeowners, businesses and the local economies affected by the January 2025 fires by allowing for repair or replacement of damaged or destroyed real estate, personal property, machinery, equipment, inventory, and business assets.

California will be requesting that the U.S. Small Business Administration increase the limit on real property loans to \$2 million and the limit on personal property loans, eligible to homeowners and renters, to \$200,000. California also requests a supplemental appropriation for the U.S. Small Business Administration's Economic Injury Disaster Loan Program. This program provides funding for working capital and normal expenses such as the continuation of health care benefits, rent, utilities, and fixed debt payment. Eligible entities include small businesses, small ag cooperatives, most private nongovernmental organizations.

Federal Agency: U.S. Small Business Administration

b. Business Grants: \$4,320,000,000

The U.S. Department of Commerce's Economic Development Administration plays a crucial role in facilitating the delivery of economic assistance to local governments for long-term recovery planning, reconstruction, and resiliency in response to Presidential Major Disaster Declarations. The January 2025 fires had a devastating impact on California's local communities, at a time when the state is still recovering from the 2023 and 2024 storms. California requests additional funding of \$4.32 billion in economic assistance to allow each of the impacted communities to complete projects in support of long-term recovery planning, reconstruction, and recovery of California's businesses, nonprofit organizations, and agricultural, tourism, and other industries.

The Economic Development Administration grants emphasize disaster recovery to help mitigate the potential of economic hardship as a result of future fires. This allows impacted counties to complete projects that directly impact people affected by the disaster. For example, eligible uses of these funds, implemented

by local jurisdictions, includes economic recovery grants that provide direct relief, a commercial acquisition fund to protect against displacement, and worker equity funds that allow recipients to meet emergency needs like rent and childcare.

The Economic Adjustment Assistance program provides a wide range of technical, planning, and public works and infrastructure assistance in regions experiencing adverse economic changes that may occur suddenly or over time, including a catastrophic natural disaster.

The Investments for Public Works and Economic Development Facilities provides public works grants to support the construction or rehabilitation of essential public infrastructure and facilities necessary to generate or retain private sector jobs and investments; attract private sector capital; and promote regional competitiveness, innovation, and entrepreneurship – including investments that rebuild, expand and upgrade infrastructure to attract new industry, support technology-led development, accelerate business recovery and new business development, and enhance the ability of regions to capitalize on opportunities presented by free trade. The intended recipients for this funding are state, city, or other political subdivision of a state, Indian tribes or consortium of Indian tribes, and institutions of higher learning.

Federal Agency: U.S. Department of Commerce

2. Tax Incentivized Recovery

a. Low-Income Housing Tax Credit: \$2,000,000,000

Based on the existing demand for affordable housing for low-income households and the affordable housing development pipeline in the impacted communities, California requests an increase to the federal tax credit ceiling by \$200 million in annual 9 percent federal disaster LIHTCs (\$2 billion in total), which would support the creation of over 6,500 new affordable units. Under this program, investors are provided an annual federal tax credit for 10 years. This incentivizes the development of low-income housing and creates jobs.

The substantial reduction in available housing units caused by wildfires, combined with a surge of displaced residents in need of housing, represents a major hindrance to long-term recovery. The Low-Income Housing Tax Credit (LIHTC) program is a highly efficient public-private partnership that creates

permanent affordable housing. After disasters, additional LIHTC funding has been made available to support the disaster impacted areas.

Federal Agency: Internal Revenue Service

b. Tax Relief

As was granted after previous wildfires, targeted tax relief will directly aid Californians in rebuilding their homes and communities. We support language that will help Californians receive tax relief, including for non-itemized deductions for casualty losses waiving the current requirement that losses exceed 10 percent of adjusted gross income; penalty-free access to retirement funds; disaster-related employment relief; earned income tax credit reporting-year flexibility; and enhancement of charitable giving incentives.

3. Community and Private Property Recovery

a. Public Assistance: \$16,800,000,000

The Federal Emergency Management Agency (FEMA) partnered with the State and local governments starting January 7, the day the fires began, and has continuously disbursed Individual Assistance programs to the affected communities and provided Public Assistance Emergency Work (Categories A and B). California will assist in hazardous household materials and debris removal in the impacted communities, which will allow these communities to begin rebuilding homes, businesses, and schools. California also received a federal declaration allowing for Permanent Work (Categories C through G), which provides funding for roads and bridges, water control facilities, public buildings and contents, public utilities, parks, and recreational and other facilities.

