



**TESTIMONY OF THE MAYOR’S OFFICE OF RESILIENCY
BEFORE THE NEW YORK CITY COUNCIL
COMMITTEE ON RESILIENCY AND WATERFRONTS**

Tuesday, November 10, 2020

I. INTRODUCTION

Good morning. I am Jainey Bavishi, Director of the Mayor’s Office of Resiliency. I would like to thank Chair Brannan and Councilmembers Diaz, Constantinides, Ulrich, and Rose for the opportunity to testify today.

I would also like to acknowledge my colleague Assistant Commissioner Ackroyd from the NYC Department of Buildings who will join me today in answering your questions.

II. NATIONAL FLOOD INSURANCE PROGRAM

I would like to begin by providing a brief history of the National Flood Insurance Program to provide context for the City’s role in supporting New Yorkers who live and work in the floodplain.

The National Flood Insurance Program (NFIP) is a federally legislated program administered by the Federal Emergency Management Agency (FEMA) to underwrite and make flood insurance available to the public. Private insurance companies that participate in the NFIP sell flood insurance policies and manage claims per FEMA’s guidance.

The NFIP today not only provides flood insurance, but also maps flood risk, and provides direction concerning floodplain management (such as guidance regarding building codes to ensure flood-resilient construction).

Since its inception, the NFIP program has been subsidized to some extent by the backing of the Federal treasury. However, as flooding has become a more expensive hazard, the program has been under pressure to cover its rapidly increasing losses.

The NFIP was generally financially stable from its inception through 2005. While there were annual flood events, the program was able to sustain itself year-over-year by using the revenue generated from the collection of premiums to pay claims. Due to the unpredictable frequency of flooding, the economic impact of flooding in any given year could vary significantly. After many years of relatively low damages, the NFIP received almost eight times the number of claims received in any prior year after Hurricanes Katrina, Rita, and Wilma struck in 2005. Given the high number of claims, including Sandy, the NFIP is now approximately \$20 billion in debt to the U.S. Treasury. The enormous debt for NFIP reflects the gap between the premium’s

homeowners are paying and the actual cost of the risk homeowners' bear living in exposed floodplains, and this risk is increasing due to climate change

Given the mounting debt after 2005, the need to reform the NFIP was acknowledged by both the U.S. Senate and the House. However, there was failure to advance a long-term solution, in part, due to the size of the debt. As a result, the program lapsed four times during 2008 and 2012, and was extended 17 times. These lapses caused uncertainty in real estate and insurance markets.

Consequently, Congress began efforts to address reforms to the NFIP in 2012 by passing the Biggert-Waters Flood Insurance Reform Act of 2012 (Biggert-Waters). Biggert-Waters sought to address the financial stability of the NFIP by phasing out long-standing subsidized rates that did not reflect actual risk. The prevailing argument for the increases was that only about 20 percent of NFIP policies received subsidies; therefore, not all policies would be impacted by the increases.

However, in older cities like New York, over 80 percent of our policies benefited from these subsidies which were based on the year the house was built. With these subsidies being repealed, homeowners could see rates increase as much as 18 percent a year. New York City's efforts supporting the passage of the Homeowner Flood Insurance Affordability Act in March 2014 were integral in slowing the pace of rate increases. However, even with our efforts and this critical legislation, real increases to insurance rates have increased 11 percent in the past year alone.

Since the passage of both Biggert-Waters and the Homeowners Flood Insurance Affordability Act, several other severe storms have placed an increased strain on the NFIP. In 2017, for instance, Hurricanes Harvey, Irma, and Maria resulted in a combined \$294 billion in damages. We can and should expect future storms worsened by climate change to cause even more extensive and more costly property damage.

III. UNDERSTANDING THE IMPACT OF NFIP ON NYC

As a result of Biggert-Waters, we know that flood insurance today remains a cost-burden for many New Yorkers. In 2013, the Mayor's Office of Resiliency commissioned a report to look at the impact of rising flood insurance rates on property owners in NYC. This report allowed researchers to see how policy changes to the NFIP could affect the cost of homeownership.

The report identified three major takeaways:

1. Grandfathering—i.e. being allowed to keep your current zone when new maps are issued—is one of the most effective affordability tools available.
2. Targeted means tested vouchers or credits are the most cost-effective tools for ensuring affordability.
3. Mitigation is expensive, but it is more cost-effective when it results in reduced premiums and financial support made available through grants for mitigation.

The study focused on five New York City communities in which there is a high risk of flooding and found that the cost of flood insurance is burdensome for about one-quarter of households in owner-occupied one-to-four-family residences, and it's much more burdensome for lower-income residents.

Within this affordability crisis, we also know that flood risk is increasing due to sea level rise and increased intensity of coastal storms. In 2025, the City anticipates that FEMA will release new flood maps that reflect this increased risk.

