

AFFORDABLE NYC NOW: LOWERING COSTS

**PROTECT
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**THE CENTURY
FOUNDATION** 

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Table of Contents

Lowering Costs

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|--|------|
| Introduction | I-2 |
| <i>Lorelei Salas and Winston Berkman-Breen</i> | |
| Lowering Costs by Reducing the Price of Prescription Drugs | I-3 |
| The Penny Price Pharmacy Model: Lower Drug Prices Without New Taxes After H.R. 1 | |
| <i>Emma Freer</i> | |
| Lowering Costs Through a Clean Energy Strategy | I-13 |
| Powering Affordability: A Blueprint for Tackling NYC’s Energy Cost Crisis Through Solar and Bill Relief | |
| <i>Kate Selden</i> | |
| Lowering Costs for Homeowners | I-26 |
| Preserving Affordable Homeownership in NYC: Emergency Grants for Homeowners, Property Tax Abatements for Seniors, and Public Administrator for Co-op Estates | |
| <i>Mackenzie Lew and Shivani Jacelon</i> | |
| Lowering Costs for Low- to Moderate-Income New Yorkers | I-37 |
| A Three-Pronged Plan to Increase Financial and Housing Stability for Low- to Moderate-Income New Yorkers | |
| <i>Elise Nussbaum, Fitzgerald Restituyo, Tamika Howell, and Ivania Mora</i> | |
| Lowering Costs for Small Businesses | I-51 |
| Redirecting Support and Reforming Commercial Leasing to Strengthen New York City Small Businesses | |
| <i>Lindsey Vigoda</i> | |
| Lowering Costs by Offering an Alternative Energy Supplier | I-59 |
| NYC Can Take Charge of Its Electricity Supply | |
| <i>John Farrell</i> | |
| Lowering Costs of Homeowners Insurance | I-67 |
| Public Homeowners Insurance | |
| <i>Brian Shearer</i> | |

Introduction

For too many New Yorkers, the math simply doesn't add up. Wages have stagnated while the cost of housing, healthcare, groceries, childcare, and basic services has climbed steadily out of reach. Affordability is not an abstract policy goal—it is the difference between a family staying in the city they love and being forced to leave it. Lowering the cost of our daily expenses is a critical component of making New York City work for everyone, and the Mayor has real tools to advance this goal.

This section outlines concrete actions the Mayor can take with existing authority to directly reduce the financial burdens New Yorkers carry every day. From introducing competition to the utilities and insurance markets to creating new small business incentives to offering life-saving prescription drugs for pennies on the dollar, these proposals target the pressure points where the Mamdani Administration can make an immediate difference, without waiting for Albany or Washington.

Making the city affordable means making it affordable for all, so that living here is not a toll that prices out the people who make New York New York.

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LOWERING COSTS BY REDUCING THE PRICE OF PRESCRIPTION DRUGS

THE PENNY PRICE PHARMACY MODEL: LOWER
DRUG PRICES WITHOUT NEW TAXES AFTER H.R. 1

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New Yorkers are burdened by high healthcare costs.

Most New Yorkers struggle to afford healthcare. Two in three state residents reported that they delayed or went without care because of cost in 2024.¹ By 2025, employer-sponsored family coverage exceeded \$35,000 annually, and it continues to rise much faster than inflation.² Employer contributions are projected to increase another 10 percent—to more than \$17,000 per employee—this year alone.³ All told, New York State has the highest single coverage cost and fifth-highest family coverage cost in the nation.⁴

Although New York City residents and employers are paying more for healthcare than ever, providers—including hospitals, physician practices, and pharmacies—are closing in droves, citing financial distress and stranding patients in care deserts. For instance, between January and August 2024, at least 29 independent pharmacies in New York City closed due to declining reimbursement rates.⁵ Meanwhile, there are 53 population health professional shortage areas in New York City: 23 for primary care, 17 for mental healthcare, and 13 for dental care.⁶

President Donald Trump and Republicans' health policies have exacerbated these affordability and access concerns. As a result of H.R. 1—which ended premium subsidies for Affordable Care Act (ACA) plans, cut Medicaid funding, and imposed new Medicaid work requirements—the typical family enrolled in an ACA plan is expected to pay \$3,735 more in annual premiums.⁷ For the same reason, upwards of 1.5 million New York state residents may lose their health insurance and 13 New York City safety-net hospitals are at risk of closing, reducing services, or laying off workers.⁸

NYC can provide affordable prescription drugs to newly uninsured New Yorkers at no cost to taxpayers.

