



NYSAFAH Testimony
New York State Senate
Joint - Public Hearing: Cost and Availability of Insurance for Residential Property
November 20, 2025

Thank you, Chairs Bailey, Skoufis and Kavanagh, and committee members for the opportunity to participate in today's hearing on the cost and availability of insurance for residential properties.

I am Carlina Rivera, President and CEO of the New York State Association for Affordable Housing (NYSAFAH). NYSAFAH is a membership organization that represents the owners, developers, and managers of affordable rental housing across the state; housing that provides homes for working families, seniors, veterans, and low-income New Yorkers.

AFFORDABLE HOUSING AT RISK

Since starting in my role at NYSAFAH, I have visited dozens of affordable housing projects across New York - from downstate to the Hudson Valley, the Capital District, Central New York, the Finger Lakes, and Western New York. Everywhere the concern has been the same: the cost of insurance has become untenable, and it is threatening the viability of new and existing affordable housing projects.

In one development where insurance costs tripled, the operator remarked, *"I felt fortunate to just be able to secure insurance."* This underscores how precarious the state of affordable housing has become and highlights a quiet crisis threatening to undermine the significant investments our state and city governments are making to address the housing shortage.

Insurance premiums have soared in recent years, adding to New York's already cost-prohibitive development environment. If left unaddressed, this issue will not only disincentivize new construction but also threaten the long-term viability of existing affordable housing - in some cases potentially forcing buildings to shutter or convert to other uses.

As one example, the insurance policy for Kennedy Plaza Apartments in Utica was recently not renewed. The 292-unit family housing complex was able to secure coverage from only one carrier, which offered reduced protection at a premium that was 44% higher – rising from approximately \$168,000 in 2022-23 to \$298,000 in 2025-26. The per unit cost jumped from \$575 to \$1,019. To cover the increased premiums, the owner has been forced to draw down reserve funds that will likely be exhausted by next year.

Kennedy Plaza is just one of many affordable housing properties struggling to secure coverage in an unregulated market. Additional data is attached to my written testimony that illustrates the scale of this challenge.

Affordable housing providers face a market in which it is increasingly difficult to secure coverage especially for projects in high-density, low-income neighborhoods. This creates financial roadblocks to necessary development. A 2022 Report by the New York State Division of Housing and Community Renewal and the Department of Financial Services revealed a staggering 43% average increase in insurance costs between 2019 and 2021. Unlike market-rate housing, where landlords can adjust rents, affordable housing is bound by strict rent limits. The choices for developers are therefore limited: seek additional public subsidies or leave the sector entirely, which only worsens an already critical shortage of housing.

According to a March 2024 report by the New York Housing Conference, insurance premiums for affordable apartments increased from \$869 per unit in 2019 to \$1,770 per unit in 2023–24, a 103% increase in just four years. These costs now account for roughly 22% of monthly rent for a low-income, one-bedroom apartment financed under the Low-Income Housing Tax Credit program. Enterprise Community Partners and the National Equity Fund found that, across 37,130 affordable apartments, operating costs rose by an average of 40% since 2017, with property and liability insurance accounting for the sharpest spike.

These rising costs profoundly impact operating budgets. Many developments face shrinking net operating incomes, depleted reserves, deferred maintenance, and even negative cash flow. Declining rent collection rates - from 95% in 2017 to under 91% last year - combined with rising insurance costs create a “perfect storm.” Rapidly rising costs either force subsidized properties to absorb increases (often impossible under tight subsidy caps), raise the risk of rent increases (which conflict with affordability mandates), reduce funds for maintenance and long-term capital needs, or, in the worst cases, push owners out of the affordable housing sector entirely.

COST DRIVERS

A 2025 Report from the Partnership for New York City found that a major factor driving rising costs is New York’s outdated legal system. Litigation costs in New York are 67% higher than the national average, driven by excessive lawsuits, inflated awards and settlements, and rampant fraudulent activity. These costs are ultimately passed along to tenants, homeowners, and developers.

