



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

Senate Standing Committee on Insurance, Senate Standing Committee on Housing, Construction, and Community Development, and Senate Standing Committee on Investigations and Government Operations

**Rebecca Zangen, Chief Policy Officer
Supportive Housing Network of New York**

November 18, 2025

Good morning and thank you to Chairs Bailey, Kavanagh, and Skoufis for holding this urgently needed hearing. My name is Rebecca Zangen and I am the Chief Policy Officer at the Supportive Housing Network of New York. The Network is a membership organization representing 200 nonprofits that develop, own and operate supportive housing statewide. Supportive housing is deeply affordable housing with embedded social services for formerly homeless households with disabilities and other barriers to maintaining housing stability. As of May 2025, there were more than 64,000 units of supportive housing across every county, with nearly 5,000 additional under construction; 53% of these are located in subsidized, affordable multifamily residences. (The remainder is located in “scattered site” programs with units leased on the private market).

Supportive housing is one of New York’s strongest tools to address homelessness, reduce costly reliance on shelters, emergency rooms, hospitals, and jails, and ensure long-term housing stability for some of our neighbors with the most complex challenges. New York State and New York City are each approximately ten years into their own fifteen-year initiatives to develop a collective total of 35,000 new units. New York State has a separate goal to preserve 3,000 units of supportive housing over five years. But today, the ability of nonprofits to develop, operate, and preserve this housing is in jeopardy due to rapid, destabilizing increases in insurance.

The Insurance Crisis and Its Impact on Supportive Housing

Our members – large and small, urban and rural, with newly opened buildings and those that are decades old – are reporting dramatic, unsustainable increases in premiums, higher deductibles, and reduced coverage. In an environment of cost escalation across the portfolio, insurance is the single greatest expense concern we hear from our members. These trends track across the affordable housing sector:

- A 2021 Network survey found an average 44% premium increase among supportive housing providers in just one year.
- Enterprise and NEF’s statewide portfolio analysis shows a 110% increase in insurance costs since 2017
- New York Housing Conference documented 26% average annual premium increases and a total 103% increase in New York City from 2019-2023.



Because supportive and affordable housing portfolios rely on restricted rents, tightly calibrated underwriting, and limited reserves, these increases cannot be absorbed. Even newly opened buildings are unable to sustain these costs, which can put conversion from construction loans to permanent financing at risk. In supportive housing, unexpected increases in operating costs pull resources away from the vital services that make the model so effective. Staff salaries and retention, case management ratios, and robust onsite services are all put at risk, which impact tenant stability.

This is not a hypothetical threat. Across New York, nonprofit and affordable housing owners are facing:

- Operating deficits
- Deferred maintenance and capital deterioration
- Cuts to essential services
- Borrowing at high interest rates to cover insurance gaps
- Risk of selling buildings to stay solvent

Supportive housing units – serving people with serious mental illness, chronic medical conditions, substance use disorders, veterans, survivors of domestic violence, seniors, and young adults – are at risk precisely when the need for these homes is rising. Since the early 1980s, the State has invested billions into supportive housing residences, transforming lives and communities, and creating jobs. Risking that now, and paying more annually to provide temporary shelter or emergency services, would be a tragic outcome.

Recent State Action

We appreciate the Legislature and the Governor's early work to address this crisis.

- The DFS-HCR **Affordable Housing and Insurance** report confirmed carriers were asking discriminatory underwriting questions about subsidized housing, leading to a 2024 statutory ban on discriminatory practices.
- The **FY 2025-26 Budget set aside \$5 million** to help nonprofit owners join group insurance captives -- an important first step.

But the scale and urgency of this crisis require a more comprehensive, multi-pronged strategy.

Recommendations for Legislative and Executive Action

Drawing on the experience of our members, as well as the detailed recommendations submitted by our member S:US and our partner Enterprise Community Partners, we support action in five key categories:

1. Improve Transparency and Data Access

We cannot solve the crisis without clarity on its drivers.

We support:



- **A.9016** – requiring DFS and HCR to publish **annual insurance market reports** covering pricing, availability, claims trends, geographic disparities, admitted vs. non-admitted carrier participation, and impacts of the 2024 anti-discrimination law.
- **A.9015** – establishing a permanent **Affordable Housing Insurance Task Force** with representation from housing providers, insurers, regulators, lenders, developers, risk experts, and advocates.
- Mandatory **disclosure of third-party litigation funding** to courts and opposing parties, which could be functioning as an opaque cost driver.

These transparency measures will help policymakers and industry leaders target the most effective reforms.

2. Fund and Incentivize Risk-Mitigation Upgrades

Owners are increasingly investing in fire suppression devices, leak detection sensors, lighting upgrades, security enhancements and other risk mitigation – but insurers rarely credit these investments with premium reductions.

New York should:

- Expand DFS-recognized risk mitigation measures for multifamily housing.
- Provide dedicated capital or operating funding for these upgrades through HCR

3. Address New York's Liability Environment

The HCR-DFS *Affordable Housing and Insurance* report, as well as industry leaders, identify New York's unique liability laws – most notably the Scaffold Law – and the high frequency and size of jury awards as major drivers of cost and market contraction.

We support:

- **A five-year pilot creating an affordable housing carve-out** from the strict liability provisions of the **Scaffold Law**, allowing DFS and policymakers to evaluate impacts on pricing and carrier participation.
- As noted above, mandate **disclosure of third-party litigation funding** to increase transparency.

4. Provide Short-Term Relief and Long-Term Risk Sharing

Even with structural reforms, many buildings need immediate relief to remain solvent.

We support:

- **S.7939/A.7828A** – creating an **Affordable Housing Insurance Relief Fund** to help cover sudden, destabilizing increases in premiums.



- Exploring a **state-sponsored reinsurance backstop** for affordable and supportive housing to reduce carrier exposure and bring down prices sector-wide.
- Supporting the **growth of insurance captives, reciprocals, and pooled risk arrangements**, such as the Milford Street Insurance Association and new nonprofit-led models.

5. Enforce Anti-Discrimination Protections

We support:

- Rigorous enforcement of **Insurance Law §3462 (2024)**, which bans carriers from charging higher premiums or denying coverage based on the presence of affordability restrictions or voucher holders.

Conclusion

Supportive housing is among the state's most effective public investments – stabilizing lives, restoring health, reducing the use of public crisis systems, and creating long-term community benefit. But flaws in the insurance market are now a direct threat to this infrastructure.

Without a decisive, multi-faceted action, New York risks losing deeply affordable, service-rich housing for thousands of residents who have virtually no alternatives if units close or convert.

We urge the Legislature to advance a comprehensive strategy this session grounded in data transparency, risk mitigation, liability reform, financial relief, and strong anti-discrimination enforcement. Thank you for the opportunity to testify and I welcome your questions.