Separately, FEMA is also expected to transition to a new methodology for insurance rates, known as Risk Rating 2.0, next year. I am highly concerned about how Risk Rating 2.0 might further increase premiums for New York City residents and have been in close contact with other local leaders about this issue. Several members of New York's Congressional Delegation have called for FEMA to provide more transparency, and in September of this year Representative Max Rose introduced HR 8311, which would require FEMA to produce a report regarding the potential impacts of any changes to the risk-rating 2.0 methodology for the NFIP before it is implemented.

IV. HOW THE CITY SUPPORTS AND PROTECTS NEW YORKERS IN THE CONTEXT OF NFIP

Given the increased flood risks facing New York City, and our understanding of the affordability issues facing New Yorkers living in the flood plain, the City has been in active conversation with congressional staff in the House and Senate since early 2016 advocating for reforms to the NFIP program. The NFIP program must be reauthorized by Congress periodically, which offers a window for broader reform, but since 2017, Congress has provided 17 short-term extensions, much like the context from 2012.

The City's NFIP advocacy platform emphasizes offering premium credits to consumers who mitigate their properties against climate risk through measures other than elevation; increasing the availability of mitigation funding for all building types; improving FEMA's flood mapping process; enhancing oversight and management of private insurance companies that issue flood insurance; and accelerating the acceptance of private flood insurance alternatives. The centerpiece of the City's platform is instituting means-tested vouchers as an alternative to the current system which is based on the age of the building structure. A means-tested voucher program with broader mitigation credits can allow for low income homeowners to afford NFIP coverage. Although some mitigation credits are available already, because it is not financially or physically feasible to elevate all structures in New York City, vouchers and other mitigation options outside of elevation are critical solutions we also need to pursue. Any additional support that Council can provide in amplifying this platform is welcome.

Additionally, in advance of new rate maps and guidance from FEMA related to Risk Rating 2.0, our office is working tirelessly to increase flood insurance enrollment, encouraging New Yorkers to take advantage of grandfathering into more affordable insurance rates. We've had considerable success so far. Since Hurricane Sandy, overall flood insurance enrollment increased approximately 50 percent citywide. Even more importantly, enrollments within the current lower risk "X" zone areas are up about 91 percent. As a reminder, homeowners in the lower risk "X"

zones aren't currently required to purchase flood insurance by law but may have this requirement imposed when FEMA's new maps are adopted in 2025.

Our success with flood insurance enrollment is largely due to our partnership with the Center for New York City Neighborhoods who manages the FloodHelpNY project. FloodHelpNY provides an online tool to communicate flood risk and insurance requirements, and operates a program that offers resiliency audits, backwater valve installation, and counselling to eligible residents in some flood-prone neighborhoods. Due to the COVID-19 pandemic this summer coinciding with hurricane season, the City, along with FloodHelpNY, increased our outreach to vulnerable New Yorkers, and this included providing a briefing for many of your offices on insurance and enrollment for your constituents. Together, we distributed critical information reminding New Yorkers how to protect their information and assets this hurricane season. This helped ensure that New Yorkers already hit by the pandemic and corresponding economic crisis would not be surprised and unprepared for an additional destabilizing event. We hope that you continue to send your constituents to FloodHelpNY.org for more information about their risk.

I also want to raise to your attention that because FloodHelpNY is funded by federal investments related to Hurricane Sandy that are due to expire in 2022, future funding is critically needed to continue this essential program in the next fiscal year.

In addition to our federal advocacy and work with FloodHelpNY, our office also partnered closely with external groups and legislators to advocate for improved disclosure and transparency at the state level related to flood risk. It's critical that prospective homeowners and renters, and not just people already living in the floodplain, have the information they need about the risks they may face, and their responsibilities related to flood insurance. In the last legislative session, State Senator Brad Hoylman introduced Senate Bill 8439 to improve flood risk disclosure during real estate transactions, which would improve transparency for both buyers and renters. Our office supports this effort and looks forward to seeing it move forward in the state legislative session in the year to-come.

As we also discussed during the Hurricane Sandy Anniversary Oversight Hearing on October 27th, the Mayor's Office of Resiliency is advancing extensive critical climate adaptation efforts and policies throughout the city to reduce the risk and impact of flooding in highly vulnerable areas.

V. CONCLUSION

In conclusion, I would like to thank the Committee for this opportunity to discuss the extensive work this Administration has done to advocate for affordable flood insurance for all New Yorkers. We are committed to continuing to work with you, as well as our external and federal partners to improve and expand clarity, transparency, and access to critical information and services, and to advance essential affordability and mitigation advocacy at the federal level to reform the National Flood Insurance Program. I look forward to joining my colleague Assistant Commissioner Ackroyd in answering any of your questions.