The Mamdani Administration should work with NYC Health and Hospitals (H+H) to extend to more un- and underinsured New Yorkers the discounted price H+H pays to acquire outpatient drugs under the federal 340B Drug Pricing Program—as low as \$0.03 for insulin and \$15 for injectable epinephrine⁹—plus a modest fee to cover overhead.¹⁰

The 340B program requires manufacturers that participate in Medicaid to sell outpatient drugs to federally qualified health centers (FQHCs)—of which H+H owns and operates 29—and other safety-net providers at a significant discount, typically around 50 percent.¹¹ Often, the discounted price falls as low as \$0.01, in what is known as “penny pricing.”¹² For instance, program participants have been able to purchase Humira—the top-selling drug in the world, with an annual list price of \$90,000—for \$0.01 since 2016.¹³

H+H should adopt a “penny price pharmacy” model, under which it would charge certain established patients of its FQHCs low cash prices for eligible outpatient drugs.¹⁴ Nearly all self- and physician-administered drugs dispensed in the outpatient setting whose manufacturers participate in Medicaid are eligible for 340B discounts.¹⁵ Notable exceptions include vaccines and orphan drugs, used to treat rare diseases.¹⁶ These low cash prices would be available to patients who are uninsured or enrolled in employer- or exchange-based health plans, many of which have high deductibles. They would not be available to established patients enrolled in Medicaid, whose out-of-pocket drug costs are very low, or Medicare, whose annual out-of-pocket drug costs are capped at \$2,100.¹⁷

FQHCs already pass along a lot of their 340B savings to patients because they are required to have a sliding fee scale based on income.¹⁸ However, to maximize impact, H+H should launch an aggressive outreach campaign, including by setting up an official process for un- and underinsured residents—especially those who lose coverage as a result of H.R. 1—to become established patients so that they could benefit.¹⁹ The number of newly established H+H patients relative to the number of un- and underinsured New Yorkers would be a good metric of success for this program, which would be life-changing for residents—such as those with chronic illness—who require affordable and reliable access to drugs to survive.

Because H+H would simply extend its discount to residents who would otherwise fall through the social safety net, this model is free for the City to implement and does not require any legislative or regulatory reform. H+H could set the dispensing fee to account for any overhead costs associated with seeing more patients.

This pricing structure mirrors the New York State Medicaid Pharmacy (NYRx) program, which reimburses pharmacies for acquisition cost, plus a \$10.18 dispensing fee.²⁰

The City could also expand use of the penny price pharmacy model beyond the H+H umbrella to all 340B participating providers, including nonprofit hospitals. This would be a bigger lift because many nonprofit hospitals do not pass through 340B discounts to patients, instead diverting them to their own bottom lines.²¹ According to one study, participating hospitals charge patients with commercial insurance, on average, five times more to dispense drugs than they pay manufacturers to acquire them.²² In other words, net 340B revenue often subsidizes hospitals rather than the low-income patients for whom they are meant to care.

Specifically, the City could develop new guidelines for all 340B participant providers that recommend they adopt the penny price pharmacy model. It could further encourage hospitals to adhere to this guidance by providing a one-time payment to offset the administrative costs of making changes to dispensing practices and pharmacy budgets.

Although federal statute requires that 340B discounted prices be kept secret, a 2024 report by the Minnesota Department of Health provides a glimpse at the possible patient savings.²³ The report found that in-state program participants generated, on average, \$3,405 in net 340B revenue per prescription of Humira—which they purchased for \$0.01—and \$569 per prescription of Ozempic, a brand-name anti-diabetic, in 2023.²⁴ This means that patients who are un- or underinsured could save hundreds to thousands of dollars per prescription under the penny price pharmacy model.

Importantly, the penny price pharmacy model would not harm independent pharmacies, which are increasingly at risk of closure.²⁵ Under the 340B program, some participating providers contract with outside pharmacies to dispense drugs on their behalf, typically reimbursing them a flat fee.²⁶ Large retail pharmacy chains as well as mail-order and specialty pharmacies that are vertically integrated with insurance conglomerates have more leverage than independent pharmacies in reimbursement negotiations with participating providers.²⁷ As a result, independent pharmacies often break even or lose money on brand-name 340B prescriptions, while their larger competitors reap excess profits.²⁸ For this reason, independent pharmacies may prefer that participating providers handle such prescriptions in house.