This supplemental funding is necessary to ensure stable funding is carried over for these critical efforts as we approach the expiration of the continuing resolution. The request includes an initial estimate of \$5 billion for household hazardous waste and debris removal. This cost may increase based on weather delays, landfill availability and locations, and other programmatic increases. The initial request for Categories C through G specifically is \$5 billion; however, this is a very early, preliminary estimate. California and the local communities affected by these disasters are in the process of transitioning from response to recovery, and the effected communities are still evaluating costs that are eligible under insurance versus those that are eligible under the Stafford Act Program.

These funds are critical for the schools and students impacted by the fires. At

their peak, the fires and related impacts closed over 1,000 schools (public, charter, and private) and affected almost 700,000 students. 22 schools have been identified as damaged or destroyed by the fire, 10 of which are public/charter schools. Relief is needed for school districts to address school expenses, which include infrastructure needs, extended and/or emergency staffing, temporary school facilities, equipment and vehicles, student counseling services, and lost supplies (textbooks, technology, and student materials).

Funding is also critical for the repair and restoration of healthcare facilities impacted by the fires. At their peak, fires forced the evacuation of 160 facilities impacting over 2,600 individuals. As of February 5, 40 childcare, 19 adult and senior care, five children's residential, two skilled nursing facilities, two congregate living health facilities, two substance use disorder residential programs, and one federally qualified health center have been destroyed. Relief is needed for these facilities to address the impacts of the fires, which include infrastructure needs, temporary facilities, and lost supplies.

The majority of these costs can be funded through FEMA programs and insurance, so the full impact of necessary funding will take additional time to determine.

California also requests to robustly fund FEMA's Hazard Mitigation program, which provides essential assistance to the state and local communities in reducing the risk of damage to people, property, and infrastructure in future disasters. California's enhanced status for the Hazard Mitigation program could make approximately \$2.8 billion available for future hazard mitigation grants, based on 20 percent of the current \$14 billion estimate for Public Assistance. A 2024 US Chamber of Commerce study identified that every \$1 spent on hazard mitigation and preparedness saves communities \$13 in damages, cleanup costs, and economic impact for future disasters. Additional funding for FEMA's Disaster Relief and Community Development funds is imperative to ensure that FEMA can continue to meet its obligations from previous natural disasters without jeopardizing its ability to respond to future events. Environmental categorical exclusions will be needed for Hazard Mitigation home hardening and vegetation management to rapidly build and ensure resilience from future fires. Furthermore, there needs to be a seamless integration and alignment between FEMA's Hazard Mitigation program and the U.S. Department of Housing and Urban Development's Community Development Block Grant Disaster Recovery.

Federal Agency: Federal Emergency Management Agency

b. Housing and Business: \$9,900,000,000

Funding of \$9.9 billion is requested for the U.S. Department of Housing and Urban Development to address significant damage to housing and infrastructure. As a result of the January 2025 fires, 16,251 structures were destroyed. The number of structures destroyed is expected to increase as more assessments and verifications are completed.

Community Development Block Grant Disaster Recovery

Community Development Block Grant Disaster Recovery (CDBG-DR) funds are only available through a Congressional appropriation and must be used for specific disaster recovery-related purposes. This funding is required to meet the projected need to recover and reconstruct destroyed homes, to support businesses, communities, and to repair and rebuild infrastructure due to the recent January 2025 fires in Southern California.

This program provides essential assistance to individuals, businesses, the state, and local communities to recover from these fires and reduce the risk of damage to people, property, and infrastructure in future disasters. The allocation of this funding needs to be accelerated to ensure that impacted communities can continue to rebuild housing, businesses, and infrastructure in support of housing as soon as debris removal operations have been completed. In addition to rebuilding homes and vital infrastructure, the federal CDBG-DR program also has a built-in mitigation component to implement resiliency measures to help reduce the risk and impacts of future disasters. There needs to be a seamless integration and alignment between the U.S. Department of Housing and Urban Development's CDBG-DR and FEMA's Hazard Mitigation program.

California requests that HUD minimizes issues related to duplication of benefits. The state asks that uses of FEMA Housing Assistance (HA) awards are not classified as a duplication of benefit when those uses are not treated as a duplication if the recipient had used Other Needs Assistance (ONA) funding instead. Currently, the limits imposed by HA and ONA definition create a duplication of benefits issue when the recipient seeks further federal assistance if they use HA funding for reasonable expenses, like transportation or food, instead of using ONA funding.

