Testimony of Services for the Under-Served (S:US) – NYS Joint Senate Hearing on Property Insurance

Services for the Under-Served (S:US) is a leading nonprofit and a driving force to end homelessness in New York City. We believe every person deserves the dignity of a safe, stable home and the opportunity to thrive. We house people experiencing homelessness through a range of housing solutions tailored to individual needs, and we provide supportive services to those at risk of losing their homes, helping them to stay housed and to build lives of stability, health, and connection.

Housing is core to our mission: S:US operates thousands of units of permanent supportive and affordable housing across Brooklyn, Queens, Manhattan and the Bronx, specifically for New Yorkers with intellectual/developmental disabilities, serious behavioral health and/or substance use challenges, veterans and formerly homeless families. On any given night, S:US provides housing and shelter to more than 5,200 New Yorkers.

We as a society bear the human and fiscal costs when New Yorkers lose housing or lack stable living conditions. Those costs spill into the health care system through costly emergency visits and untreated chronic illness, drive up city and state budgets for shelters, policing, and hospitalizations, and divert scarce community resources from other needs. The most practical way to avoid these costs is to keep supportive and affordable homes open, safe, and well-maintained—but that stability is at risk as operating costs, especially insurance, become unsustainable. When coverage is priced out of reach or unavailable, providers are forced into cuts and closures—buildings deteriorate, units are lost, and costs surge elsewhere. Stabilizing insurance is therefore not a side issue; it is foundational to preventing homelessness and protecting the public purse.

Over the past few years S:US – like all social service providers – has been hit by unsustainable double-digit increases in property and liability insurance costs. Three years ago, S:US was paying less than $6 million annually in property and casualty insurance. Today, that number is more than $16 million, with lower liability limits. S:US has had to use non-admitted carriers for some of its insurance needs. Independent analyses confirm this crisis. For example, a 2025 report found that "property and liability insurance accounted for the sharpest spike" in building expenses and more than doubled (approximately 110%) between 2017 and 2024.

The New York Housing Conference similarly documents 26% annual premium growth on average, so that per-unit insurance costs in NYC jumped from ~$869 to ~$1,770 (a 103% increase) from 2019 to 2023. These double-digit hikes far outpace normal inflation. A recent expert review notes that insurance is now "the fastest-growing operating cost in affordable housing, surpassing utilities and maintenance". Nationally, the trends are just as stark: one affordable-housing owner reported premiums doubling in a single year and tripling since 2020. In short, New York's supportive/affordable housing sector is caught in a runaway train of insurance inflation that far exceeds our ability to keep pace.

These skyrocketing insurance expenses are directly undermining S:US's ability to operate and serve New Yorkers. Every dollar spent on outsized premiums is a dollar taken from staffing, critical programs or maintenance, S:US already has $4 million of unrecoverable costs due to the high cost of P&C insurance. Comparable housing/social service providers report the same effects. For instance, an analysis of 428 city developments found that 57% of owners were spending more on rising operating costs (led by insurance) than they bring in through rents.

In practical terms, S:US and similar nonprofits are being forced into impossible choices. We cannot simply raise rents on tenants who are very low-income or disabled. Instead, our organizations "have to make tough choices" – deferring maintenance, delaying needed renovations, and shifting money from programming to cover insurance costs. For example, it has been reported that one social service provider agency last year, rising insurance costs forced taking out an expensive bank loan and drawing heavily on cash reserves, with further delays in maintenance, just to stay afloat. We have seen stories of providers considering selling buildings as a last resort to eliminate crippling insurance expenses. Such outcomes – cut programs, deteriorating buildings, or even liquidation – are exactly what this legislature hopes to avoid.

The downstream effect is that the broader social services system itself is at risk. Our high-need tenants depend on having a home – if buildings become uninsurable or unaffordable, there will be fewer safe units available for people with chronic disabilities or those experiencing homelessness. Nationwide, similar pressures have already shrunk the supportive housing stock: over 21,000 supportive units were lost from 2019–2024 even as homelessness surged by 35%. In other words, insurance market failure is effectively erasing years of progress in housing vulnerable New Yorkers. S:US is deeply concerned that continued cost shocks will halt or reverse the creation of new supportive units and even jeopardize existing ones. Our population – people with serious mental illness, developmental disabilities, veterans, domestic-violence survivors, and others – cannot easily relocate if their housing is lost. The human toll of losing supportive housing would be enormous. As one industry leader warned, these insurance issues could "upend the progress made toward building more affordable housing" nationwide and accelerate homelessness.

