

Statement of RuthAnne Visnauskas
Commissioner/CEO
New York State Homes and Community Renewal

Joint Public Hearing on Insurance for Residential Properties

Dear Chairs Bailey, Kavanagh, and Skoufis; and Members of the Senate Committees on Insurance; Housing, Construction, and Community Development; and Investigations and Government Operations,

New York State Homes and Community Renewal is committed to ensuring that New Yorkers have access to safe, affordable, and quality housing. We work tirelessly with our partners – municipal officials, for-profit and non-profit developers, housing advocates, and financial industry partners – to create and preserve affordable housing opportunities in every corner of the state.

Our work, however, is facing an increasingly costly impediment – insurance rates for affordable multifamily property, particularly property and liability insurance. Over the past several years, we have witnessed a trend of insurance premiums rising at an unsustainable rate. HCR has spoken to owners and managers of affordable housing as well as representatives of the insurance industry to understand both the impact and the drivers of these increases. We have consistently heard several reasons, including:

- Frequency and severity of weather-related events: Across the country, communities have become more vulnerable to extreme weather events.
- Rising repair costs: Inflation and supply chain disruptions have significantly increased the cost of materials and labor. As a result, when properties suffer damage, the cost to repair them is substantially higher.
- Cost of re-insurance: Overseas re-insurers perceive greater risk as a result of the above factors and the cost of re-insurance has increased significantly, which results in higher premiums for property owners.

As the purpose of this hearing makes plain, the cost of insurance is having a direct and detrimental impact on the housing industry. HCR is concerned that ever-growing insurance costs will disrupt owners' ability to maintain affordable housing in good condition.

Insurance costs within the portfolio of affordable housing that HCR oversees have increased by roughly 100 percent since 2017, with properties in New York City facing higher rates than those in the rest of the state. The average insurance cost per unit in one sector of

HCR's portfolio in 2017 was slightly higher than \$600 per apartment; by 2024 that jumped to \$1,200.

First and foremost, these higher premiums are reducing the long-term financial viability of affordable housing properties. Insurance is a primary cost-driver for increased operating expenses, putting an outsized pressure on already constrained budgets. For building owners, this can lead to deferred maintenance, reduced services for residents and, ultimately, the financial instability of these vital community assets.

Rising insurance rates are impacting not only New York's multifamily affordable properties but single-family homes across the state as well. Insurance premiums on single family homes in New York State have increased by roughly 19 percent since 2018, and more than 6 percent in 2023 alone¹.

To help mitigate the impact of rising insurance costs, Governor Hochul is implementing several strategies.

- Protecting building owners and residents: In 2024, Governor Hochul signed into law a provision prohibiting insurers doing business in New York from inquiring, canceling, refusing to issue, or increasing the premiums of a policy or excluding or reducing coverage under a policy based on the income levels or source of income of tenants.
- Helping non-profit owners join insurance captives: HCR has released a Notice of Funding Availability for the Risk Reduction and Insurance Affordability Pilot program to assist non-profit affordable housing owners to reduce the risk in their properties. This program can fund flood mitigation measures, upgrades to building systems, and assist in creating rigorous property maintenance practices. This program will also help owners join insurance captives, which generally have lower premiums and can be customized to cover unique risks that traditional insurance policies may not cover. These funds were provided in last year's budget, and we are grateful for the support from the Legislature.

Looking ahead, HCR will continue to work with the Legislature and our partners to monitor the impact property insurance costs have on the state's multifamily affordable and single-family housing stock.

¹ US homeowners insurance rates jump by double digits in 2023 | S&P Global <https://www.spglobal.com/market-intelligence/en/news-insights/articles/2024/1/us-homeowners-insurance-rates-jump-by-double-digits-in-2023-80057804>; City & State New York, 'Rising Costs and Climate Change Driving Insurers Out of New York,' Dec 2024 <https://www.cityandstateny.com/policy/2024/12/rising-costs-climate-change-driving-insurers-out-new-york/401659/>