



680 5th Avenue, Floor 17, New York, NY 10019 | fairviewhousingpartners.org

Statement of Fairview Housing Partners

In Response to the New York State Senate Joint Public Hearing: Cost and Availability of Insurance for Residential Property

November 18, 2025

We thank Chairman Jamaal Bailey, Chairman James Skoufis and Chairman Brian Kavanagh and the Senate Standing Committees on Insurance, Committee on Investigations and Government Operations and Committee on Housing, Construction, and Community Development for holding this hearing. We appreciate the opportunity to provide feedback to the Committees on how today's challenging insurance market is negatively impacting consumers and how it impacts housing affordability in New York and across the country.

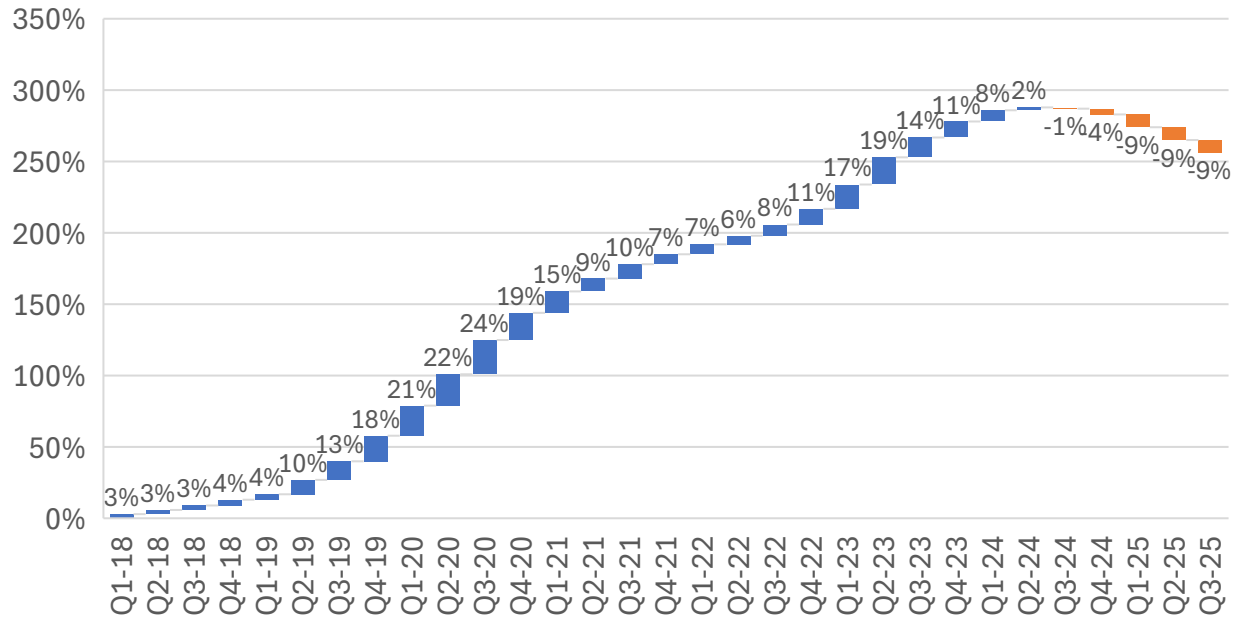
Fairview Housing Partners is a New York City-based non-profit affordable housing owner and financial intermediary. We partner with developers and operators of affordable and workforce housing in New York and across the country, providing high-quality, sustainable homes for lower- and moderate-income individuals, seniors, and families nationwide. Fairview is currently working in thirteen states including Arizona, Colorado, Florida, Illinois, Maryland, Massachusetts, Montana, New Mexico, New York, North Carolina, South Carolina, Virginia, and Wyoming.

Over the past four years, the dramatic rise in insurance premiums has been the most significant increase in the cost of owning and operating affordable rental housing. It is a significant contributor to inflation and declining housing affordability. Despite a low loss-run history across our portfolio, we have seen our premiums more than double over the past four years for comparable coverage. On top of that, ongoing inflation in building materials and labor costs have increased replacement costs (i.e., total insurable values (TIVs)), requiring affordable housing including Fairview and its partners to purchase additional property coverage. These significant increases have made it more challenging to preserve and develop affordable housing in New York and across the nation.

Our organization focuses exclusively on developing, operating, and/or financing affordable homes in the communities that need them most. These communities are both rent and income restricted, serving households earning 60 percent or less of area median income. Affordable housing operating budgets are by necessity lean. Increases in operating expenses of this magnitude are extremely challenging for all multifamily housing owners but the problem is particularly acute for affordable housing owners. At a time of significant housing affordability challenges across the nation, property owners are extremely limited in their ability to pass through increased operating costs to our residents, nor do they want to. If the current rate environment is sustained over time, mission-based affordable housing owners will be backed into a corner where their only choices will be to cut back services, defer maintenance or even exit affordability programs completely. These are all highly undesirable outcomes.

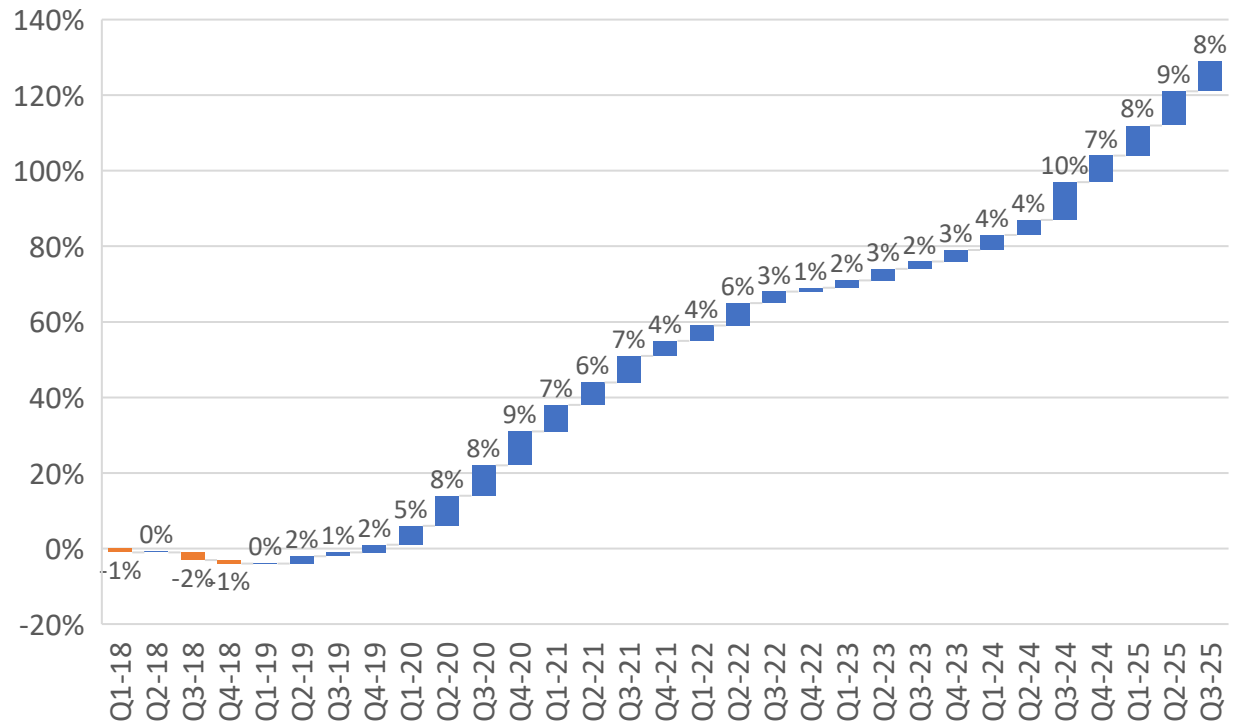
Quarterly Change in US Property Rates

Source Marsh, Global Insurance Market Index



Quarterly Change in US Casualty Rates

Source Marsh, Global Insurance Market Index



High insurance costs also severely constrain our ability to develop and finance new affordable housing at a time when there is a desperate need to add to the nation's housing supply. Although the property markets have shown some improvement over the past year, it is still challenging to place insurance policies at rates that affordable developments can support and it is only a matter of time before a major natural disaster erodes affordability further. Furthermore, over the past two years casualty markets for affordable rental housing have experienced a rapid runup in both premiums at prohibitive rates as well as policy exclusions that dilute the value of the coverage.

It is also important to note that our financial counterparties require owners to carry adequate insurance. If we are unable to procure affordable insurance, we will be in default of our loan covenants which if unchecked will lead to waves of defaults that would harm residents and have a crippling effect on the economy.

We strongly urge the New York State Legislature and Governor Hochul's Administration to prioritize fixing the structural issues plaguing the property and casualty insurance markets with particular attention to the affordable housing community. We recognize that this is no small call-to-action. The insurance market is complicated, with many stakeholders.