**Testimony Before the New York City Council Committee on Resiliency and Waterfronts:
Oversight - FEMA, Flood Insurance and Resiliency Along the Waterfront**

November 9, 2020

Good afternoon. My name is John Baker and I am a Manager at the Center for NYC Neighborhoods. I would like to thank Committee Chair Brannan, as well as the members of the Resiliency and Waterfronts Committee for holding today's hearing.

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 live in strong, thriving communities. Established by public and private partners, 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 200,000 homeowners. We have provided more than \$60 million in funding to community-based partners. Major funding sources for this work include the New York City Council, the New York City Department of Housing Preservation and Development, and the Office of the State Attorney General, along with other public and private funders. The Center, in partnership with the New York State Governor's Office of Storm Recovery (GOSR) and the New York City Mayor's Office of Resiliency (MOR), operates FloodHelpNY.org, and provides disaster recovery and resiliency services to New York City's low- and moderate-income (LMI) homeowners.

FloodHelpNY.org

We created FloodHelpNY.org as a platform for engaging and informing New York City homeowners about how they can protect their home and finances from flooding that is expected to worsen with rising sea levels caused by climate change. Funding for FloodHelpNY.org comes primarily from GOSR and New York Rising; the City of New York also provides some financial support.

A primary goal of the site is to connect eligible low- and middle-income homeowners with engineers in select coastal communities to provide resiliency audits. These audits can help homeowners to make informed decisions about reducing their risk to future floods and help to lower their flood insurance rates. Annually, the Center uses this platform to educate over 20,000 New Yorkers and provide direct services to over 200 at-risk homes.

There are three main components of FloodHelpNY.org:

- A user-friendly web platform that includes an address search tool, returning property-specific flood insurance information. A homeowner can find out what type of zone they live in, their risks (currently and on the 2013 advisory preliminary map), and whether insurance may be mandatory. If eligible, a homeowner may be prompted to apply for a free resiliency audit.

- If eligible, a homeowner can apply on the website to receive a visit by a team of professional engineers and surveyors to assess their property for flood risk. Following the audit, the homeowner will receive a free, customized, building specific report with cost-estimated options for flood retrofits. They will then meet with a counselor to discuss the report as well as information on strategies to lower their insurance premiums, advice on the obligations of flood insurance enrollment, and an official elevation certificate that is used by insurance agents to identify their specific insurance premium. Property owners with Elevation Certificates often have lower annual premiums compared to property owners without Elevation Certificates.
- A growing collection of educational resources about flood risk, flood insurance, and interventions for mitigating damage from severe weather. This includes a recently launched section on hurricane preparedness, and in the coming weeks a new section supported by the city's Small Business Services devoted to small business resiliency. Once completed, small business owners will be able to view tailored information and steps they can take to maintain business operations in the event of flooding.

We support the platform through marketing and outreach geared to get flood risk and flood insurance information into the hands of homeowners. This includes printed materials and direct engagement with property owners at community meetings and other events, as well as digital outreach, such as [this video](#) that explains flood insurance to homeowners in an easy, accessible manner.

Recommendations:

Based on our experience serving thousands of homeowners in flood-prone neighborhoods in the eight years since Hurricane Sandy struck New York City, we respectfully submit the following recommendations:

Expand Suite of FloodHelpNY.org services

FloodHelpNY is funded through a contract with GOSR using federal Sandy recovery funds, and that funding is set to expire at the end of 2021. Yet to continue to serve New Yorkers in, and to better meet the challenges of increased flood risk brought on by climate change, FloodHelpNY should evolve into a true portal for neighborhoods and communities across NYC that will serve as a one-stop shop for flood risk information and services for all New Yorkers.

By expanding FloodHelpNY and its suite of related services, we will empower homeowners and communities to both lower their costs and contribute positively to climate adaptation and mitigation. Our suggestions for growing FloodHelpNY.org include:

- Expanding content to include information for all New Yorkers, including renters and communities beyond the waterfront.
- Expand the successful resilience counseling and home audit pilot program so that it can reach more homeowners
- The Resilience Retrofit Pilot Program, where we identify low-cost flood adaptations and directly install them for homeowners.
- Integrate citizen science data and photos about tidal flooding, a growing problem throughout our communities.

Through this expanded site and suite of related services, we will empower homeowners and communities to both lower their costs and contribute positively to climate change and climate justice solutions. Forty-eight percent of homeowners served by our resiliency audit program were under 120% AMI, and our average homeowner age is 61. We believe that expanding FloodHelpNY.org should include specifically targeting LMI homeowners and communities of color, not only along the waterfronts already served by the program, but throughout the five boroughs. Additional funding from the City, State, and other government partners will help us grow FloodHelpNY.org to meet the ever-increasing needs that New York's low- to moderate-income homeowners in coastal communities face.