California will ensure that its CDBG-DR funds will serve individuals, communities,

property owners, and businesses that suffered losses from these devastating fires. The State will monitor all new data about the emerging and unmet needs of these impacted individuals, communities, property owners, and businesses, and will ensure that the programs and resources made available through the CDBG-DR funds respond accordingly.

Federal Agency: U.S. Department of Housing and Urban Development

c. Low-Income Home Energy Assistance Program (LIHEAP): \$36,250,576

California requests \$36 million in LIHEAP funds to ensure low-income households within the fire-impacted area have the financial means to heat and cool their homes or other temporary housing over the next two years. Additionally, funds will be used to provide home weatherization services to help provide for the repair of homes damaged by the fire disaster and emergency service provisions such as temporary shelter, transportation services to heating and cooling centers, and temporary energy generating devices.

Federal Agency: U.S. Health and Human Services

d. Community Services Block Grant (CSBG): \$12,887,302

California requests nearly \$13 million in CSBG funds to support fire recovery efforts to support economic stability and recovery assistance such as: providing job placement services; transportation services to work and school; provide direct aid for food, shelter, and medicine to low-income families in crisis; and connect individuals to healthcare.

Federal Agency: U.S. Health and Human Services

e. Child welfare grant programs: \$1,000,000

California requests a total of \$1 million for child welfare programs to support the more than 438 children in foster care directly impacted by these wildfires, resource families involved in child welfare, and support programs that aim to reduce the need for foster care. This funding will ensure that foster care involved youth and families can continue to access critical services and meet basic needs, while also preventing child abuse and neglect in the impacted communities.

Federal Agency: U.S. Health and Human Services

f. Social Services Block Grant (SSBG): \$1,500,000

California requests a total of \$1,500,000 in SSBG funding to ensure the well-being of vulnerable children, adults, and families in the impacted areas for community crisis care, case coordination, and staff retention; to help vulnerable adults remain in their communities; to bolster temporary foster care support staff to maintain contact with children in foster care living in congregate settings, assist with Adult Protective Services and Child Protective Services intakes/assessments; to provide technical assistance to county agencies; and to support recovery needs not addressed by FEMA-PA.

Federal Agency: U.S. Health and Human Services

g. Water Infrastructure: \$432,300,000

California requests a supplemental appropriation of \$432.3 million for the Drinking Water State Revolving Fund, to rebuild and repair water system infrastructure damaged or destroyed by the fires. This program provides low interest loans and principal forgiveness programs for drinking water system infrastructure. Nine drinking water systems were impacted by the fires, with four remaining systems not yet able to serve safe drinking water. Several of these systems have significant damage and need rebuilding. California also requests a waiver of the state funding match requirement.

Federal Agency: U.S. Environmental Protection Agency

h. Brownfields: \$5,000,000

The state requests \$5 million in brownfields assessment, cleanup, and multipurpose discretionary grants from EPA's Brownfields and Land Revitalization Program. California will use these funds to evaluate possible brownfield properties in areas damaged by the Los Angeles fires. This funding will ensure sites can be properly assessed for potential damage and redevelopment needs to ensure a safe and fast recovery of impacted properties.

Federal Agency: U.S. Environmental Protection Agency

i. Air Quality: \$2,000,000

The ability to identify and monitor harmful toxic air pollutants is critical to protect public health and provide first responders with the necessary information to make informed decisions on protective actions. The state requests \$2 million for air quality monitoring equipment. California will use these funds to procure new equipment, sensors, and monitors to increase the capability and size of the

State's emergency air monitoring network. This will enable the State to monitor for toxic air pollutants during and after emergency events, including during the rebuilding effort.

Federal Agency: U.S. Environmental Protection Agency

j. Transport Infrastructure: \$101,000,000

Additional funding towards the U.S. Department of Transportation's Emergency Relief Program, the Public Transportation Emergency Relief Program, and other programs that can provide immediate assistance and resources to repair and rebuild California's federal-aid highways and roads impacted by the January 2025 fires in Southern California. Initial estimates for these programs are at \$101 million and are subject to increase.

Federal Agency: U.S. Department of Transportation

4. Workforce Recovery

a. Displaced Workers: \$51,000,000

The impact of the fires has resulted in the loss of jobs, and displaced workers. In order to respond to the immediate and short-term employment needs of displaced workers in the impacted areas, the California Employment Development Department is pursuing a \$50 million National Dislocated Worker Grant to implement a temporary jobs program. Currently, California has received approximately 3,930 disaster unemployment claims pending eligibility determination, and claims are expected to increase. National Dislocated Worker Grants are discretionary grants awarded by the U.S. Department of Labor under the Workforce Innovation and Opportunity Act. The National Dislocated Worker Grant funding is distributed by the California Employment Development Department to Local Workforce Development Areas and/or Project Operators in the impacted areas.