Conclusion

The penny price pharmacy model is not a panacea. It does not address the two main drivers of high prescription drug costs in the United States: monopolistic brand-name drug manufacturers and pharmacy benefit managers (PBMs).²⁹ It also does not address rising healthcare costs for non-drug services. Pending structural federal legislative reform, however, it gives the City a lever to pull to make outpatient prescription drugs affordable for all New Yorkers, regardless of income level or coverage status, at no additional cost to taxpayers. It also reinforces the social safety net to withstand additional pressure in the wake of H.R. 1.

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LOWERING COSTS THROUGH A CLEAN ENERGY STRATEGY

POWERING AFFORDABILITY: A BLUEPRINT FOR
TACKLING NYC'S ENERGY COST CRISIS THROUGH
SOLAR AND BILL RELIEF



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The Rising Costs of Energy in NYC

New York City is in the midst of an energy affordability crisis. Household electricity bills are at their highest levels in a decade, already far higher than the national average, and they have risen roughly 40 percent in just the last five years.¹ The burden is falling hardest on those least able to absorb it, with low-income families disproportionately impacted by increasing bills. Nearly a third of city residents report multiple forms of energy insecurity, from cutting back on basic energy use to struggling to pay monthly bills.² As energy cost growth outpaces wages, families are increasingly forced to choose between keeping the lights on and meeting other essential needs, with rising arrears and shutoffs pointing to a system under strain.³

These rising costs reflect deeper structural problems in how energy is both generated and delivered. On the supply side, New York City still relies heavily on volatile fossil fuels, particularly natural gas, which accounts for about 80 percent of the supply,⁴ exposing households to global price swings as foreign wars rage on. On the delivery side, ratepayers are footing the bill for aging infrastructure and an increasingly expensive grid as investor-owned utilities raise rates to cover capital costs. Contrary to recent claims by opponents of clean energy, only a small share of electricity bills is tied to clean energy investments required by the Climate Leadership and Community Protection Act (CLCPA). New York's Public Service Commission staff found that most of what households pay goes toward fossil fuel generation and the increasingly expensive systems required to deliver it.⁵

This crisis is expected to deepen as demand for electricity increases. Electricity use in New York City is projected to grow by 40 percent by 2050,⁶ driven by data centers, advanced manufacturing, and the electrification of homes and vehicles. At the same time, utilities like Con Edison and National Grid are already citing grid constraints and the need for major transmission upgrades to justify raising rates.⁷

The result is a compounding affordability challenge: New Yorkers are paying more for both the energy itself and the outdated system that delivers it, as reflected in increasing supply and delivery costs on our monthly bills. Although the City and State have passed landmark climate policies—namely the state's CLCPA and the city's Climate Mobilization Act—to expand clean energy and support low-income households, recent federal and state headwinds have stalled progress. Interconnection delays and cancellations of major offshore wind and transmission projects,⁸ combined with the One Big Beautiful Bill Act's phasing out of federal incentives for wind and solar, threaten to slow the growth of large-scale renewables.⁹

Although New York State and the federal government both fund programs to deliver immediate bill relief to households struggling to keep up with rising costs, including federal Home Energy Assistance Program (HEAP) and NYS Energy Assistance Program (EAP), these existing bill assistance programs remain underused by many of the households that need them most due to administrative burdens of enrollment and insufficient outreach.¹⁰

Addressing this multifaceted crisis will require accelerating the lowest-cost, locally generated solutions, like distributed solar and storage, while strengthening and expanding access to bill relief programs so that households can afford the energy on which they depend.

NYC can expand access to bill relief while building out distributed solar to bring down energy costs.

New York City's energy affordability crisis is rooted in the structure of the grid itself. Our system still relies on centralized, fossil fuel-based power that is expensive to operate, vulnerable to fuel price volatility, and increasingly costly to maintain as infrastructure ages and demand rises. These costs are passed directly on to New Yorkers through higher utility bills, with the greatest burden falling on low-income households. Without intervention, the city is locked into a cycle of rising expenses tied to fuel, transmission upgrades, and increasing peak demand.

New York City can take decisive action to address this crisis through three complementary strategies:

1. Streamline access to energy bill relief programs
2. Scale affordable, local, clean energy
3. Expand access to solar and storage savings

Streamline Access to Energy Bill Relief Programs

NYC should immediately improve access to existing energy bill relief programs by eliminating administrative barriers that prevent eligible low-income households from receiving benefits. Despite numerous available programs—including HEAP, EAP, community solar, and the New York State Energy Research and Development Authority (NYSERDA) weatherization assistance (Empower+)—complex application processes, varying eligibility requirements, and lack of coordination keep families from accessing critical savings.