Reforming the insurance markets is complicated and there is not a one-size-fits-all policy solution. Multiple factors have driven the rapid increase in property and casualty rates and as result, policy makers will need to consider multiple complementary policy solutions to ensure consistent, available, and affordable insurance policies. We believe there are many policy interventions that would be impactful and embraced by individuals across the political spectrum as well as the insurance industry. These include:

- Investing in solutions that harden affordable housing communities against natural disasters. The Legislature and Hochul Administration can facilitate this by appropriating and deploying resources for disaster mitigation at both a community and property level. We suggest that the legislature should consider adopting state-level legislation that mirrors the Disaster Resiliency and Coverage Act of 2025 (HR 1105)¹, which provides targeted grants and tax credits to support proactive resiliency upgrades in at risk communities. A bill summary and legislative language is included as an appendix to this testimony.
- Reforming and expanding access to the New York Property Insurance Underwriting Association (NYPIUA) (i.e., New York State's FAIR plan) to ensure there is an insurer of last resort for commercial multifamily affordable housing owners. At present, only one-to-four-unit dwelling buildings are eligible and the per building limit is \$600,000. By expanding the NYPIUA to include larger multifamily properties generally and/or multifamily affordable rental housing and amending the per building limit to a per-unit limit, the plan would deepen the insurance market for affordable housing owners and ensure affordable housing properties can obtain coverage.
- Adopting premise liability reform frameworks that clarifies the circumstances under which responsible property owners can be held liable and thus reduce frivolous lawsuits that drive up the cost of insurance while fairly redressing legitimate civil claims.

¹ Disaster Resiliency and Coverage Act of 2025 (HR 1105): <https://www.congress.gov/119/bills/hr1105/BILLS-119hr1105ih.pdf>

- Adopting litigation funding reform legislation to prevent social inflation in casualty insurance, ensure the industry is appropriately regulated and prevent exploitation of vulnerable plaintiffs.
- Require insurance companies writing policies in New York State to contribute data to help inform future policy making around the intersection of insurance and housing affordability.

Additional background and details on these recommendations as well as additional strategies can be found in a policy brief entitled “State and Local Policy Strategies to Address the Affordable Housing Insurance Crisis” which was authored by Fairview Housing Partners in September of 2024, and is included as an appendix to these comments.²

Given the scale of the affordable housing crisis and the unique challenges affordable housing owners and developers face in the insurance market we hope you and your respective committees will pay special attention to this sector as you explore solutions. We thank you for shining a light on this critical issue and look forward to working with the Senate Standing Committee on Insurance, Committee on Investigations and Government Operations and Committee on Housing, Construction, and Community Development on developing solutions.

Regards,



Thom Amdur
Executive Director

About Fairview Housing Partners

Fairview Housing Partners is a non-profit affordable housing organization dedicated to expanding access to quality, affordable homes in communities where they are needed most. Our activities include real estate development, facilitating capital investments to develop or preserve affordable housing, the provision of resident services and supply focused policy advocacy. To learn more about Fairview Housing Partners visit www.fairviewhousingpartners.org.

² Also available for download at: <https://fairviewhousingpartners.org/wp-content/uploads/2025/06/FHP-State-Local-Solutions-White-Paper-09132024-Distribution.pdf>

Appendix 1

Page Intentionally Left Blank



680 5th Avenue, Floor 17, New York, NY 10019 | fairviewhousingpartners.org

State and Local Policy Strategies to Address the Affordable Housing Insurance Crisis

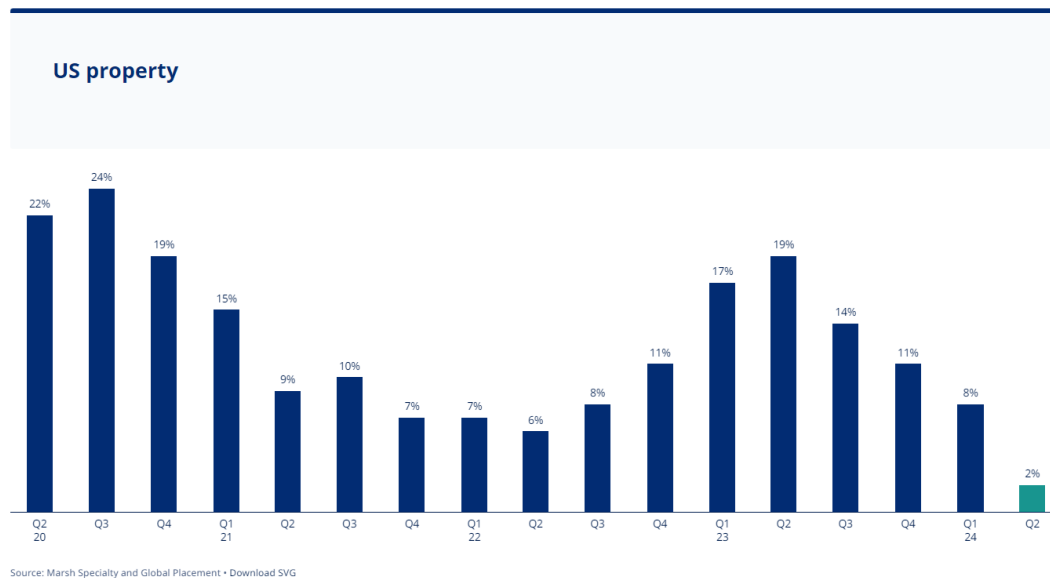
Version 9/13/2024

I. Introduction

Insurance Premium and Total Insurable Value Inflation Is a Clear Present Threat to the Housing Ecosystem Today

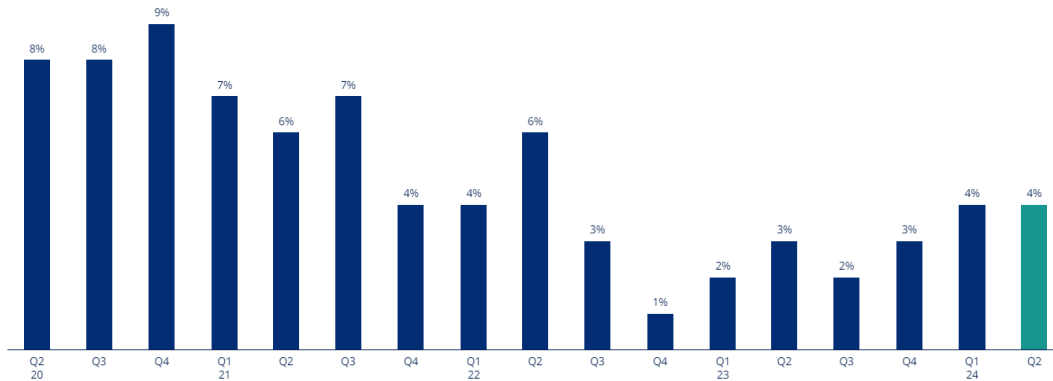
Affordable housing developers, owners and operators are experiencing unprecedented challenges relating to increased property casualty, general liability, and builders risk insurance premiums. This trend is exacerbated by inflation, which has driven up total insurable values and replacement costs. If not addressed soon, insurance premium inflation will cause irreparable harm to existing affordable housing communities and prevent the ability of developers to finance desperately needed new affordable housing supply.

According to Marsh's Global insurance market index, property insurance rates have increased for twenty-seven consecutive quarters, continuing the longest run of increases since the inception of the index in 2012. Property insurance experienced the largest increases of any major product line, and while the rate of increase has moderated in more recent quarters it is important to note that rates have not declined but are merely increasing at a slower rate. While the rate of premium growth in the property markets has slowed recently this has been offset by rate increases in the casualty market.¹



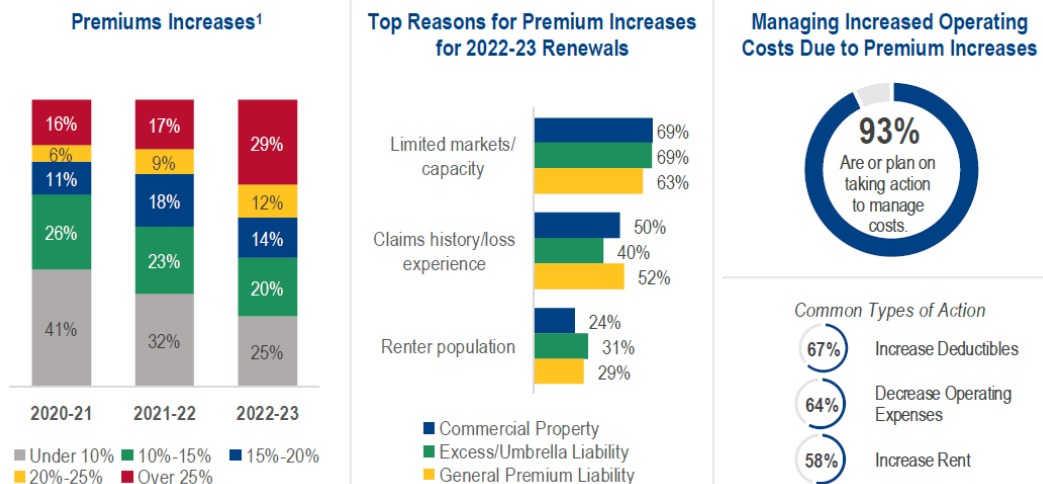
¹ <https://www.marsh.com/en/services/international-placement-services/insights/us-insurance-rates.html>

US casualty



Source: Marsh Specialty and Global Placement • Download SVG

The net result of these trends is that over the past three years insurance premiums have skyrocketed, with many providers experiencing year-over-year premium increases from 30-100+ percent at affordable rental housing communities.² A 2023 survey of 418 affordable and conventional housing providers operating a total of 2.7 million apartments found that for 2022-23 policy renewals, 75% of housing providers experienced premium increases in excess of 10% and 29% of housing providers experienced premium increases of 25% or more (compared to 17% in the prior year).³ Additionally, over 93% of housing providers indicated that they would take action to mitigate cost increases due to higher insurance premiums. The most common actions are increasing insurance deductibles, investing less in property operations, deferring maintenance, and increasing rent.



