Joint Public Hearing: Cost and Availability of Insurance for Residential Property

November 18, 2025

Thank you to the chairs Bailey, Skoufis, and Kavanagh for the opportunity to submit testimony on the cost and availability of residential property insurance. Our recommendations aim to improve affordability for property owners across New York State by advancing legislative and policy solutions that center on the needs of affordable housing providers while promoting long-term stability in the insurance market.

About the Association for Neighborhood and Housing Development (ANHD)

ANHD is one of New York City's leading policy, advocacy, technical assistance, and capacity-building organizations. We represent more than 85 neighborhood-based and citywide nonprofit organizations with missions centered on affordable housing and equitable economic development. Our coalition builds community power and advances policies that ensure the right to affordable housing and thriving, equitable neighborhoods for all New Yorkers. We provide technical assistance, research, and public education to strengthen the nonprofit housing sector and translate local experience into citywide policy.

Our work supports the groups developing, managing, and organizing to preserve affordable housing. Many operate in historically disinvested communities and serve tenants most vulnerable to displacement.

Insurance Premiums and National Trends:

Homeowners and affordable housing providers are experiencing dramatic premium increases and difficulty securing coverage, threatening both property financial stability and the long-term viability of our city's housing stock. This local crisis reflects a nationwide trend that shows no signs of abating. What we are seeing locally mirrors a national trend that continues to accelerate.

Across NYC, many homeowners are scrambling to absorb these rising costs. Premiums in New York have climbed nineteen percent since 2018, including a six point four percent jump in 2023 alone. The impact is significant. Roughly half a million NYC homeowners, about five percent statewide, have opted to forgo property insurance entirely because it has become too expensive.[1]

[1] Short, Aaron. "Rising Costs from Climate Change Is Driving Insurers out of New York - City & State New York." *Cityandstateny.com*, 2024, www.cityandstateny.com/policy/2024/12/rising-costs-climate-change-driving-insurers-out-new-york/401659/.

Earlier this year, the Federal Insurance Office released data highlighting the drastic increase in costs. The average homeowner's policy premium nationwide rose $139, inflation-adjusted, from 2018 to 2022. In addition, consumers living in the 20 percent of ZIP Codes with the highest expected losses from climate-related risks saw increases that outpaced inflation by nearly 15 percentage points, or at least $341 higher, inflation-adjusted, on top of an average annual premium of $2,321 during the study period.[2]

These rising premiums create serious affordability challenges. According to a Federal Reserve Bank of Dallas working paper, homeowners become more likely to fall behind on mortgage payments within months of premium increases taking effect. Each $500 increase in annual insurance costs raises the likelihood of delinquency by 20 percent.[3]

The impact extends beyond monthly budgets to threaten wealth-building itself. Homeownership remains a critical pathway to generational wealth, yet emerging research suggests rising insurance premiums correlate with declining property values—particularly in environmentally vulnerable areas.[4] Studies on flood insurance consistently show that premium increases depress property values. A 2024 Florida study found that a 10 percent increase in insurance premiums resulted in a 4.6 percent decline in home values.[5]

New York City Context:

In New York City, insurance premiums for multifamily rentals are rising at an estimated 26 percent annually, even as coverage options narrow and availability declines.[6] This dual pressure is destabilizing the city's affordable housing stock, making many buildings financially unviable. The New York Housing Conference documented one stark example: an affordable housing provider whose per-unit premium jumped from $1,350 to $3,500 at renewal.

The impact on nonprofit housing providers is particularly severe. According to ANHD's newest report on New York City's preservation crisis, rising insurance premiums have become one of the most destabilizing forces facing nonprofit community development corporations (CDCs). These mission-driven organizations—many of which rebuilt neighborhoods when the private

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[2] "Used U.S. Bureau of Labor Statistics data to adjust nominal dollar values for inflation to calculate real values. Specifically, premium values are adjusted based on a consumer-specific metric, the Consumer Price Index, Urban, and insurer losses are adjusted based on a producer-specific metric—the average of the Producer Price Index Single Family Residential Construction metric for (1) Goods and (2) Services—that reflects the cost of single-family home repairs over the five-year time period.

[3] "Rising Property Insurance Premiums: The Uneven Risks to Household and Systemic Financial Stability—Americans for Financial Reform." Americans for Financial Reform, 18 Sept. 2025, ourfinancialsecurity.org/resources/propertyinsurancepremiums2025report.

[4] Shan Ge, Stephanie Johnson, and Nitzan Tzur-Ilan, Federal Reserve Bank of Dallas, "Climate Risk, Insurance Premiums, and the Effects on Mortgage and Credit Outcomes," January 2025. Mario Aziza, The Miami Herald, "Climate Change Drives Up Insurance Costs," Dec 27, 2024

[5] Flood damage is not covered by homeowners insurance policies in the U.S. Flood coverage for residential property is mainly provided by the National Flood Insurance Program, along with a small but growing number of private flood insurers. For more information about the National Flood Insurance Program, visit https://www.floodsmart.gov/about

[6] "NYHC: Alarming Risk of Rising Insurance Costs for Affordable Housing." *NYHC*, 18 Mar. 2024, thenyhc.org/2024/03/18/nyhc-alarming-risk-of-rising-insurance-costs-for-affordable-housing/ . Accessed 12 Nov. 2025.

market withdrew—operate deeply affordable buildings on razor-thin margins. Insurance costs have more than doubled in just four years, climbing from roughly $869 to $1,770 per unit.[7] For portfolios where most units rent below $1,000 per month, these increases now consume as much as a quarter of total rent revenue.