NYC's Human Resources Administration (HRA) pioneered automatic enrollment by data-matching HEAP recipients with utility-administered affordability programs, such as the EAP in which utilities deliver bill subsidies to enrolled households. This model led to statewide legislation in 2023 requiring automatic enrollment for public assistance recipients.¹¹ NYC can continue to lead by expanding a “no-wrong-door” approach.

1. **Expand Data-Matching:** HRA should partner with NYSERDA, NYS Office of Temporary and Disability Assistance, and NYS Department of Taxation and Finance to create automatic enrollment or qualification across all relevant programs based on income, location, and existing program participation. Where auto-enrollment is not feasible or advisable—either by the HRA itself or in

partnership with state agencies—HRA should proactively notify eligible NYC households of programs for which they are pre-qualified and facilitate access so that households do not need to provide additional documentation to apply to other state programs.

- 2. Streamline Community Solar Access:** Community solar is a successful model of distributed solar in which residents can subscribe to a portion of a large solar project and receive a discount on their energy costs. This increases access to solar because subscribers do not need to have a suitable roof or pay anything up-front to receive credits. New York has been one of the leading markets nationwide in community solar, and notably, has focused on incentivizing community solar projects where some or all of the subscribers must be low-income residents.¹² Despite these efforts at increasing access to solar energy and the value it generates, the process of subscribing to community solar for income-eligible New Yorkers has proven difficult for many. Logistical frictions of requesting and submitting eligibility documents, coupled with a lack of awareness and trust of energy companies, pose challenges. For example, most community solar projects specifically serving low-income New Yorkers require subscribers to submit a recent award letter stating that they are a beneficiary of another state income-qualifying program such as SNAP or HEAP. But in the process of requesting a recent letter, waiting for it, and then submitting it to yet another portal, many people never complete their application.

To address these issues and increase access and ease in subscribing to community solar projects, HRA should automatically send “pre-qualification letters” on an annual basis that would serve as an award letter to income-eligible program recipients. This letter should indicate their enrollment in one of the state programs and also notify them of community solar eligibility and direct them to NYSERDA’s project listings with clear instructions for finding an available spot.¹³ HRA would need to work with NYSERDA to ensure this letter is an acceptable proof of eligibility for the NY-SUN Inclusive Community Solar Adder projects, which are community solar projects that have received a specific incentive from NYSERDA on the condition that they enroll at least 40 percent of the project capacity to low-income residents or affordable housing.¹⁴

To ensure eligibility for all relevant community solar projects, HRA should also work with NYSERDA so that this award letter is suitable for community solar projects also receiving the Qualified Low-Income Economic Benefit Adder through the Inflation Reduction Act.¹⁵ HRA should also suggest improvements to the NYSERDA Community Solar Project listing website to make it usable for residents with multiple language and technology needs. Overall, this approach would eliminate the additional burden on

applicants of obtaining award letters while also providing trusted government validation of legitimate programs.

Figure 1. Documentation Needed to Prove Categorical Eligibility for NYSERDA Inclusive Community Solar Project¹⁶

| | |
|---|--|
| EmPower New York Award Letter | Dated within 12 months of the customer agreement signature |
| HEAP Award Letter | Dated within 12 months of the customer agreement signature |
| HEAP or Energy Utility Assistance listed on the utility bill | Utility bill must be within the past 12 months of the customer agreement signature |
| SNAP Award Letter | Dated within 12 months of the customer agreement signature |
| TANF Award Letter | Dated within 12 months of the customer agreement signature |
| Supplemental Social Security Income Award Letter | Dated within 12 months of the customer agreement signature |

Scale Affordable, Local, Clean Energy

While addressing households’ energy burden immediately is critical, New York City must also work to scale affordable, local, clean energy to address the underlying problem of the city’s overreliance on expensive and volatile fossil fuels. The New York City Mayor should take an executive action to double the city’s distributed solar goal from 1 gigawatt (GW) to 2 GW by 2035 and establish a 2 GW energy storage target. These goals would accelerate deployment of the most cost-effective and fastest tools available to lower energy bills, improve reliability, and reduce dependence on volatile fossil fuel markets.

