



City of New York
DEPARTMENT OF
HOUSING PRESERVATION AND DEVELOPMENT
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**Testimony of the New York City Department of Housing Preservation and Development to
the Senate Committee on Insurance, the Senate Standing Committee on Investigations and
Government Operations, and the Senate Standing Committee on Housing, Construction,
and Community Development**

Tuesday November 18, 2025

Good morning, Chair Bailey, Chair Skoufis, and Chair Kavanagh, members of the Senate Committee on Insurance, the Standing Committee on Investigations and Government Operations, and the Standing Committee on Housing, Construction, and Community Development. My name is Ahmed Tigani, and I am the Acting Commissioner of the New York City Department of Housing Preservation and Development (HPD). I am testifying alongside my colleague, Lucy Joffe, Deputy Commissioner for Policy & Strategy. Thank you for the opportunity to testify today on the impact of insurance markets in preserving and developing affordable housing for New Yorkers.

HPD's mission is to promote quality and affordability in the city's housing, and diversity and strength in the city's neighborhoods. In service of that mission, we dedicate significant time and resources to studying the housing market, examining indicators that place at risk our ability to create and sustain New York's housing stock and neighborhood vitality.

Unfortunately, the current challenges are abundant: supply chain and labor shortages, elevated interest rates and operating costs, federal uncertainty, and persistent rent arrears since the pandemic. Each of these conditions has the capacity to harm building viability individually; collectively, they can create havoc on the market. Tenants themselves have not been immune and are also struggling to keep up with rising costs. We collectively need to commit to protecting homes, and this is critical for both the occupants and

the owner's well-being. One way to do so is to examine the regulatory and administrative burdens that weigh on our housing stock, as well as focus on lowering the cost of operating existing housing to keep buildings stable without significant rent increases.

Among the various rising costs, we see a particularly disturbing trend in the cost of insurance, and we are not the only ones sounding an alarm. For many in the housing sector, these trends present a complex and growing problem for our housing preservation efforts. For public agencies focused on maximizing resources to make impactful, sizable, and efficient investments, these costs, including insurance, are one factor that is diminishing the stability and building health we strive to achieve. We work carefully with development partners to structure loan packages and financing that balance public policy goals—such as aging-in-place improvements and homeless set-asides—while still ensuring that buildings are self-sufficient and that existing projects can be recapitalized to meet new needs and maintain stronger fiscal foundations. Meanwhile, escalation of insurance costs has made those guardrails much more difficult to maintain. Some of the ways this has been evident include:

- **Insurance premiums are generally increasing rapidly, while coverage is decreasing or can be difficult to find;** estimates suggest recent average annual increases around 25% for existing affordable housing and 100% over the last four-year period. Among the list of rising costs, insurance has been the biggest increase for many housing providers.
- Housing providers report finding limited options and rapidly growing premiums, indicating **particular challenges with recent pricing of liability insurance.** While we know that rising insurance costs are a national problem, liability insurance appears to be a comparatively bigger challenge in New York.
- Insurance costs **are uneven across the market and across HPD's portfolio**, with significant variation between projects, even for those in the same loan program.
- As insurance costs rise, it **costs HPD more to build and preserve each new home**, reducing our impact. And, when costs increase for buildings already in HPD's portfolio, those **buildings can struggle to meet their monthly obligations** and can experience significant instability.

While we have the most direct involvement with buildings in HPD's portfolio, increases even nearing these levels are risky and destabilizing for our housing market.

HPD maintains insurance requirements for preservation, new construction, and Mitchell Lama projects. These include comprehensive property and liability coverage during the property's operating period. Simply put, buildings cannot operate and we cannot create and preserve affordable housing if that housing is not insured. This steep and rapid cost escalation not only strains HPD's ability to build, renovate, and finance, it also places existing affordable housing under serious financial strain and becomes a growing threat to affordability. These conditions impact owners, tenants, and communities, and the harm is increasing.

We thank the State Senate for taking up this issue, including by passing legislation in the FY25 budget prohibiting insurance carriers from discriminating against affordable housing with steep penalties for failure to comply. We hope, though, that this is only the first of many interventions to stem this tide. We look forward to answering your questions today and continuing to partner with you to identify solutions to this pressing issue.