² NMHC State of Multifamily Risk Survey & Report, June 2023 <https://www.nmhc.org/research-insight/research-report/nmhc-coalition-survey-shows-multifamily-insurance-costs-continue-to-rise/>

³ Pham, Nam D. and Mary Donovan, "Increased Insurance Costs for Affordable Housing Providers," October 2023

Rising Insurance Premiums Harm Affordable Housing Supply

Escalating insurance premiums are a significant contributor to rent inflation and broadly affect rental housing affordability across the country. Because they cannot pass premium increases through to residents, affordable housing operators are particularly vulnerable to insurance inflation.

A fundamental characteristic of the Low Income Housing Tax Credit (LIHTC)⁴ and other affordable housing programs is that properties must maintain income-restricted (targeting families earning no more than 60% of area median income) as well as rent-restricted (where programmatic rents are set so that total housing costs, including rent and utilities, do not exceed 30% of the family's income). Unlike conventional apartment owners, operators of affordable rental communities are extremely limited in their ability to pass premium increases through to residents.

If left unchecked, inevitably cash-flow at properties will decrease and property reserves are depleted, leaving owners of affordable apartments with only undesirable options: defer maintenance, cut back on services, opt-out from affordability as use restrictions expire and/or default on their debt.

Escalating Insurance Premiums Inhibit Housing Production

According to the National Multi Housing Council, the U.S. needs to build 4.3 million more apartments by 2035 to meet the demand for rental housing.⁵ The Joint Center for Housing Studies of Harvard University estimates in its most recent “State of the Nation’s Housing 2024” report that that half of *all* renter households (22.4 million) were housing cost burdened.⁶ Insurance inflation is a significant barrier to the development and financing of this desperately needed new affordable housing. While owners and developers of affordable housing and conventional multifamily housing can take steps to reduce other types of operating expenses (e.g., utility expenses can be reduced over time through investment in sustainability and energy efficient design) there are few options for owners to mitigate rising insurance premiums. Property casualty and general liability policies are not “optional” coverages; lenders, investors, State Housing Finance Agencies, HUD, and the USDA *require* owners to maintain adequate insurance coverage throughout the life cycle of a property.

II. State Local Policy Strategies

Addressing the structural issues driving affordable housing insurance crisis may require policy interventions from federal, state and local legislatures and administrative agencies. This white paper focuses on enumerating strategies that can be implemented at the state and local level. The author encourages readers interested in learning more about federal interventions to view the recommended reading in the appendix.

Premises Liability Reform Legislation

Background: Premises liability law is a legal principle that imposes responsibility on property owners and occupiers for any injuries that happen on their property. The underlying principle is that property owners have a duty of care to maintain their premises in a safe condition and to warn visitors of any known

⁴ For the past four decades the Low Income Housing Tax Credit has been the nation’s primary affordable housing production tool, placing in service more than 3.65 million affordable housing units between 1987 and 2022.

<https://www.huduser.gov/portal/datasets/lihtc/property.html>

⁵ <https://www.nmhc.org/industry-topics/affordable-housing/apartment-supply-shortage/>

⁶ https://www.jchs.harvard.edu/sites/default/files/reports/files/Harvard_JCHS_The_State_of_the_Nations_Housing_2024.pdf

hazards or dangers. If an owner fails to fulfill this duty of care and someone is injured as a result, the owner may be held liable for the victim's damages.

Due to the increase in litigation and large dollar judgements under premises liability law, providers of general liability policies increasingly declining to write affordable housing general liability policies or are will only do so at inflated rates or with exclusions that diminish their utility. This has exacerbated by the prevailing use of “Crime Scores” by multifamily insurance carriers to help assess and price risk. A crime score is a third-party commercial data produces a numeric representation of the crime risk of a geographic area, typically census block or zip code. Many carriers now simply refuse to underwrite coverage if crime scores exceed a defined threshold. This disproportionately and negatively impacts multifamily affordable housing because rental units accessible to low- and moderate-income families are often located in areas with high crime scores. Furthermore, according to research conducted by the Center for Real Estate Excellence at Virginia Tech⁷, there are at least ten reasons why crime scores may not accurately depict the risk associated with criminal activity for a specific affordable housing property.⁸ Most notably, crimes scores do not address property specific measures that may be implemented at a property such as security protocols, design modalities that create defensible space and/or resident services. The net effect is so pronounced many stakeholders have concluded that it is effectively discriminatory red lining of affordable housing communities. These dynamics are further exacerbated by the expansion of the “litigation funding” industry which is addressed in further detail later in this white paper.

Strategy: Premises liability reform changes the legal framework that governs the responsibilities of property owners for injuries or accidents that occur on their premises. A goal of adopting premises liability reform legislation should be to clarify the circumstances under which responsible properties owners can be held liable and thus reducing the frequency of spurious and frivolous lawsuits against property owners (affordable housing, multifamily and/or commercial) that drive up the cost of insurance premiums while fairly redressing appropriate civil claims. Premises liability reform legislation can take many forms and key aspects may include the following features:

- Provide that reasonable deterrents, precautions and protections offered by a property owner may limit their liability if completed before a negligence claim.⁹

⁷ Roberts, Jeffrey G., “[10 Reasons to Carefully Consider How Insurance Carriers Use Crime Scores to Assess Risk in the Affordable Housing Industry](#)”

⁸ <https://www.scottins.com/blog/crime-scores-affordable-housing/> and <https://cre.org/real-estate-issues/general-liability-insurance-crime-scores-caution-advised-for-the-multifamily-property-industry/>

⁹ By way of example, the following Florida’s 2022 premises liability reform legislation (HB 837, ch. 2023-15, L.O.F.) limits liability of for apartment owners in a negligence claim if the following conditions are met:

- A security camera system at points of entry and exit, which records and maintains as retrievable for at least 30 days, video footage to assist in offender identification and apprehension.
- A lighted parking lot illuminated at an intensity of at least an average of 1.8 foot-candles per square foot at 18 inches above the surface from dusk until dawn or controlled by photocell or any similar electronic device that provides light from dusk until dawn.
- Lighting in walkways, laundry rooms, communal areas, and porches, which lighting must be illuminated from dusk until dawn or controlled by photocell or any similar electronic device that provides light from dusk until dawn.
- At least a one-inch deadbolt in each dwelling unit door.
- A locking device on each window, exterior sliding door, and door not used for community purposes.
- Locked gates with key or fob access along pool fence areas.

- Modify “bad faith” frameworks to clarify that negligence alone is not bad faith and require evidence of “gross negligence” rather than “simple negligence.”
- Require both the insured and claimant to act in good faith in settling claims.
- Limit liabilities under defined circumstances, for example for injuries caused by conditions a property owner was not aware of or could not reasonable have known about.
- Limit the use of contingency fee multipliers for attorney fee awards.
- Limit the use of one-way attorney fees.
- Modify comparative negligence systems so that plaintiffs whom are more than 50 percent at fault for their own injuries may not recover damages.
- Provide uniform standards to assist juries in calculating the accurate value of damages.
- Place caps on damages.
- Allow property owners to limit their liability through waivers.
- Reduce statutes of limitations.

Models: Effective examples state legislatures and advocates may wish to explore further include:

- [Florida HB 837 \(2023\)](#) – Florida ch. 2023-15, L.O.F.
- [Mississippi SB 2901 \(2019\)](#) - Mississippi Code Ann. §11-1-66.1
- Chapter 75 of the Texas Civil Practice and Remedies Code

Fair Access to Insurance Requirements (FAIR) Plan Reform/Expansion

Background: Fair Access to Insurance Requirements (FAIR) plans have been implemented in 26 states, the District of Columbia and Puerto Rico, pursuant to the Urban Property Insurance Protection and Reinsurance Act of 1968 to mitigate urban deterioration by reducing unfair insurance practices. FAIR plans are state-mandated property insurance plans that provide coverage to individuals and businesses who are unable to obtain insurance in the regular market. These plans are typically used as an insurance plan of last resort and provide basic coverage for properties that are considered high-risk or difficult to insure due to factors such as location, age, or type of construction. While these plans are instituted at the state level, they are financially backed by all private insurers licensed to write insurance in that state. Each of these companies shares in FAIR Plan profits, losses, and expenses at an amount proportional to its market share in the state. This allows multiple insurance companies to share the risk of the most high-risk homes, rather than just one company. FAIR plans are typically more expensive and have more limited protection as compared to insurance obtained in the regular market. These plans are typically only intended to provide coverage for catastrophic events. FAIR plan insurance coverage varies by state and is extremely limited for commercial property owners.