NYC has used ambitious climate goals as a strategy to drive change since the 2007 PlaNYC. Each planning cycle has set specific targets for emissions reduction, renewable energy expansion, and resilience. Mayor DiBlasio announced a target of 80 percent emissions reduction by 2050 at the People’s Climate March in 2014—the 80x50 plan—and then established subsequent building decarbonization and renewable energy targets as key components of the goal.¹⁷ In 2016, Mayor de Blasio expanded the city’s solar commitments from 450 MW by 2025 to 1 GW by 2030, directing city agencies to remove deployment barriers.¹⁸ These nonbinding

goals primarily function as milestones—meaningful progress requires follow-up legislation and enforcement mechanisms to translate aspirations into action.

More aspirations and actions are now needed to accelerate clean energy within the city in the face of urgent affordability and reliability challenges. Although utility-scale renewables remain essential for long-term decarbonization, they face significant barriers—including permitting and interconnection delays, land use conflicts, and supply chain issues—that slow development and limit their ability to address today’s affordability crisis in the near term. In contrast, distributed solar and battery storage can be built quickly across New York City’s built environment—on homes, businesses, schools, and parking lots. Rooftop and community solar generate low-cost electricity on site, directly lowering bills, while also reducing overall grid demand. Solar paired with storage not only produces local clean energy, but also shifts energy use away from peak periods, provides resilient backup power, and displaces polluting and expensive peaker plants that are harmful to public health and disproportionately burden the residents of environmental justice communities.

The impact of distributed solar paired with storage extends beyond individual participants. By lowering demand in wholesale markets managed by the New York Independent System Operator,¹⁹ distributed generation reduces market-clearing prices for all customers. These grid-wide savings are substantial. Analysis by Synapse Energy Economics found that scaling distributed solar and storage to 20 GW *statewide* could deliver \$1 billion in annual energy cost savings by 2035, including nearly \$500 million downstate, with bill reductions even for customers who do not directly install solar.²⁰ For New York City, expanding local solar is one of the most immediate ways to capture these system-wide savings.

New York City is already on track—almost 70 percent—to meet its 1 GW solar goal. But that benchmark no longer reflects the scale of need—or opportunity. Significant rooftop potential remains untapped for solar. The City lacks a formal storage target despite its critical role in reliability and cost control. NYSERDA’s Energy Storage Roadmap indicates that *at least* 2 GW could be installed within the city, and in fact, must be in order to reach the 2030 and 2040 targets established by the CLCPA.²¹ Establishing more ambitious goals will send a clear market signal, align city and state policy, and drive innovative programs and investment to scale deployment.

New York City can move quickly by establishing these targets through a mayoral executive commitment—just as it did in 2016 when it set the original 1 GW solar goal. While not legally binding, executive goals can chart an ambitious path forward. City agencies, from the Department of Buildings (DOB) to the Department of Housing, Preservation and Development (HPD), can streamline and accelerate solar development. The City Council and

Mayor can use goals to influence budget decisions. And the solar industry reads these commitments as an indicator of market stability, making it safe for companies to invest in their businesses and hire more workers to meet demand.

New York City has done this before, setting targets and then driving policy changes to reach them. The 80x50 framework and solar goals created a vision that advocates and policymakers alike used to push for bold legislation: The Climate Mobilization Act turned that vision into tangible action. It instituted a binding mandate to reduce emissions through building decarbonization using laws such as Local Laws 92 and 94, which require solar or green roofs on all new buildings and renovated roofs; Local Law 97 which sets mandatory emissions limits for large buildings.²² The City then made changes to the zoning code to further support decarbonization by passing the City of Yes for Carbon Neutrality, which among other things, removed zoning obstacles so that solar could cover more rooftop space.²³ Other initiatives like NYCHA's commitment to site 30 MW of clean energy on its rooftops through the AccesSolar program demonstrate the various ways the City can leverage its agencies and assets to achieve its targets. These changes have catalyzed solar adoption on public and private buildings, driving growth in the solar industry and rapidly increasing the supply of clean energy within New York City.

Expanding the solar goal and establishing a storage target would build on the City's efforts, setting a new mile marker to strategically drive policy, agency alignment, regulatory changes, and private investment to achieve results. The resulting expansion of clean energy and storage is necessary to help fill the gap in renewable energy supply while lowering electricity costs by reducing grid congestion and reliance on expensive fossil fuel generation.

