



**Testimony Before the New York City Council Committee on Recovery and Resiliency:
Preserving Affordability in NYC's Flood Zone
June 6, 2017**

Good afternoon. My name is Rachel Eve Stein, and I am the Deputy Director for Recovery and Resiliency 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 40,000 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 NYS 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 Prices*, 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 two years, we have expanded our services for homeowners in the floodplain, and today 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.

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 Bay¹ 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. Last week's *New York Times* profiled the Fishman family of Canarsie, who recently received a home resiliency audit conducted by engineering firm Dewberry and surveying firm Gayron de Bruin, as well as a resiliency counseling session with Neighborhood Housing Services of Brooklyn.² Through the program, the Fishmans learned that their home, while not currently within a high-risk flood zone, will likely be included within it once New York City updates its flood maps. If that happens, their home will have an elevation that is below the designated Base Flood Elevation for their zone, which means they could face high flood insurance rates in the coming years. However, if they buy flood insurance before the map is updated, they can lock in a lower rate for their home, so long as they maintain continuous coverage. Through the resiliency counseling session, they were advised on the cost and benefits of investing in various home resiliency retrofits, such as sealing their basement and elevating their heating and electrical mechanicals.

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 back-flow, 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.

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.

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

² David W. Dunlap, *Spared By Sandy, But Agonizing Over What Comes Next*, NY Times, May 31, 2017. Available at <https://www.nytimes.com/2017/05/31/nyregion/spared-by-sandy-but-still-agonizing-over-what-comes-next.html>

Flood Insurance Affordability and Advocacy

In addition to promoting resiliency and consumer education in New York City's coastal communities, we are also working to address flood insurance affordability for our working- and middle-class families at the federal policy level. This year is especially important, as the National Flood Insurance Program must be renewed by Congress, and it is likely that the renewal bill will contain policy reforms that will impact affordability and resiliency in our neighborhoods.

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.³ 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.

Unfortunately, the National Flood Insurance Program (NFIP) reauthorization bill that was introduced the the House of Representatives will further increase flood insurance costs to unaffordable levels for many New York City homeowners. Such legislative efforts will disproportionately impact New York City because so many our of 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 the target of many members of Congress, who are seeking to reduce NFIP debt and build up a private insurance market as an alternative to the federal program.

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. Fortunately the Senate version of the NFIP reauthorization bill would provide partial premium credits for homeowners to help them afford the cost of obtaining elevation certificates, though they wouldn't cover the entire costs for homeowners.

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

³ 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

to protect affordability for working- and middle-class homeowners, as well as promote investments in flood mitigation and resiliency retrofits. We invite the City Council to join us in these efforts.

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.