Strategy: For states that do not currently have an active FAIR plan, legislatures should evaluate the needs of the homeowners, multifamily and affordable housing owners and other commercial policy holders and enact enabling legislation. For example, in 2023 Colorado became the most recent state to

-
- A peephole or door viewer on each dwelling unit door that does not include a window or have a window next to the door.
 - A crime prevention through environmental design assessment, completed by January 1, 2025, and performed by a law enforcement agency or a designated FCPTED Practitioner, where the owner or operator remains in substantial compliance with the assessment.
 - The provision of proper crime deterrence and safety training to current employees by January 1, 2025, and to an employee hired after that date within 60 days of their hire.

establish a FAIR plan that will provide basic property insurance coverage when such coverage is not available from the admitted markets.¹⁰ Colorado's recently enacted FAIR plan will offer basic commercial property coverage with a maximum coverage amount of \$5mm combined property and contents coverage per location, which should provide access to some affordable housing operators. In contrast, most existing state FAIR plans have low per building coverage limits effectively excluding even small affordable housing properties from coverage. For example, Massachusetts, Missouri, New Jersey, New York, and Texas all have per building coverage limits of \$1.5mm.

Many FAIR plans are limited to residential properties and/or of have coverage limits that have not kept up with inflation. State legislatures in partnership with State Insurance Commissioners should evaluate and consider amending their authorizing legislation to facilitate and/or mandate FAIR Plans to offer coverage for multifamily and/or government subsidized housing. To provide parity between homeowners and renters, existing FAIR plans limits should be amended so that they apply on a per unit per unit basis rather than on a building/property basis.

Model:

- Colorado Fair Plain: <https://coloradofairplan.com/>
- Florida Citizens Property Insurance Corporation: <https://www.citizensfla.com/>

Litigation Funding Reform Legislation

Background: Litigation funding, also known as legal financing or third-party litigation funding, is a financial arrangement where a third-party investor provides funding to a plaintiff or a law firm to cover the costs of a legal case. In return, the investor receives a portion of the financial recovery or settlement if the case is successful. If the case is lost, the funder typically receives nothing.

Plaintiff advocates maintain that these funding arrangements give more people access to legal representation. However, there are many legitimate criticisms of litigation funding including:

- It increases the amount of litigation generally.
- It is costly for the plaintiffs because typically a sizable portion of the settlement or award goes to the funders.
- It distorts settlement dynamics discouraging both plaintiffs and defendants from settling.
- There are potential ethical concerns as funders may prioritize their return on investment (ROI) over what may be in the best interests of the plaintiff.
- It is mostly unregulated or under-regulated.
- It commercializes the justice system.

Litigation funding drives up the cost of insurance for affordable housing providers in several ways.

- It increases the frequency of claims and lawsuits and as well as higher settlement amounts and awards.
- It can prolong litigation increasing the cost of defendants and ultimately insurance companies to defend against lawsuits.

¹⁰ <https://coloradofairplan.com/> and <https://leg.colorado.gov/bills/hb23-1288>

- Because of adverse selection, it can result in insurance companies declining to write coverage for certain types of claims or classes of insured (such as affordable housing owners) resulting in less competition in the market.

Collectively, these dynamics result in higher premiums and increased reinsurance costs.

Strategy: To address the concerns described above, many state legislatures are legislating to govern the practice of litigation funding. Aspects of litigation funding legislation that legislatures should consider include regulation and licensing, disclosure requirements, regulated fee structures and controls, regulations to prevent the exploitation of vulnerable plaintiffs and conflict of interest requirements.

- Models: Numerous legislatures have already enacted litigation funding legislation including Arkansas, Indiana, Maine, New Jersey, New York, Ohio, and Vermont. Additionally, the National Council of Insurance Legislators (NCOIL) is actively working on [model legislation](#) addressing litigation funding. Litigation funding reform may be especially effective if paired with premises liability reform.

Facilitate/Pilot Community-Based Catastrophe Insurance (CBCI)

Background: Community-based catastrophe insurance (CBCI) is defined as disaster insurance arranged by a local governmental or quasi-governmental body or community group covering a group of properties within the community. There are two key features of CBCI: that it is purchased or facilitated by some type of community entity and that it covers multiple properties. Beyond these two features, there can be enormous flexibility in the structure and design of CBCI. A CBCI policy could either replace or better still supplement insurance policies available in the private market where there is limited competition or protection gaps.

Strategy: State and/or local governments and/or housing finance agencies can serve as a community aggregators buying bulk insurance which it can pass through to affordable housing owners and/or borrowers. The coverage could be mandatory or optional. The bulk coverage can target particular markets, particular types of insurance policies or tranches of risk within policies, ideally targeting types of coverage that are hard/costly to obtain. Premiums can be passed through to borrower via fees or as a tax assessment. The facilitator can potentially leverage their balance sheet or guarantee authority to lower the cost to the owner/borrower and/or serve as reinsurance. Additionally, the facilitator could require community participants to undertake loss-mitigation training/technical assistance, resiliency scope of work, etc. The CBCI model could be tied to specific HFA loan products or programs (e.g., Risk Share, LIHTC allocations, etc.), asset types (e.g., affordable housing broadly, affordable properties located in defined geographies, etc.) or leveraged across the facilitators entire affordable housing portfolio. We have included as a footnote a link to a paper and presentation by Marsh McLennan that provides additional details on CBCIs.¹¹

Catastrophe Savings Accounts

Background: Catastrophe Savings Accounts (CSAs) are special savings plans designed to help individuals save for future natural disaster expenses and prepare for the fiscal impact of a catastrophic event. The accounts provide a vehicle for policy holders to save money using a tax-advantaged structure akin to an

¹¹ [https://www.marshmcclennan.com/content/dam/mmc-web/insights/publications/2021/february/Community--Based--Catastrophe--Insurance--\(Final\).pdf](https://www.marshmcclennan.com/content/dam/mmc-web/insights/publications/2021/february/Community--Based--Catastrophe--Insurance--(Final).pdf) and https://content.naic.org/sites/default/files/inline-files/GuyCarpenter_Presentation.pdf

IRA or a 529 savings account. Money deposited in CSAs and the annual interest earnings are not subject to state income taxation if left in the account or used for qualified catastrophe expenses. Withdrawals for any purchase other than a qualified catastrophe expense are treated as ordinary income and taxed accordingly. Several states have enacted legislation to permit catastrophe savings accounts for homeowners including Alabama, Mississippi, and South Carolina.

Strategy: CSAs benefit homeowners in several ways by encouraging savings and increasing capacity for recovery as the frequency of natural disasters increase. Policy makers should consider expanding this concept to benefit affordable housing owners and/or residents of affordable rental housing. For example, allowing affordable housing owners to invest mandated project reserves in a CSA could expand this tax benefit to affordable housing stakeholders. Additionally, expanding the definition of “qualified catastrophe expenses” beyond deductibles and recovery costs to include preventative measures that may mitigate future claims could create additional incentives and leverage for owners to invest in resiliency.

Models:

- [South Carolina Catastrophe Savings Account](#)
- [Alabama Catastrophic Savings Account FAQ](#)
- [Mississippi Catastrophe Savings Account FAQ](#)

Facilitate Risk Retention Groups

Background: A risk retention group (RRG) is an insurance company formed pursuant to the federal Risk Retention Act (RRA) of 1981, which was amended in 1986 to allow insurers underwriting all types of liability risks except workers compensation to avoid cumbersome multistate licensing laws. In effect, RRGs are allowed to operate in multiple states but are only required be licensed in their state of domicile (as opposed to every state they operate in). A risk retention group (RRG) must be owned by its insureds. They typically operate in industries that face unique or hard-to-insure risks. Most RRGs are formed as captives and must be domiciled onshore, except for those grandfathered under the 1981 Act. Because they are owned by their members (rather than external shareholders), profits are shared within the group which can result in lower premiums overtime and/or tailored coverage terms. Many state insurance laws limit the ability of privately held organizations from forming risk retention groups.

Strategy: Due to market failures, for many industry participants, RRGs are not always able to procure the tailored policy coverages they need or are simply not available to certain types of insured or in certain markets. Legislation state legislation could expand access to this strategy creating more market competition. State legislatures should evaluate limitations in code relating to risk retention groups and ensure access to for-profit, non-profit, and public housing authorities.

Prohibit Insurance Discrimination Based on Participation in Affordable Housing Programs

Background: As described above, many insurance companies are declining to write policies for communities that have government-assistance and/or accept rental vouchers. Increasingly, companies that are willing to write general liability policies for affordable housing do so at rates that are exorbitant and/or with exclusions or requirements (such as requiring owners to certify that their residents are carrying liability policies) that effectively redline affordable housing communities. As referred to above, this can also be achieved obliquely by denying coverage in certain census tracts or neighborhoods based on third party data, such as Crime Scores, that have a disparate impact on affordable housing properties. While recognizing that some geographies are actuarially more likely to have increased claims, basing

underwriting solely on geography or on the type of financing on a development is unfair and does not take into account the many mitigants that may have been implemented by the operator such as security plans, building resiliency features and operational best practices that are often a requirement of affordable housing regulators and investor.

Strategy: To address potential prima-facie discrimination as well as adverse disparate impacts, states could consider adopting legislation that would amend insurance law to explicitly ban discrimination based on the presence of regulatory agreements, government assistance, rental subsidies or the ownership structure (such as limited-equity cooperatives or limited equity-condominiums).

