



**Testimony Before the New York City Council Committee on Recovery and Resiliency:
NFIP Reauthorization and Flood Insurance Affordability
December 12, 2017**

Good afternoon. My name is William Fairhurst, and I am the Deputy Director for Housing Recovery at the Center for NYC Neighborhoods. I would like to thank Committee Chair Treyger for holding today's hearing on housing affordability and flood insurance.

About the Center for NYC Neighborhoods

The Center promotes and protects affordable homeownership in New York so that middle- and working-class families are able to build strong, thriving communities. Established by public and private partners including the City Council, the Center meets the diverse needs of homeowners throughout New York State by offering free, high quality housing services. Since our founding in 2008, our network has assisted over 55,000 homeowners. We have provided approximately \$33 million in direct grants to community-based partners, and we have been able to leverage this funding to oversee another \$30 million in indirect funding support. Major funding sources for this work includes the New York City Council, the Governor's Office of Storm Recovery, and the Office of the New York State Attorney General, along with other public and private funders.

Housing Affordability and Flood Insurance in NYC's Floodplain

The Center's focus on flood insurance and housing affordability stems from our homeowner recovery efforts following Hurricane Sandy. When Sandy struck, our homeowner services expertise and strong relationships with community groups in impacted neighborhoods allowed us to respond quickly and focus on both the short- and long-term needs of homeowners.

Given Congressional reforms to the National Flood Insurance Program under the 2012 Biggert-Waters legislation, New York City's flood map update process, and the need for homeowners to make crucial rebuilding decisions post-Sandy, two things quickly became clear: first, that the rising cost of flood insurance posed major affordability challenges to homeowners in our coastal communities; and second, that there was an urgent need for consumer-friendly information about flood insurance.

We documented these challenges in our 2014 report, *Rising Tides, Rising Costs*, and also developed an early version of the FloodHelpNY website to provide basic consumer information about flood insurance and allow users to look up individualized information about their flood risk.

Services for Homeowners in the Floodplain

Over the last three years, we have expanded the Center's climate resiliency resources and programs for homeowners. Today, we offer the following services:

Flood Insurance Information

FloodHelpNY.org is a first-of-its-kind web platform that engages and informs homeowners about how they can protect their homes from rising sea levels and how to lower their flood insurance rates, increase literacy of flood insurance and resiliency issues, and connects them to related tools and services from the Center.

Resiliency Audits and Counseling

For qualifying homeowners, we also offer resiliency audits and counseling through the Residential Technical Assistance Pilot Program. To participate, homeowners must meet income thresholds and live in one of the following NY Rising neighborhoods: Canarsie, Gravesend, Bensonhurst, Bergen Beach, Georgetown, Marine Park, Mill Basin, Mill Island, Red Hook, Rockaway East, Howard Beach, and lower Manhattan; we are currently in the process of expanding RTAPP to Coney Island, Brighton Beach, Sea Gate, Manhattan Beach, Gerritsen Beach and Sheepshead Bay.¹ Eligible homeowners receive a free home resiliency audit and elevation certificate, altogether valued at about \$1800. The homeowners are then scheduled for a housing counseling session at a nearby community-based organization to discuss flood insurance options and financing for resiliency retrofits. Flood insurance and home resiliency retrofits are highly technical and complicated topics, which is why the free expert assistance provided through this program is invaluable to homeowners.

Backwater Valves

In addition to the home resiliency audits and counseling services, we are also in the process of expanding our services to provide free backwater valve installations for qualified homeowners. Backwater valves help reduce flood damage by preventing sewer backflow, which can save homeowners thousands of dollars in property damage and clean-up. We will be offering this service in Canarsie, Howard Beach, Sheepshead Bay, Gerritsen Beach, Coney Island, Brighton Beach, Manhattan Beach, and Seagate.

Foreclosure Prevention and Homeowner Stabilization Services

Along with these specialized services, the Center continues to offer high-quality foreclosure prevention housing counseling and legal services to homeowners throughout the five boroughs of New York City. Thanks to the generous support of City Council, we also provide specialized service for senior homeowners, including estate planning and scam prevention. These services can be accessed by calling 311 or by calling our Homeowner Hub at 646-786-0888.

NFIP Renewal: Impacts on Affordability and Resiliency

The National Flood Insurance Program is currently set to expire on December 22. It has been due to expire twice in the last four months, only to receive last-minute, short-term extensions by Congress. Ultimately, Congress must pass a long-term extension of the NFIP that contains policy reforms that will

¹ Council Districts within the eligible area include the 1st, 31st, 32nd, 38th, 43rd, 46th, and 48th districts.

impact affordability and resiliency in our neighborhoods. Such an extension has already been passed in the House of Representatives, and now the ball is in the Senate's court.

The Center for NYC Neighborhoods supports a long-term NFIP extension that will promote flood mitigation, ensure that flood insurance consumers understand their flood risk and flood insurance rate, and improve the NFIP claims process so that property owners receive full and fair payment of their claims.

We also believe that flood insurance must remain affordable for New Yorkers, both to encourage participation in the program, and to avoid overburdening low- and moderate-income property owners. Currently, many New York homeowners struggle to afford the costs of flood insurance, which is required for all homeowners located in the floodplain who have a federally-backed mortgage, and is recommended for all others. A recent study by the RAND Corporation found that twenty-five percent of homeowners in the floodplain currently struggle to afford flood insurance costs, and that this will increase to thirty-three percent once New York City's maps are updated.² Unsurprisingly, lower-income homeowners are significantly more likely to struggle with the costs of flood insurance, with two-thirds of extremely-low income and very-low income households facing unaffordable rates.

New York City's neighborhoods are highly susceptible to flood insurance rate increases because so many of our structures in the floodplain were built before we adopted modern floodplain management and building standards. These older structures receive what is known as "subsidized" rates, and these rates are being phased out over time. However, from what we have seen in flood-prone communities so far, many homeowners with so-called "subsidized" rates are actually paying more for flood insurance than they would if they were paying what's known as the "full-risk" rate. That is because they have never received an elevation certificate for their property, which is necessary to calculate the full-risk rate. Thus programs like our Residential Technical Assistance Pilot Program provide an essential service that can help some homeowners reduce their premiums today.

Over the past few months, the concerted advocacy efforts of groups working at the local and national level, along with the City's persistent lobbying efforts, have succeeded in pushing back against a number of proposals that would significantly raise insurance rates for many New Yorkers. These include proposals to eliminate grandfathered rates for properties that are newly mapped into higher-risk flood zones, impose minimum annual rate increases of eight percent for subsidized rates, and prohibit NFIP coverage for new construction in the floodplain.

The Center for NYC Neighborhoods has joined with several other nonprofit service providers, including the New York Legal Assistance Group, NHS of Brooklyn, the Brooklyn Long Term Recovery Group, and United Policyholders, to advocate for homeowners in the NFIP reauthorization process. We are seeking to protect affordability for working- and middle-class homeowners, as well as promote investments in flood mitigation and resilience retrofits. We invite the City Council to join us in these efforts.

² Lloyd Dixon et al, The Cost and Affordability of Flood Insurance in New York City. RAND Corporation, 2017. Available at: https://www.rand.org/pubs/research_reports/RR1776.html

Thank you very much for the opportunity to testify today. We look forward to working with you to promote resiliency while preserving affordability in our flood prone neighborhoods.