Expand Access to Solar Savings for Affordable Housing

Scaling solar and storage targets must be paired with policies that ensure these resources reach the New Yorkers who need them most. New York City should actively support the passage of a Direct Pay Solar and Storage Property Tax Abatement to expand access for affordable housing and nonprofit organizations.

Today, many of the buildings facing the highest energy burdens are effectively locked out of rooftop solar and storage. While NYC's existing Solar and Storage Property Tax Abatement (SEGS) covers 30 percent of project costs,²⁴ it only benefits entities with property tax liability. As a result, affordable housing, houses of worship, and nonprofits—those most in need of energy cost relief—are largely excluded. This gap is becoming more urgent as federal solar incentives phase down, further limiting available funding.

The existing SEGS is part of the NYS Real Property Tax Chapter in the Consolidated Laws of New York.²⁵

Though it is established as part of New York State Law, the program is only eligible to buildings located in New York City, and must be administered by NYC agencies. To remedy the regressive nature of the incentive, the state must pass a law to amend the Real Property Tax Chapter.

There is already state legislation introduced that would fix this inequity by allowing tax-exempt entities to receive the value of the abatement as a direct payment.²⁶ Modeled on existing “direct pay” structures used in federal clean energy incentives and state historic preservation rehabilitation incentives, this approach would unlock solar and storage for a broader set of mission-driven owners.

The urgency is increasing for affordable housing. Since 2017, operating costs for affordable housing have risen by roughly 40 percent, and many buildings require constant repairs and maintenance as rents fail to keep pace with expenses.²⁷ At the same time, owners are contending with declining rent collection, rising insurance costs, and tighter lending conditions—making new capital investments increasingly difficult.

Distributed solar and storage can help stabilize these buildings financially. By lowering utility costs for common areas, heating, cooling, and hot water—and by reducing exposure to volatile fuel costs—these systems deliver predictable, long-term savings. But in the current environment, energy upgrades are often deferred because of their steep up-front costs, even when they would bring much-needed savings in the long run.

A direct pay structure for the SEGS would make these savings accessible. At a relatively modest cost to New York City—estimated at approximately \$1 million in the first year, growing to \$5 million over four years—the policy would unlock decades of utility bill savings for affordable housing and nonprofits. Those savings can then be reinvested into building maintenance, resident services, and long-term affordability.

Although this legislation must be passed by the New York State Legislature, it applies only to New York City and relies on City support for implementation. State lawmakers are generally supportive, but have made clear the bill’s passage is contingent on the City signaling its backing.

To advance this policy, the Mayor should issue a formal memo of support endorsing the Direct Pay Solar and Storage Property Tax Abatement. This simple administrative action would unlock state approval and enable New York City to extend one of its most effective clean energy incentives to the communities that need it most.

Conclusion

New York City's energy affordability crisis demands immediate, coordinated action across multiple fronts. The current system—reliant on expensive fossil fuels and aging infrastructure—traps households in a cycle of rising costs that disproportionately burden low-income families. However, city leaders can take decisive action by streamlining access to existing bill relief programs, accelerating deployment of distributed solar and storage, and ensuring these benefits reach affordable housing and nonprofit organizations through direct payment incentives.

The complementary strategies discussed above—immediate relief paired with long-term structural solutions—offer a practical roadmap to transform New York City's energy landscape from one of mounting costs to affordable, clean, and locally controlled power that serves all New Yorkers.

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LOWERING COSTS FOR HOMEOWNERS

PRESERVING AFFORDABLE HOMEOWNERSHIP IN NYC:
EMERGENCY GRANTS FOR HOMEOWNERS, PROPERTY
TAX ABATEMENTS FOR SENIORS, AND PUBLIC
ADMINISTRATOR FOR CO-OP ESTATES

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Mobilization for Justice

Affordable homeownership is threatened by temporary financial setbacks and increased property taxes, while affordable co-ops struggle to navigate Surrogate's Court and re-sell vacant apartments.

Affordable homeownership is increasingly difficult to maintain for average, working-class New Yorkers. Individuals and families who own one-to-four family homes, cooperative apartments (co-ops), and condominiums face temporary financial setbacks and increased property taxes.¹ Likewise, affordable co-ops, such as limited-equity Housing Development Fund Corporations (HDFC or HDFCs) for low-income people, face barriers to maintaining financial health.² New York City can address these issues by optimizing already-existing systems, namely through increasing provider knowledge and program availability.