Model: The New York State Legislature introduced legislative language ([SB7298](#)) that was eventually adopted in the state's FY 2025 budget.¹²

Facilitate Evidence-Based Policy Making by Expanding Access to Affordable and Multifamily Insurance Data

Background: There is limited publicly available data to evaluate the scope and scale of the affordable housing insurance crisis. While the National Association of Insurance Commissioners (NAIC) recently issued a voluntary data call to evaluate challenges in the property and casualty insurance markets; unfortunately, the data request was limited homeowner policies¹³. While we are hopeful that NAIC or the Federal Insurance Office (FIO) will initiate data calls in the future that addresses the needs of the multifamily affordable housing rental community, in the meantime, local leadership can fill in gaps.

Strategy: We encourage individual state insurance commissioners to organize a robust data call in their respective states to evaluate the state of the property and casualty insurance markets as it relates to affordable housing and multifamily rental housing. If voluntary efforts by the state insurance commissioners (in collaboration with the admitted and excess and surplus market providers) are not forthcoming, we encourage state legislatures to direct and fund such data initiatives.

Model: The New Jersey Department of Banking and Insurance (DOBI) recently issued [Bulletin No. 24-10](#) and [Order No. A24-06](#) directing insurers in New Jersey to provide information relevant information to DOBI to study the issue.

Develop Community Investment Requirements for Insurance Companies

Background: Insurance companies are a critical part of the housing finance system reinvesting premiums in facilities that provide debt, traditional and tax credit equity in the housing market. Additionally, Property & Casualty (P&C) Insurance companies play an additional and critical role in the housing finance system. Maintaining sufficient P&C insurance coverage is a baseline requirement of any permanent financing package or equity financing. In many cases, insurance companies compete directly with depository institutions and community development financial institutions (CDFIs) in the debt and equity markets, and through membership in the Federal Home Loan Bank (FHLB) System to take advantage of federal housing resources such as the FHLB's capital advance facilities. Unlike, depository institutions and

¹² <https://www.lockelord.com/newsandevents/publications/2024/07/ny-prohibits-affordable-housing-status-as-rating-f> and <https://www.nixonpeabody.com/insights/alerts/2024/04/23/new-york-state-budget-prohibits-discrimination-in-insurance-for-affordable-housing>

¹³ <https://content.naic.org/industry/data-call/property-ho.htm>

CDFIs, insurance companies are not governed by regulatory requirements to support community development and affordable housing.

Strategy: To create market parity, facilitate more robust market competition and better meet the needs of underserved markets (such as affordable housing), state legislatures, financial regulators and/or insurance commissioners should consider adopting mission achievement requirements for insurance companies writing policies in both admitted and excess and surplus markets. There are many potential tools, programs and creative strategies insurance companies could leverage to meet mission achievement requirements including: increasing underwriting capacity in underserved markets, voluntarily limiting rate increases for underserved stakeholders, offering incentive or discount programs, providing technical assistance, subsidizing loss mitigation programs, investing in a managed fund¹⁴ that provides subordinate financing to offset investments in resiliency and/or credit enhancing supplementary insurance products such as Community Based Catastrophe Insurance (see above).

There are several methodologies that policy makers and insurance commissioners could consider in defining “underserved” for the purposes of this strategy. For example, underserved market segments could include geographies where it is more difficult to procure policies. It could also identify specific housing typologies (e.g., permanent supportive housing, Section 8, etc.) that are underserved by insurance markets. This could be paired with periodic data calls (see above). Solutions can be tailored to the size of the insurance company and the types of insurance policies they write.

State Initiated Insurance Backstop / State Backed-Reinsurance

Background: One of the major challenges affordable housing owners face in today’s “hard market” is a lack of insurance and reinsurance capital. Given the compounding headwinds hitting the insurance industry at the same time, there are fewer providers in the space willing to participate, creating an imbalance of supply and demand, particularly for affordable assets. This imbalance is creating a need to dramatically increase premiums simply to attract investment into the insurance market to provide sufficient coverage.

Strategy: State legislatures, financial regulators, insurance commissioners and/or housing finance agencies should explore how they can enhance the ability affordable housing owners to procure affordable insurance policies by facilitating dedicated backstops and/or providing optional reinsurance products or targeted parametric products where there are gaps in affordable coverage for affordable rental housing. This could be done on a pilot basis to expedite activity. In today’s marketplace, reinsurance capital is lacking for certain asset types (i.e., affordable housing) and geographies, which drives up costs to unreasonable levels. FAIR plans, where they exist, provide a potential model to build on leveraging a direct government guarantee as well as a risk-share model.

¹⁴ Funded by life insurance companies domiciled in Massachusetts, The Life Initiative (TLI) was established to provide capital to projects that benefit low- and moderate-income communities and households and defines itself as a dual bottom-line fund. <https://lifeinitiative.com/>. Funded by P&C Insurance companies domiciled in Massachusetts, The Property & Casualty Initiative invests in community assets that contribute to the health and well-being of residents in low-income communities. <https://www.pcifund.com/>. The California Organized Investment Network (COIN) guides insurers on making financially sound investments that yield environmental or social benefits within the state in underserved communities <https://www.insurance.ca.gov/0250-insurers/0700-coin/>

III. Conclusion

The nation's housing stock is a critical infrastructure that is necessary to sustain our economy and is the building block economic growth, educational achievement and positive health outcomes. The intersection between housing affordability, extreme weather events and insurance market dynamics threatens this critical national asset. While there are many policy and market interventions that may be most appropriate for the Congress and/or federal regulatory agencies, state and local government as well as the state insurance regulatory agencies can and should play a critical role in alleviating this crisis. We hope this white paper will inspire further action and welcome the opportunity to engage with advocates, legislators and regulators to promulgate solutions that support a sustainable insurance industry while meeting the needs of local communities and affordable housing stakeholders. For further details relating to this white paper contact Fairview Housing Partner's Executive Director Thom Amdur at tamdur@fairviewhousingpartners.org or 914.241.5885.

IV. About Fairview Housing Partners

Fairview Housing Partners is a non-profit affordable housing organization dedicated to expanding access to quality, affordable homes in communities where they are needed most. Our activities include real estate development, facilitating capital investments to develop or preserve affordable housing, the provision of resident services and supply focused policy advocacy. To learn more about Fairview Housing Partners visit www.fairviewhousingpartners.org.

V. Appendix

Recommended Reading

- [Housing Affordability Coalition Letter to Congress](#) – June 10, 2024
- [Impediments in the Insurance Marketplace for Affordable Housing](#) – February 16, 2024
- [Federal Housing Finance Agency Request for Input: Federal Home Loan Bank Core Mission Activities and Mission Achievement](#) – July 15, 2024

Appendix 2

Page Intentionally Left Blank

Disaster Resiliency Insurance Act of 2025

Bill Summary

- **HR 1105** (Introduced 2/6/2025)
- **Lead Sponsors:** Rep. Mike Thompson (D-CA-04) & Rep Doug LaMalfa (R-CA-01) + 54 Additional Co-Sponsors (as of 11/12/2025)
- **Committees:** House Ways & Means
House Committee on Transportation and Infrastructure
- **Key Features:**
 - Provides homeowners in disaster-prone regions with broad incentives to harden their properties against wildfires and other risks
 - Creates a grant program, administered through State governments, through-which homeowners in designated disaster-prone regions are eligible for \$10k for resiliency work on their homes
 - Stipulates that payments from State-run disaster resiliency programs and payments from various federal emergency agricultural programs are not considered income for federal tax purposes (Mirrors Provisions in HR 4070)
 - Provides a 30 percent tax credit for qualified disaster risk mitigation activities conducted by individuals or businesses.
- **Detailed Summary**
 - Section 1: SHORT TITLE
 - Section 2: INDIVIDUAL HOUSEHOLD DISASTER MITIGATION PROGRAM
 - Establish grant program to States and Indian Tribal Government for qualifying pre-disaster mitigation activities on individual residences at risk of being damaged by a major disaster
 - Establish eligible disaster areas in consultation with states
 - Provide technical assistance to administer grants
 - To be eligible for grants, state or tribal entity must establish an administrative plan
 - Limitations:
 - Funds can only be used in high-risk areas
 - Means tested – adjusted gross income limit for grant eligibility \$250k individuals / \$500k joint tax returns

- Mitigation Standards – FEMA to establish, multi-tiered standards permitted. Mitigations can include an array of: wind, water, hail, flood, wildfire preventative measures & activities necessary to receive FORTIFIED designation from Insurance Institute for Business and Home Safety
- Guidance To Insurance Providers. To be eligible for a grant under the program State or Indian tribal government shall establish guidance to insurance providers that includes suggested incentives for households that carry out disaster mitigation activities under the program
- Section 3: EXCLUSION OF AMOUNTS RECEIVED FROM STATE-BASED CATASTROPHE LOSS MITIGATION PROGRAMS.
 - Gross income shall not include any amount received by an individual as a qualified catastrophe loss mitigation payment under a program established or administered by a State, or a political subdivision or instrumentality thereof, for the purpose of making such payments.
 - Mitigation expenses will not increase basis in property
- Section 4: EXCLUSION FROM GROSS INCOME OF CERTAIN EMERGENCY AGRICULTURAL ASSISTANCE.
 - For purposes of this section, the term ‘qualified disaster relief payment’ shall include any assistance received under various USDA programs
- Section 5: CREDIT FOR DISASTER MITIGATION EXPENDITURES.
 - Treated as General Business Credit
 - Credit amount equal to 30% of ‘qualifying mitigation activity’ expenditures paid by tax payer
 - Exclusions & No double dipping
 - Expenditures paid / reimbursed by state under a qualified state disaster mitigation program excluded
 - Marketable timber expenditure excluded
 - Basis reduction – no double dipping