The California Employment Development Department also requested \$1 million for the Disaster Unemployment Assistance program, which has been approved by the U.S. Department of Labor and FEMA. Additional requests will be submitted as needed. This program provides unemployment assistance in the event of a disaster for workers and self-employed people who do not qualify for regular unemployment benefits.

Federal Agency: U.S. Department of Labor

b. Workforce Childcare and Health: \$375,800,000

Funding of \$375.8 million is requested for the US Department of Health and Human Services to address fire survivors' critical health and child care needs.

California requests \$240 million for the Child Care Development Block Grant, to support new construction and major repair and emergency supplemental funding to increase access to quality child care for impacted working families. This program addresses child care needs through repair of 42 child care facilities that were damaged, rebuilding 33 destroyed facilities, and temporary services for 1,458 children in affected areas. This program, which provides the foundation for child care funding, has successfully and efficiently distributed supplemental funding for child care in past emergencies.

Natural disasters can have long lasting mental health impacts on survivors in the short and long term. In an effort to intentionally address the mental health needs of survivors, California requests \$130 million in Substance Abuse and Mental Health Services Administration Emergency Response Grants (SERG).

In addition, California requests \$5.8 million in Centers for Disease Control and Prevention Behavioral Health Preparedness Grants to support the integration of behavioral health into emergency preparedness plans, including workforce support for managing mental health impacts during disasters. The purpose of this program is to integrate critical incident response supports into public health preparedness, response and recovery efforts to strengthen capacity to support survivors. Resources would support behavioral specialists equipped to facilitate support for individuals and teams to address incidents and build organizational capacity to alleviate behavioral health stressors exacerbated by emergency incidents. Activities include training, technical assistance, and coordination for mental health and stress management services for disaster survivors and emergency responders.

Federal Agency: U.S. Department of Health and Human Services

5. Wildfire Resilience

a. Federal Lands: \$350,000,000

Funding of \$350 million is requested for the U.S. Forest Service to carry out critical tasks related to post-fire recovery, community wildfire defense mitigations for

rebuilding, and broader collaborative wildfire risk reduction projects. Ensuring that the U.S. Forest Service has adequate funding for this work will help support Southern California's efforts at this critical time.

Post-Wildfire Recovery Programs (NWCG)

The National Wildfire Coordinating Group (NWCG) oversees programs aiding post-wildfire recovery through erosion control, infrastructure repair and habitat restoration. Funding directly supports federal Burned Area Emergency Response (BAER) teams to address emergency situations through the key goals of protecting life, property, and critical natural and cultural resources. The objective of the BAER program is to determine the need for and implement emergency treatments on federal lands to minimize threats to life or property resulting from the effects of a fire or to stabilize and prevent unacceptable degradation to natural and cultural resources.

This program already is proving critical as BAER teams are on the ground in the Eaton Fire perimeter and are working with California's Watershed Emergency Response Teams (WERT). Severely burned areas, very steep slopes, places where water runoff will be excessive, fragile slopes above roads, trails, campgrounds, and other valuable facilities are focus areas. Time is critical if treatments are to be effective. Given recent rain events and the prospect of more to come, the \$20 million requested will be critical to support these efforts.

Wildfire Crisis Strategy – Vegetation Management Programs

Through federal appropriations, the U.S. Forest Service has funded critical work on landscapes identified in the Wildfire Crisis Strategy where all of Southern California is considered a Wildfire Crisis Landscape for the purpose of that program. While Southern California has received funding through this program, there is an unfunded need of \$330 million over five years for 165,000 acres of fuels treatment. This work would include vegetation treatment, oak mortality reduction, ignition reduction and strategic fuel breaks. Funding this work would support wildfire risk reduction on federal lands in Southern California.

Federal Agency: U.S. Department of Agriculture Forest Service

b. Mapping and Modeling – \$2 million

After wildfires in southern California landslide impacts have already occurred to homes and infrastructure, and threats will remain for the next five years within and downstream of the burned watersheds. The state requests \$2 million from USGS to perform landslide hazard mapping, assessments, monitoring, planning

and communication, and to develop an early warning system aimed at protecting lives and property. This request is based on a similar congressional request and appropriations for landslide related disasters.

Federal Agency: U.S. Geological Survey