One-Time Homeownership Arrears

Like renters, homeowners, co-op shareholders, and condominium owners can experience temporary financial setbacks due to the loss of a job, a death in the family, medical emergencies, and caring for a family member. Temporary financial setbacks cause homeowners to fall behind on property taxes, homeowners insurance, mortgage payments, monthly maintenance fees, and monthly homeowners association fees. When a temporary setback has ended but these accrued arrears are not resolved, homeowners can face mortgage foreclosure, property tax lien foreclosure, non-judicial foreclosures, and eventually eviction. The homeowners most at risk are, unsurprisingly, Black and minority individuals and families who continue to face wage stagnation, and also seniors and families who rely on fixed income, such as Social Security disability or retirement benefits.³ The City provides emergency grants to cover one-time homeownership related arrears, called One Shot Deals, which are administered by the NYC Human Resources Administration (HRA).⁴ However, providers, including HRA and the City-funded service program Homebase, lack knowledge of the various types of homeownership costs that can be covered. As a result, homeowners are often improperly denied access to emergency relief.

NYC Property Tax Benefits For Low-Income Senior and Disabled Homeowners

As property values across the City continue to skyrocket, low-income homeowners, especially those who are seniors or who have disabilities, face increased and unaffordable property tax responsibilities. Homeowners

in Black and majority-minority communities bear the heaviest burden of property tax increases.⁵ When a homeowner falls behind on property taxes, the City can sell the tax lien to a third party, who eventually seeks foreclosure against the homeowner. The City, as authorized under New York State law, makes available two property tax programs that defray some of the costs: the Senior Citizen Homeowner Exemption (SCHE) for low-income, senior homeowners, and the Disabled Homeowner Exemption (DHE) for low-income, disabled homeowners.⁶ To be eligible for SCHE or DHE, a homeowner must meet income eligibility requirements. But, the income limits for these programs have not been updated since 2017, and they no longer reflect the actual costs of living.⁷ Because the income limits are outdated, there are large swaths of homeowners who would benefit greatly from these programs but who do not qualify.

Public Administrator for HDFC Co-Op Shareholders' Estates

HDFC co-ops, which are created through a City-subsidized affordable homeownership program for low-income New Yorkers, are facing increased and often insurmountable operating costs.⁸ One distinct barrier to HDFCs' ability to maintain financial health is the sheer number of units that sit vacant after a shareholder passes away intestate (without a will) and no family member is willing or able to petition to administer the estate in Surrogate's Court.⁹ When a shareholder's estate is not administered, the unit cannot be resold and the HDFC therefore misses out on a much-needed, regular income stream through monthly maintenance payments. Typically, when an individual with a small estate passes away without a will, an office known as the Public Administrator can administer the estate.¹⁰ But, HDFCs lack the financial and legal prowess to regularly handle these legal matters. And, even when an HDFC can afford to engage in the legal process, the Public Administrator often declines to handle these deceased shareholder estates. Because the estates go unadministered, and the apartments do not generate maintenance fees as a result, not only can HDFCs not afford general operating costs and risk facing foreclosure, but affordable apartments that could otherwise be provided to low-income New Yorkers sit vacant.

NYC can preserve affordable homeownership through three simple changes to existing programs.

The City can address these distinct affordable homeownership issues by leveraging three already-existing programs. First, the City can expand access to One Shot Deals for homeowners by educating HRA and Homebase employees. Second, the City can increase the income eligibility limits for senior and disabled homeowners to qualify for SCHE and DHE. Third, the City can mandate that the various Public Administrator offices accept appointments for HDFC shareholder estates.

Provide Substantive Trainings To HRA And Homebase Employees

The City can protect working-class homeowners from foreclosure and homelessness by increasing access to emergency grants, otherwise known as One Shot Deals, for homeownership-related arrears resulting from temporary financial setbacks. This can be achieved through targeted education of HRA and Homebase employees, specifically: (1) to reaffirm that homeownership-related arrears are qualified arrears for purposes of One Shot Deals, and (2) to build technical knowledge regarding the various forms of homeownership, the various types of arrears that homeowners can accrue, and the documents related to homeownership related arrears.