A major part of the problem is that insurers have drastically shrunken or conditioned coverage for multifamily and supportive housing. Lenders typically require substantial property and liability insurance (often including tens of millions in excess/umbrella coverage) as a condition of financing. Yet today many providers cannot satisfy even these requirements, if available, at reasonable cost. Brokers report that insurers are cutting back liability limits (for example, some owners saw excess coverage drop from $100M to $50M). Many have given up on insuring affordable or supportive housing at all, effectively a modern redlining. S:US has personally experienced difficulty finding insurers willing to write policies at the necessary limits; we have had to buy coverage from multiple carriers to secure basic liability protection. This fragmentation is costly.

S:US respectfully urges the Legislature to take immediate action to stabilize insurance for affordable and supportive housing as well as social service entities. In particular:

- **Increase Transparency and Data Reporting**: The Legislature should enact bills (such as A.9016/No Same As) requiring annual reporting by insurers and regulators on insurance availability for multifamily and social service providers, specifically reporting on availability, pricing and terms. Reliable data will expose discriminatory practices (e.g. refusing or charging extra for affordable housing) and inform targeted solutions
- **Create an Excess Liability Fund**: The State should consider the establishment of a State-run excess-liability insurance pool for affordable/supportive housing and social-services providers, attaching above a $1 million per-occurrence and $3 million aggregate primary limit. Participating providers would pay premiums set by actuarial projections of actual losses—without loading for insurer profit margins that can run 150%–300% of incurred losses. The fund would backstop the high-limit (umbrella) coverage lenders require as private markets retreat. As NYHC notes, excess-liability costs have doubled or tripled even where claims are zero; a public fund would stabilize this market and preserve project viability.
- **Support Risk Pools, Captives and Reciprocals**: The State should promote insurance captives and pools for nonprofit housing providers. For example, the "Milford Street" landlord-owned insurance collective in NYC has shown promise. Additionally, the State could help seed a statewide nonprofit captive insurance (or joining with existing municipal pools) or provide technical assistance to create new reciprocal insurance organizations to aggregate risk at lower cost.
- **Enforce Anti-Redlining Laws**: The recent amendments to the State's Insurance Law §3462 (2024) explicitly bars insurers from charging higher rates or denying coverage on the basis of a property's affordability status. We urge aggressive enforcement of this law so that policies cannot be rescinded or priced up simply because tenants use vouchers or have low incomes. Additional statutory bans should cover unlawful underwriting questions (e.g. asking about Section 8 tenants).
- **Invest in Resilience and Repairs**: The state should consider providing funding for capital repairs and resiliency upgrades for older supportive/affordable buildings. By fixing hazards (broken stairs, leaky roofs, outdated wiring, flood protection, sprinklers, etc.), we reduce claim risk and insurance costs. In fact, experts recommend targeted repair grants to prevent accidents that drive up liability costs. A resilience program (through HCR or Housing Trust Fund) would pay for insurance-recognized improvements, yielding premium discounts.
- **Provide Short-Term Financial Assistance**: Recognizing the immediate budget stress, the state could create a one-time grant fund to bridge the gap between operating income and the sudden rise in insurance costs. Similar targeted aid for non-profit supportive and affordable housing would preserve services while the insurance market adjusts.

Together, these reforms – data transparency, anti-discrimination enforcement, risk-sharing mechanisms, resilience investments, and focused financial relief – would make insurance more accessible, affordable and equitable for supportive housing. Doing so protects the housing stock for the disabled and formerly homeless, upholds the state's investment in these residents, and prevents service cutbacks. Without such action, we risk not only losing buildings but the very stability and care these New Yorkers depend on.

We thank the Committees for this opportunity to testify. S:US stands ready to work with policymakers to implement solutions so that the people we serve can stay in their homes and live stable, fulfilling lives instead of facing an insurance-driven crisis.