Sponsor List [* indicates original co-sponsor]

- Rep. Thompson, Mike [D-CA-4]* *Lead Sponsor*
- Rep. Barragán, Nanette Diaz [D-CA-44]*
- Rep. Bera, Ami [D-CA-6]
- Rep. Brownley, Julia [D-CA-26]*
- Rep. Carbajal, Salud O. [D-CA-24]*
- Rep. Carter, Troy A. [D-LA-2]*
- Rep. Case, Ed [D-HI-1]*
- Rep. Castor, Kathy [D-FL-14]*
- Rep. Chu, Judy [D-CA-28]*
- Rep. Cisneros, Gilbert Ray, Jr. [D-CA-31]*
- Rep. Costa, Jim [D-CA-21]*
- Rep. Craig, Angie [D-MN-2]
- Rep. Davis, Danny K. [D-IL-7]
- Rep. DeSaulnier, Mark [D-CA-10]
- Rep. Evans, Dwight [D-PA-3]
- Rep. Fields, Cleo [D-LA-6]*
- Rep. Foushee, Valerie P. [D-NC-4]
- Rep. Frankel, Lois [D-FL-22]*
- Rep. Friedman, Laura [D-CA-30]
- Rep. Frost, Maxwell [D-FL-10]*
- Rep. Garamendi, John [D-CA-8]*
- Rep. Garcia, Robert [D-CA-42]
- Rep. Goldman, Daniel S. [D-NY-10]*
- Rep. Harder, Josh [D-CA-9]*
- Rep. Huffman, Jared [D-CA-2]*
- Rep. Jacobs, Sara [D-CA-51]*
- Rep. Kamlager-Dove, Sydney [D-CA-37]*
- Rep. Khanna, Ro [D-CA-17]*
- Rep. Kim, Young [R-CA-40]*
- Rep. LaMalfa, Doug [R-CA-1]*
- Rep. Levin, Mike [D-CA-49]*
- Rep. Lieu, Ted [D-CA-36]*
- Rep. Matsui, Doris O. [D-CA-7]*
- Rep. McIver, LaMonica [D-NJ-10]*
- Rep. Min, Dave [D-CA-47]
- Rep. Moskowitz, Jared [D-FL-23]*
- Rep. Mullin, Kevin [D-CA-15]*
- Rep. Neguse, Joe [D-CO-2]*
- Del. Norton, Eleanor Holmes [D-DC-At Large]*
- Rep. Obernolte, Jay [R-CA-23]*
- Rep. Panetta, Jimmy [D-CA-19]*
- Rep. Pettersen, Brittany [D-CO-7]*
- Rep. Ruiz, Raul [D-CA-25]*
- Rep. Sánchez, Linda T. [D-CA-38]
- Rep. Schrier, Kim [D-WA-8]*
- Rep. Sewell, Terri A. [D-AL-7]
- Rep. Sherman, Brad [D-CA-32]
- Rep. Sorensen, Eric [D-IL-17]
- Rep. Swalwell, Eric [D-CA-14]
- Rep. Takano, Mark [D-CA-39]*
- Rep. Thanedar, Shri [D-MI-13]
- Rep. Tlaib, Rashida [D-MI-12]*
- Rep. Tokuda, Jill N. [D-HI-2]*
- Rep. Torres, Norma J. [D-CA-35]*
- Rep. Valadao, David G. [R-CA-22]*
- Rep. Vasquez, Gabe [D-NM-2]*
- Rep. Velázquez, Nydia M. [D-NY-7]
- Rep. Whitesides, George [D-CA-27]*

119TH CONGRESS
1ST SESSION

H. R. 1105

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to require the President to establish an individual household disaster mitigation program, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 6, 2025

Mr. THOMPSON of California (for himself, Mr. LAMALFA, Mrs. KIM, Mr. OBERNOLTE, Mr. VALADAO, Ms. BARRAGÁN, Ms. BROWNLEY, Mr. CARBAJAL, Mr. CARTER of Louisiana, Mr. CASE, Ms. CASTOR of Florida, Ms. CHU, Mr. CISNEROS, Mr. COSTA, Mr. FIELDS, Ms. LOIS FRANKEL of Florida, Mr. FROST, Mr. GARAMENDI, Mr. GOLDMAN of New York, Mr. HARDER of California, Mr. HUFFMAN, Ms. JACOBS, Ms. KAMLAGER-DOVE, Mr. KHANNA, Mr. LEVIN, Mr. LIEU, Ms. MATSUI, Mrs. McIVER, Mr. MOSKOWITZ, Mr. MULLIN, Mr. NEGUSE, Ms. NORTON, Mr. PANNETTA, Ms. PETTERSEN, Mr. RUIZ, Ms. SCHRIER, Mr. TAKANO, Ms. TLAIB, Ms. TOKUDA, Mrs. TORRES of California, Mr. VASQUEZ, and Mr. WHITESIDES) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Transportation and Infrastructure, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Robert T. Stafford Disaster Relief and Emergency Assistance Act to require the President to establish an individual household disaster mitigation program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Disaster Resiliency and
3 Coverage Act of 2025”.

4 **SEC. 2. INDIVIDUAL HOUSEHOLD DISASTER MITIGATION**
5 **PROGRAM.**

6 (a) ESTABLISHMENT OF PROGRAM.—Title II of the
7 Robert T. Stafford Disaster Relief and Emergency Assist-
8 ance Act (42 U.S.C. 5131 et seq.) is amended by adding
9 at the end the following:

10 **“SEC. 207. INDIVIDUAL HOUSEHOLD DISASTER MITIGATION**
11 **PROGRAM.**

12 “(a) ESTABLISHMENT.—The President shall estab-
13 lish a program to provide grants to States and Indian trib-
14 al governments for qualifying pre-disaster mitigation ac-
15 tivities on individual residential households that are at risk
16 of being damaged by a major disaster.

17 “(b) ESTABLISHMENT OF ELIGIBLE DISASTER
18 AREAS.—In carrying out the program under this section,
19 the President shall—

20 “(1) establish eligible disaster areas, in con-
21 sultation with States, that the President determines
22 to be at risk of a natural hazard, including—

23 “(A) a description of the type, likelihood,
24 and severity of each potential natural hazard
25 affecting each such risk area; and

1 “(B) by taking into account previously de-
2 clared major disasters impacting such areas;

3 “(2) provide technical assistance to the States
4 or Indian tribal governments in developing the plan
5 described in subsection (c) and administering grants
6 provided for individual households under the pro-
7 gram;

8 “(3) not less frequently than every 5 years, re-
9 view and update the eligible disaster areas that the
10 President determines to be at risk of a natural dis-
11 aster, including a description of the type and sever-
12 ity of each potential natural disaster affecting each
13 such risk area; and

14 “(4) consult with relevant governmental and
15 nongovernmental experts in order to ensure that
16 such determinations are made using current sci-
17 entific standards and tools available in establishing,
18 reviewing, and updating the eligible disaster areas
19 that the President determines to be at risk of a nat-
20 ural disaster.

21 “(c) PLAN FOR ELIGIBLE ACTIVITIES.—To be eligi-
22 ble for a grant under this section, a State or Indian tribal
23 government shall submit to the President a plan that in-
24 cludes—

1 “(1) each disaster risk area established by the
2 President under subsection (b) in which the State or
3 Indian tribal government proposes to provide funds
4 under the program;

5 “(2) an assessment of the availability and af-
6 fordability of homeowner insurance coverage in each
7 such risk area, including a breakdown of coverage
8 offered by—

9 “(A) private insurance companies;

10 “(B) State residual markets; and

11 “(C) State and Federal insurance pro-
12 grams;

13 “(3) an analysis of factors that may be ad-
14 versely impacting insurance availability and afford-
15 ability;

16 “(4) a list of each qualifying mitigation activity
17 that is eligible for funds in each such risk area;

18 “(5) the criteria by which a State or Indian
19 tribal government will evaluate applicants, which
20 shall include consideration of the household income
21 of the applicant and whether the residence is located
22 in a Community Disaster Resilience Zone; and

23 “(6) a financial plan that includes maximum
24 amounts available to a household for each qualifying
25 mitigation activity.

1 “(d) CONSULTATION.—In establishing the program
2 under this section, the President, acting through the Ad-
3 ministrator of the Federal Emergency Management Agen-
4 cy and the Director of the Federal Insurance Office, shall
5 consult with the chief insurance regulators from the 50
6 States, the District of Columbia, and the territories of the
7 United States, insurance industry stakeholders, including
8 insurers, reinsurers, agents, brokers, and insurance-fund-
9 ed research organizations, and consumer and environ-
10 mental stakeholders to determine what qualifying mitiga-
11 tion activities are likely to incentivize the availability and
12 purchase of residential property insurance and other fi-
13 nancial risk transfer mechanisms in eligible disaster areas.

14 “(e) LIMITATIONS.—

15 “(1) HIGH-RISK AREAS.—Funds provided under
16 this section may only be used in eligible disaster
17 areas that the State or Indian tribal government de-
18 termines are at a high risk of experiencing a major
19 disaster for the major disaster that presents such a
20 risk.