Part of the costs are driven by antiquated policies that are long overdue for change. Specifically, the Scaffold Law, passed in 1885, imposes “absolute liability” where property owners and contractors bear 100% of the liability for gravity-related injuries, even when the worker bears some of the fault. New York is the only state still using this standard; all others consider comparative negligence, which accounts for the actions of all the parties involved. If a worker disregards safety protocols or is under the influence and is injured, that should be considered in any award. This is not about avoiding responsibility, it’s about fairness, accountability, and

protecting the long-term viability of affordable housing. Notably, while the Scaffold Law affects the liability costs of our buildings, it also increases building repair costs as our contractors have much higher insurance premiums than in other parts of the country and they pass this increased cost along to our developments.

Additionally, it is common for tenants and visitors to our properties to retain an attorney and sue for \$100,000 or more for alleged permanent injuries related to a slip and fall on the property. Settling these claims is more expensive in the five boroughs – by as much as three times the current insurance market – and those costs as well are passed along to our affordable housing properties.

LONG TERM IMPACT

Skyrocketing insurance costs are a direct threat to housing affordability and the State's ability to meet its housing goals. Providers face difficult choices: either increase rents, eroding affordability, or cut services and maintenance, leading to physical deterioration.

At the same time, the shrinking number of insurers willing to cover affordable housing increases risk for owners and discourages investment in underserved communities. We are in a housing affordability crisis: demand far outpaces supply, margins are thin, and long-term viability is fragile. If rising insurance costs continue unchecked, we risk losing units, deferring maintenance, and undermining the preservation and creation of affordable housing statewide.

POLICY PROPOSALS

To address this crisis, NYSAFAH recommends six key initiatives:

1. **Safe Housing Incentive Program (SHIP)** – Offer insurance premium discounts to developments that provide brief, tenant-focused safety courses covering fire safety, water damage prevention, slip-and-fall risks, and renters' insurance education.
2. **NYS Insurance Investment Program (IIP)** – Incentivize insurers to serve affordable housing and underserved communities through a public rating system, rewarding high-performing companies with regulatory and contracting benefits.
3. **Affordable Housing Reinsurance Trust** – Establish a state-administered program to share catastrophic or high-layer losses, stabilize the market, attract more insurers, and lower premiums.
4. **Expand and Codify the Risk Reduction and Insurance Affordability (RRIA) Pilot Program** – Increase funding to \$25 million, broaden eligibility to include for-profit developers, and in addition to supporting participation in captives, fund risk mitigation measures such as water sensors, cameras, and slip-and-fall prevention to reduce claims exposure and insurance costs.
5. **Scaffold Law Exemption for Affordable Housing** – Apply a comparative negligence standard instead of absolute liability for affordable housing projects, reducing construction and insurance costs by an estimated 7% while maintaining worker safety.

- 6. Affordable Housing Relief Fund (Fund)** – Expand a housing program created as part of the City of Yes to provide targeted financial support to preserve and maintain existing affordable housing stock throughout New York State. The Fund would offer grants or low-interest loans to cover emergency repairs, compliance upgrades, and critical operating shortfalls that threaten the viability of affordable housing properties. This bill would not address the previously discussed insurance cost drivers but would ensure the continued viability of existing housing projects while we seek long-term solutions to the insurance crisis. The details for this program have been introduced as S.3219 (Kavanagh)/A.1729 (Rosenthal).

CONCLUSION

Escalating insurance costs are not merely an economic burden, they are a direct and urgent threat to the sustainability of affordable housing in New York. Without decisive action, the gap between operating costs and subsidy support will continue to widen, putting preservation and new construction at risk.

The proposals I have outlined offer a comprehensive, multi-pronged approach: tenant-focused risk mitigation, market incentives for insurers, state-supported reinsurance, enhanced risk reduction funding, and targeted legal reform. We urge the Senate, in cooperation with the Assembly, the Governor and relevant agencies, to incorporate these solutions into statute, agency budgets, and regulations as soon as possible so New York can remain a national leader in affordable housing and protect vulnerable New Yorkers from the destabilizing pressures of the insurance market.

Thank you for the opportunity to testify. I welcome any questions or comments you may have.

Contact: Carlina Rivera, NYSFAH President & CEO at carlina@nysafah.org or (646) 473-1208.