Unlike for-profit landlords, CDCs cannot offset expenses through rent increases or market-rate units. Their tenants are low-income families, seniors, and people with disabilities whose rents are capped by regulation, leaving no flexibility to absorb cost spikes. This forces CDCs to deplete reserves, defer maintenance, or take on debt simply to remain solvent. Without targeted intervention, rising insurance costs threaten to push many of these long-standing community anchors toward insolvency—undermining decades of public and community investment in affordable housing.

Modern Redlining in Insurance Markets

The legacy of redlining continues to shape access to insurance, with deeply affordable properties facing higher premiums, policy denials, or outright market exclusion. Affordable housing providers report discriminatory underwriting practices tied to property location, tenant income levels, and the presence of subsidized units. According to the New York Housing Conference, nine out of 23 insurance carriers declined coverage for properties because they included Section 8 or other subsidized affordable housing.[8]

By penalizing properties for housing voucher participation, insurers incentivize illegal sources of income discrimination, reinforce segregation, and undermine the very affordability programs our state and city have enacted to promote housing stability and equity. On the property owner side, these practices disproportionately harm nonprofit and mission-driven owners whose portfolios serve extremely low-income households

The problem is compounded by market consolidation. As the affordable housing insurance market contracts, a shrinking number of carriers now wield outsized pricing power, driving steep premium increases with minimal competitive pressure. This combination of discriminatory practices and market concentration demands regulatory intervention. The New York State Department of Financial Services (DFS), which oversees financial and market conduct for property and casualty insurers, should investigate and address these discriminatory pricing and coverage practices to ensure fairness, transparency, and market stability in the affordable housing insurance market.

Potential Solutions and Policy Recommendations

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[7] "NYHC: Alarming Risk of Rising Insurance Costs for Affordable Housing." *NYHC*, 18 Mar. 2024, thenyhc.org/2024/03/18/nyhc-alarming-risk-of-rising-insurance-costs-for-affordable-housing/ . Accessed 12 Nov. 2025.

[8] "NYHC: Alarming Risk of Rising Insurance Costs for Affordable Housing." *NYHC*, 18 Mar. 2024, thenyhc.org/2024/03/18/nyhc-alarming-risk-of-rising-insurance-costs-for-affordable-housing/ . Accessed 12 Nov. 2025.

1. **Establish a Community Reinvestment Framework for Insurers:** Insurance companies should have an affirmative obligation to serve the affordable housing market, similar to the banking sector's obligations under the Community Reinvestment Act (CRA). While insurers traditionally reduce risk exposure, this practice has excluded affordable housing providers from fair access to coverage. A CRA-style framework would require insurers to demonstrate equitable market participation and support for affordable housing, developed through collaboration among state regulators, insurers, and housing stakeholders.
2. **Invest in Climate Resiliency and Infrastructure:** The rising cost of insurance is driven in part by the increasing frequency of climate-related disasters and aging infrastructure. Public investment in resilient infrastructure—such as modernized drainage systems, upgraded sewers, and flood mitigation—can reduce claims and lower long-term insurance costs. Strategic infrastructure improvements are, therefore, not only climate policy but also an essential component of affordable housing preservation.
3. **Expand Data Transparency for Smaller Properties:** Homeowners and small property owners, particularly those in low- and moderate-income neighborhoods, are also facing rising insurance costs that consume a growing share of household income. The State should improve data collection and public reporting on premiums and coverage for smaller residential buildings and homeowners, similar to the transparency provided through the Homeowner Hub initiative. Access to granular data would help identify inequities, monitor affordability, and inform targeted policy responses.
4. **Support and Fund the State's Affordable Housing Insurance Captive:** New York should fully support and capitalize the existing state-backed insurance captive to help affordable and nonprofit housing providers manage rising premiums. The captive allows mission-driven owners to pool risk, stabilize costs, and maintain access to essential coverage in a tightening insurance market. Providing dedicated funding would strengthen the captive's capacity and ensure it can offer meaningful relief to properties serving low-income New Yorkers.
5. **Advance State Legislation to Strengthen Accountability and Affordability**: Legislation introduced by Assemblymember Emerita Torres represents a critical step toward stabilizing the affordable housing insurance market. The bills would require greater transparency from insurers, create a statewide task force to examine pricing and coverage practices, and establish targeted financial relief for affordable housing providers facing unsustainable premiums. Together, these measures would strengthen oversight, promote data-driven policy solutions, and provide immediate support to mission-driven owners struggling to maintain affordability. We support these legislative efforts as essential to improving fairness, accountability, and long-term stability in New York's insurance market.

The rising cost and decreasing availability of residential property insurance threaten New York's affordable housing infrastructure and the families who depend on it. Without intervention, discriminatory practices and market consolidation will continue to destabilize mission-driven housing providers, erode homeownership opportunities, and deepen housing inequality across the state. The solutions outlined in this testimony—from establishing insurer accountability frameworks to capitalizing the state's insurance captive—offer pathways to preserve affordability while promoting long-term market stability. We urge the Legislature and DFS to act swiftly to protect New York's housing stock and the communities it serves.

Thank you again for the opportunity to submit testimony. If you have any questions or would like more information, please contact Steven Molina: steven.m@anhd.org or Sonali Govind: Sonali.g@anhd.org.