21 “(2) LIMITATION BASED ON ADJUSTED GROSS
22 INCOME.—An individual shall not be eligible to re-
23 ceive a grant under this section if the adjusted gross
24 income of such individual exceeds \$250,000
25 (\$500,000 in the case of a joint tax return) for the

1 taxable year ending in the calendar year immediately
2 preceding the calendar year with respect to which a
3 grant application is filed.

4 “(3) DEFINITION OF ADJUSTED GROSS IN-
5 COME.—In this section, the term ‘adjusted gross in-
6 come’ has the meaning given such term in section
7 62(a) of the Internal Revenue Code of 1986.

8 “(f) MULTI-TIERED MITIGATION STANDARDS.—

9 “(1) IN GENERAL.—The President, acting
10 through the Administrator of the Federal Emer-
11 gency Management Agency, shall establish mitiga-
12 tion standards for individual households that carry
13 out each type of qualifying mitigation activity eligi-
14 ble for funds under the program, which may include
15 a multi-tiered standard.

16 “(2) CONSIDERATION.—In establishing the
17 mitigation standards under paragraph (1), the
18 President, acting through the Administrator—

19 “(A) shall consider any standards estab-
20 lished by—

21 “(i) the Insurance Institute for Busi-
22 ness and Home Safety;

23 “(ii) the chief insurance regulators
24 from the 50 states, the District of Colum-

1 bia, and the territories of the United
2 States; and

3 “(iii) any other standard-issuing enti-
4 ty determined appropriate; and

5 “(B) may—

6 “(i) adopt a standard considered
7 under subparagraph (A); or

8 “(ii) establish alternative standards.

9 “(g) GUIDANCE TO INSURANCE PROVIDERS.—To be
10 eligible for a grant under the program under this section,
11 a State or Indian tribal government shall establish, and
12 make available to the public, guidance to insurance pro-
13 viders and consumers that includes suggested incentives
14 for households that carry out disaster mitigation activities
15 under the program, including—

16 “(1) the mitigation standards established under
17 subsection (f);

18 “(2) increased consumer coverage choice; and

19 “(3) actuarially supported favorable pricing
20 benefits such as discounts, rebates, or premium
21 credits.

22 “(h) MAXIMUM AMOUNTS.—A State or Indian tribal
23 government may not provide more than an amount of
24 \$10,000, not to exceed the actual cost of mitigation activi-
25 ties, to any individual household under the program. Such

1 amount shall be increased yearly to reflect any increase
2 in the Consumer Price Index.

3 “(i) DEFINITION OF QUALIFYING MITIGATION AC-
4 TIVITY.—In this section, the term ‘qualifying mitigation
5 activity’ means an activity relating to a housing unit—

6 “(1) for property to—

7 “(A) improve the strength of a roof deck
8 attachment;

9 “(B) create a secondary water barrier to
10 prevent water intrusion or mitigate against po-
11 tential water intrusion from wind-driven rain;

12 “(C) improve the durability, impact resist-
13 ance (not less than class 3 or 4 rating), or fire
14 resistance (not less than class A rating) of a
15 roof covering;

16 “(D) brace gable-end walls;

17 “(E) reinforce the connection between a
18 roof and supporting wall;

19 “(F) protect openings from penetration by
20 wind-borne debris;

21 “(G) protect exterior doors and garages
22 from natural hazards;

23 “(H) complete measures contained in the
24 publication of the Federal Emergency Manage-

ment Agency entitled ‘Wind Retrofit Guide for Residential Buildings’ (P–804);

“(I) elevate the qualified dwelling unit, as well as utilities, machinery, or equipment, above the base flood elevation or other applicable minimum elevation requirement;

“(J) seal walls in the basement of the qualified dwelling unit using waterproofing compounds; or

“(K) protect propane tanks or other external fuel sources;

“(2) to install—

“(A) check valves to prevent flood water from backing up into drains;

“(B) flood vents, breakaway walls or open lattice for homes located in V zones;

“(C) a stormwater drainage system or improve an existing system;

“(D) natural or nature-based features for flood control, including living shorelines;

“(E) roof coverings, sheathing, flashing, roof and attic vents, eaves, or gutters that conform to ignition-resistant construction standards;

1 “(F) wall components for wall assemblies
2 that conform to ignition-resistant construction
3 standards;

4 “(G) a wall-to-foundation anchor or con-
5 nector, or a shear transfer anchor or connector;

6 “(H) wood structural panel sheathing for
7 strengthening cripple walls;

8 “(I) anchorage of the masonry chimney to
9 the framing;

10 “(J) prefabricated lateral resisting sys-
11 tems;

12 “(K) a standby generator system con-
13 sisting of a standby generator and an automatic
14 transfer switch;

15 “(L) a storm shelter that meets the design
16 and construction standards established by the
17 International Code Council and the National
18 Storm Shelter Association (ICC–500), or a safe
19 room that satisfies the criteria contained in—

20 “(i) the publication of the Federal
21 Emergency Management Agency entitled
22 ‘Safe Rooms for Tornadoes and Hurri-
23 canes’ (P–361); or

1 “(ii) the publication of the Federal
2 Emergency Management Agency entitled
3 ‘Taking Shelter from the Storm’ (P-320);
4 “(M) a lightning protection system;
5 “(N) exterior walls, doors, windows, or
6 other exterior dwelling unit elements that con-
7 form to ignition-resistant construction stand-
8 ards;
9 “(O) exterior deck or fence components
10 that conform to ignition-resistant construction
11 standards;
12 “(P) structure-specific water hydration
13 systems, including fire mitigation systems such
14 as interior sprinkler systems;
15 “(Q) flood openings for fully enclosed
16 areas below the lowest floor of the dwelling
17 unit;
18 “(R) lateral bracing for wall elements,
19 foundation elements, and garage doors or other
20 large openings to resist seismic loads; or
21 “(S) automatic shutoff valves for water
22 and gas lines;
23 “(3) for services or equipment to—
24 “(A) create buffers around the qualified
25 dwelling unit through the removal or reduction

1 of flammable vegetation, including vertical
2 clearance of tree branches;

3 “(B) create buffers around the dwelling
4 unit through—

5 “(i) the removal of exterior deck or
6 fence components or ignition-prone land-
7 scape features; or

8 “(ii) replacement of the components
9 or features described in clause (i) with
10 components or features that conform to ig-
11 nition-resistant construction standards;

12 “(C) perform fire maintenance procedures
13 identified by the Federal Emergency Manage-
14 ment Agency or the United States Forest Serv-
15 ice, including fuel management techniques such
16 as creating fuel and fire breaks; or

17 “(D) replace flammable vegetation with
18 less flammable species;

19 “(4) for property relating to satisfying the
20 standards required for receipt of a FORTIFIED
21 designation from the Insurance Institute for Busi-
22 ness and Home Safety, provided that the qualified
23 dwelling unit receives such designation following in-
24 stallation of such property;

1 “(5) for property relating to satisfying the
2 standards required for receipt of a Wildfire Prepared
3 Homes designation from the Insurance Institute for
4 Business and Home Safety, provided that the quali-
5 fied dwelling unit receives such designation following
6 installation of such property; or

7 “(6) for any other hazard mitigation activity
8 identified by the President, in consultation with the
9 Administrator of the Federal Emergency Manage-
10 ment Agency and the hazard mitigation advisory
11 committee established in subsection (k), for mitiga-
12 tion of a natural hazard.

13 “(j) HAZARD MITIGATION ADVISORY COMMITTEE.—
14 The President shall establish a hazard mitigation advisory
15 committee that shall—

16 “(1) consist of 50 representatives, including
17 representatives from—

18 “(A) the State Insurance Commissioners;

19 “(B) private insurance companies;

20 “(C) private reinsurance companies;

21 “(D) insurance broker companies;

22 “(E) insurance-funded research organiza-
23 tions;

24 “(F) consumer advocate organizations;

1 “(G) State, local, and tribal firefighting
2 agencies;

3 “(H) State-sponsored insurance plans;

4 “(I) realtor associations;

5 “(J) home builder associations;

6 “(K) State, local, and tribal emergency re-
7 sponders;

8 “(L) State and tribal emergency managers;

9 “(M) State and tribal hazard mitigation
10 officers;

11 “(N) relevant academic experts;

12 “(O) building code associations;

13 “(P) agricultural groups; and

14 “(Q) environmental organizations; and

15 “(2) advise the President on developments in
16 emerging hazard mitigation research and testing and
17 recommend additions to the qualified hazard mitiga-
18 tion activities eligible under this program, including
19 reviewing the effectiveness of hazard mitigation sys-
20 tems, products, and designations submitted to the
21 advisory committee by private or nongovernmental
22 companies or organizations.

23 “(k) RULES OF CONSTRUCTION.—Nothing in this
24 Act shall—

1 “(1) require a State or any other entity to base
 2 the assessment of the status of the availability of
 3 homeowner insurance coverage required under sub-
 4 section (c)(2) on data not already collected by that
 5 entity absent this requirement; and

6 “(2) be construed to preempt the State regula-
 7 tion of the business of insurance or require, by the
 8 Federal Government or any State government, any
 9 insurance provider to alter the underwriting, pricing,
 10 and distribution of insurance.”.