Support New York State Senate Bill S8439

State Senator Brad Hoylman's bill would prohibit sellers from opting out of disclosing a property's flood history, ensuring that homebuyers are properly informed about their property's flood risk. It would also require residential leases to include information about flood risk and how to purchase flood insurance. If we give people this information, they will be more prepared when making important and life-changing financial decisions, such as buying a house or renting an apartment. Greater flood risk transparency will encourage more risk-averse behavior and mitigation actions. But unfortunately, today that's not the case — most buyers or renters don't know the risk to their property because it's not disclosed up front. We ask that the City Council support this State bill by passing a resolution calling on state lawmakers to pass S8439.

Ensure Community Involvement in the Planning Process

The city should implement a planning process to create a comprehensive, five-borough plan to address climate change, sea level rise, and sunny day flooding. We support this initiative and look forward to partnering with the City to share our recommendations for promoting flood resiliency for homeowners in flood-prone neighborhoods. We also urge the City to involve community members and organizations in disaster response planning and recovery efforts, giving particular attention to the linguistic and cultural needs of community members, as well as the needs of seniors and people with disabilities.

Develop Affordable Financing Mechanisms for Home Resiliency Improvements

A lack of affordable financing for flood resiliency retrofits is a major barrier for homeowners seeking to make their homes safer from flooding. We urge the City Council and the de Blasio administration to partner with us as we work to develop accessible, affordable financing mechanisms to reduce future damage, promote safe and livable neighborhoods, and lower flood insurance premiums.

We look forward to partnering with the City Council and the de Blasio administration to protect our coastal communities from rising flood risk due to climate change. Thank you for the opportunity to testify today.



**Public Testimony
November 10, 2020
New York City Council Hearing (Committee on Resiliency and Waterfronts)**

**Re: FEMA, Flood Insurance and Resiliency along the Waterfront
Submitted by Kate Boicourt, Director of Resilience, Waterfront Alliance**

Waterfront Alliance is a non-profit civic organization and coalition of more than 1,100 community and recreational groups, educational institutions, businesses, and other stakeholders. Our mission is to inspire and enable resilient, revitalized and accessible coastlines for all communities. The organization also spearheads Rise to Resilience, a coalition of 100 organizations fighting for action at federal, state, and local levels on regional climate resilience.

Rise to Resilience is advocating at the federal level for FEMA and National Flood Insurance Program funding and reforms that would lead toward proactive risk reduction in an era of rising tides. A few priorities, among others, include:

- Support for new and expanded investments in resilience through the Building Resilient Infrastructure and Communities Program.
- Assistance for response and preparedness efforts that prioritize socially vulnerable communities.
- Modernization of FEMA maps and ratings, including the best available science and climate projections.
- Increased insurance access and coverage.
- Improved applicability for urban buildings including attached homes

While the power to make many of these reforms lies at the federal level, **the City has an important role to play.** The following are key risk reduction efforts that the City can take to reduce risks to assets and individuals in the expanding floodplain, informed by the in-development FEMA maps:

- **Ensure that regulations, zoning planning, and infrastructure development incorporate climate projections and develop incentives for exceeding requirements.** The modernization of FEMA maps in New York City is a great opportunity to accompany the development of a Citywide framework that requires future risks to be incorporated, builds upon the current zoning for coastal flood resiliency, and rectifies a current imbalance between rising towers and rising risks and informs where density can be borne, where it cannot. The City could also develop incentives for resilient retrofits and programs like WEDG, which achieve higher resiliency measures and will reduce premium costs.

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- **Increase insurance coverage and access**, particularly of socially vulnerable populations through the development of a means-tested voucher or housing-burden based subsidy program for low-income New Yorkers, as was proposed in a RAND study that focused on insurance affordability. In the study, it was found that coverage is low despite requirements for federally-backed mortgages, with insurance uptakes of less than 50% in flood-prone areas of New York City. We are also advocating for a flood risk disclosure “right to know” bill (S8439) at the state level that would stimulate increased risk awareness and uptake.
- **Address and prioritize the rising risks faced by public and affordable housing.** In the short-term, this includes improving emergency preparedness planning as well as support for community and other local organizations involved in preparedness and response efforts.
- **Expand and develop programs and incentives that support homeowners and small businesses to adapt and lower insurance premiums**, such as financing and funding retrofits, technical assistance, and voluntary buyout programs, building from existing programs such as the Center for NYC Neighborhoods' Flood Help NY program.

Our coasts are under threat from climate change, and we’re already paying for it. As the City identified in a report recently, thousands of units are in the floodplain today, rising to more than 100,000 residential units projected to be in the floodplain by 2050. The City is experiencing many intersectional crises from housing access and affordability to Covid-19. We must address climate issues holistically and act now.