11 (b) TAX TREATMENT OF INDIVIDUAL HOUSEHOLD
 12 DISASTER MITIGATION PROGRAM.—

13 (1) IN GENERAL.—Section 139 of the Internal
 14 Revenue Code of 1986 is amended by redesignating
 15 subsection (h) as subsection (i) and by inserting
 16 after subsection (g) the following new subsection:

17 “(h) INDIVIDUAL HOUSEHOLD DISASTER MITIGA-
 18 TION PROGRAM.—Gross income shall not include amounts
 19 received under section 207 of the Robert T. Stafford Dis-
 20 aster Relief and Emergency Assistance Act.”.

21 (2) EFFECTIVE DATE.—The amendment made
 22 by this subsection shall apply to amounts received
 23 after the date of the enactment of this Act.

1 **SEC. 3. EXCLUSION OF AMOUNTS RECEIVED FROM STATE-**
2 **BASED CATASTROPHE LOSS MITIGATION**
3 **PROGRAMS.**

4 (a) IN GENERAL.—Section 139 of the Internal Rev-
5 enue Code of 1986, as amended by the preceding provi-
6 sions of this Act, is amended by redesignating subsection
7 (i) as subsection (j) and by inserting after subsection (h)
8 the following new subsection:

9 “(i) STATE-BASED CATASTROPHE LOSS MITIGATION
10 PROGRAMS.—

11 “(1) IN GENERAL.—Gross income shall not in-
12 clude any amount received by an individual as a
13 qualified catastrophe loss mitigation payment under
14 a program established or administered by a State, or
15 a political subdivision or instrumentality thereof, for
16 the purpose of making such payments.

17 “(2) QUALIFIED CATASTROPHE LOSS MITIGA-
18 TION PAYMENT.—For purposes of this section, the
19 term ‘qualified catastrophe loss mitigation payment’
20 means any amount which is received by an indi-
21 vidual to make improvements to such individual’s
22 residence for the sole purpose of hazard mitigation
23 with respect to such residence.

24 “(3) NO INCREASE IN BASIS.—Rules similar to
25 the rules of subsection (g)(3) shall apply in the case
26 of this subsection.”.

1 (b) CONFORMING AMENDMENTS.—

2 (1) Section 139(d) is amended by striking “and
3 qualified” and inserting “, qualified catastrophe
4 mitigation payments, and qualified”.

5 (2) Section 139(i) (as redesignated by sub-
6 section (a)) is amended by striking “or qualified”
7 and inserting “, qualified catastrophe mitigation
8 payment, or qualified”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to taxable years beginning after
11 December 31, 2025.

12 **SEC. 4. EXCLUSION FROM GROSS INCOME OF CERTAIN**
13 **EMERGENCY AGRICULTURAL ASSISTANCE.**

14 (a) IN GENERAL.—Section 139 of the Internal Rev-
15 enue Code of 1986, as amended by the preceding provi-
16 sions of this Act, is amended by redesignating subsection
17 (j) as subsection (k) and by inserting after subsection (i)
18 the following new subsection:

19 “(j) CERTAIN AGRICULTURAL ASSISTANCE.—For
20 purposes of this section, the term ‘qualified disaster relief
21 payment’ shall include any assistance received under any
22 of the following:

23 “(1) Assistance received under the Wildfires
24 and Hurricanes Indemnity Program Plus under sub-

1 part O of part 760 of title 7, Code of Federal Regu-
2 lations.

3 “(2) Assistance received under section 1501 of
4 the Agricultural Act of 2014 (7 U.S.C. 9081).

5 “(3) Noninsured crop assistance under section
6 196 of the Federal Agriculture Improvement and
7 Reform Act of 1996 (7 U.S.C. 7333).

8 “(4) Assistance under a food assistance pro-
9 gram under part 9 of title 7, Code of Federal Regu-
10 lations.

11 “(5) Assistance under title IV of the Agricul-
12 tural Credit Act of 1978 (16 U.S.C. 2201 et seq.).

13 “(6) Assistance under the Quality Loss Assist-
14 ance Program.”.

15 (b) EFFECTIVE DATE.—The amendments made by
16 this section shall apply to taxable years beginning after
17 December 31, 2025.

18 **SEC. 5. CREDIT FOR DISASTER MITIGATION EXPENDI-**
19 **TURES.**

20 (a) IN GENERAL.—Subpart B of part IV of sub-
21 chapter A of chapter 1 of the Internal Revenue Code of
22 1986 is amended by inserting after section 27 the fol-
23 lowing new section:

1 **“SEC. 28. DISASTER MITIGATION EXPENDITURES.**

2 “(a) IN GENERAL.—There shall be allowed as a cred-
3 it against the tax imposed by this chapter for the taxable
4 year an amount equal to 30 percent of the expenditures
5 paid for qualifying mitigation activities paid or incurred
6 by the taxpayer during such taxable year with respect to
7 real property owned or leased by the taxpayer.

8 “(b) QUALIFIED DISASTER MITIGATION ACTIVI-
9 TIES.—For purposes of this section—

10 “(1) QUALIFYING MITIGATION ACTIVITY.—The
11 term ‘qualifying mitigation activity’ has the meaning
12 given such term in section 207(j) of the Robert T.
13 Stafford Disaster Relief and Emergency Assistance
14 Act.

15 “(2) TREATMENT OF REIMBURSEMENTS.—Any
16 amount originally paid or incurred by the taxpayer
17 which is reimbursed by a State under a qualified
18 State disaster mitigation program shall be treated as
19 paid by such State (and not by such taxpayer).

20 “(c) APPLICATION WITH OTHER CREDITS.—

21 “(1) BUSINESS CREDIT TREATED AS PART OF
22 GENERAL BUSINESS CREDIT.—So much of the credit
23 which would be allowed under subsection (a) for any
24 taxable year (determined without regard to this sub-
25 section) that is attributable to expenditures made in
26 the ordinary course of the taxpayer’s trade or busi-

1 ness (or, in the case of expenditures made by a
 2 State, would have been expenditures made in the or-
 3 dinary course of the taxpayer’s trade or business if
 4 made by the taxpayer) shall be treated as a credit
 5 listed in section 38(b) for taxable year (and not al-
 6 lowed under subsection (a)).

7 “(2) PERSONAL CREDIT.—For purposes of this
 8 title, the credit allowed under subsection (a) for any
 9 taxable year (determined after application of para-
 10 graph (1)) shall be treated as a credit allowable
 11 under subpart A for such taxable year.

12 “(d) REDUCTION OF CREDIT PERCENTAGE WHERE
 13 TAXPAYER EXPENDITURES LESS THAN 30 PERCENT.—

14 “(1) IN GENERAL.—If the expenditure percent-
 15 age with respect to any item of expenditure de-
 16 scribed under subsection (a) is less than 30 percent,
 17 subsection (a) shall be applied by substituting ‘the
 18 expenditure percentage’ for ‘30 percent’ with respect
 19 to such item of expenditure.

20 “(2) EXPENDITURE PERCENTAGE.—For pur-
 21 poses of this section, the term ‘expenditure percent-
 22 age’ means, with respect to any item of expenditure
 23 described under subsection (a) any portion of which
 24 is paid or incurred by a State, the ratio (expressed
 25 as a percentage) of—

1 “(A) the taxpayer’s expenditure for such
2 item, divided by

3 “(B) the sum of the taxpayer’s and such
4 State’s expenditures for such item.

5 “(e) SPECIAL RULES.—

6 “(1) TREATMENT OF EXPENDITURES RELATED
7 TO MARKETABLE TIMBER.—An expenditure shall not
8 be taken into account for purposes of this section
9 (whether made by the taxpayer or a State) if such
10 expenditure is properly allocable to timber which is
11 sold or exchanged by the taxpayer. The preceding
12 sentence shall not apply to the extent that such
13 amount exceeds the gain on such sale or exchange.

14 “(2) BASIS REDUCTION.—For purposes of this
15 subtitle, if the basis of any property would (but for
16 this paragraph) be determined by taking into ac-
17 count any expenditure described under subsection
18 (a), the basis of such property shall be reduced by
19 the amount of the credit allowed under subsection
20 (a) with respect to such expenditure (determined
21 without regard to subsection (c)).

22 “(3) DENIAL OF DOUBLE BENEFIT.—The
23 amount of any deduction or other credit allowable
24 under this chapter for any expenditure for which a
25 credit is allowable under subsection (a) shall be re-

1 duced by the amount of credit allowed under such
 2 subsection for such expenditure (determined without
 3 regard to subsection (c)).”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 38(b) of such Code is amended by
 6 striking “plus” at the end of paragraph (40), by
 7 striking the period at the end of paragraph (41) and
 8 inserting “, plus”, and by adding at the end the fol-
 9 lowing new paragraph:

10 “(42) the portion of the disaster mitigation ex-
 11 penditures credit to which section 28(c)(1) applies.”.

12 (2) Section 1016(a) of such Code is amended
 13 by redesignating paragraphs (35) through (38) as
 14 paragraphs (36) through (39), respectively, and by
 15 inserting after paragraph (34) the following new
 16 paragraph:

17 “(35) to the extent provided in section
 18 28(e)(2),”.

19 (3) The table of sections for subpart B of part
 20 IV of subchapter A of chapter 1 of such Code is
 21 amended by inserting after the item relating to sec-
 22 tion 27 the following new item:

“Sec. 28. Qualified disaster mitigation expenditures.”.

23 (c) EFFECTIVE DATE.—The amendments made by
 24 this section shall apply to expenditures paid or incurred

1 after the date of the enactment of this Act, in taxable
2 years ending after such date.

○