To implement this educational effort, no legislation or rulemaking is required; the NYC Department of Social Services, which houses HRA, can simply direct additional training to be held. Moreover, a budget is unnecessary because the training can be conducted by civil legal service providers who are members of the State's Homeowner Protection Program (HOPP) network, including Mobilization for Justice (MFJ).¹¹ As a HOPP provider, MFJ and its attorneys have deep substantive knowledge of training topics and have experience assisting homeowners, co-op shareholders, and condo owners obtain One Shot Deals. Lastly, the program's success would be measured by the number of households who averted foreclosure through receipt of a One Shot Deal, and the costs avoided by the City for not having to provide emergency shelter to those households.

Increase Income Eligibility Limits For SCHE and DHE

The City can protect our most vulnerable homeowners from foreclosure and homelessness by increasing access to the property tax benefits known as SCHE and DHE. Access to the programs can be increased by raising SCHE and DHE's income eligibility limits and therefore expanding the number of low-income senior and disabled homeowners who are eligible for the property tax benefits. The New York State Real Property Tax

Law establishes the SCHE and DHE tax benefit programs for homeowners who meet certain criteria.¹² While State law sets the maximum benefit amounts, localities that adopt the programs are given authority to set the income eligibility limits.¹³ Accordingly, the City does not need to rely on the passage of State legislation or engage in rulemaking to implement this proposal. The income limits can be adjusted through amendment of the NYC Administrative Code through City Council legislation.¹⁴

The City, having adopted SCHE and DHE, last updated the income limits in 2017. As a result, the current baseline annual income to qualify is \$50,000, and the maximum annual income to qualify is \$58,400.¹⁵ In 2025, an individual earning \$50,000 a year is considered “very low income.”¹⁶ The New York City Council can amend the NYC Administrative Code’s provisions governing the NYC Department of Financial Services, the City agency that administers SCHE and DHE, to increase the income eligibility limits. Specifically, the City should increase the baseline annual income to 80 percent of the City’s Area Median Income (AMI). In the City, a person earning 80 percent of the AMI—or an annual income of \$90,720 for an individual—is considered “low income” due to the high cost of living.¹⁷

Table 1. Proposed New Income Eligibility Limits for SCHE and DHE

| Percentage Assessed Valuation Exempt From Taxation | Current Income Limits (last updated 2017) | Proposed Income Limits |
|--|---|---|
| 45% | More than \$50,000 but less than \$51,000 | More than \$90,720 but less than \$91,720 |
| 40% | \$51,000 or more but less than \$52,000 | \$91,720 or more but less than \$92,720 |
| 35% | \$52,000 or more but less than \$53,000 | \$92,720 or more but less than \$93,720 |
| 30% | \$53,000 or more but less than \$53,900 | \$93,720 or more but less than \$94,620 |
| 25% | \$53,900 or more but less than \$54,800 | \$94,620 or more but less than \$95,520 |
| 20% | \$54,800 or more but less than \$55,700 | \$95,520 or more but less than \$96,420 |
| 15% | \$55,700 or more but less than \$56,600 | \$96,420 or more but less than \$97,320 |
| 10% | \$56,600 or more but less than \$57,500 | \$97,320 or more but less than \$98,220 |
| 5% | \$57,500 or more but less than \$58,400 | \$98,220 or more but less than \$99,120 |

Given that the proposal would merely adjust the income limits of an existing program, the cost of implementing the administrative changes would be little to none. Although the overall amount of property taxes charged by the City to senior and disabled homeowners would likely decrease, the City is likely not collecting the entirety of taxes charged to this subset of homeowners as a good share of those households’ property tax accounts are likely overdue or already in significant arrears. Moreover, the overall value of keeping senior and disabled homeowners housed outweighs the City’s likely cost to provide specialized, temporary shelter. After implementation, the proposal’s success could be measured by whether the number of households receiving SCHE or DHE increases, and whether the amount of property tax arrears owed to the City decreases.

Mandate Public Administrator Involvement for HDFC Shareholder Estates

The City can preserve HDFC co-ops, one of the few forms of affordable homeownership, by advocating for increased involvement in HDFC shareholders’ estates by the Public Administrators. With the Public

Administrators' involvement, apartments that sit vacant after the shareholder passes away can be resold to and occupied by new, qualified shareholders, thus generating income for the HDFC co-op. This can be achieved by mandating that the Public Administrator administer each HDFC shareholder's estate where no next of kin petitions to administer the estate. To implement this proposal, three legislative changes are necessary:

- 1. Add a provision to the Surrogate's Court Procedure Act mandating that the Public Administrators administer HDFC shareholder estates.**

The State legislature must amend Section 1116 of the Surrogate's Court Procedure Act by adding a new subsection three that would direct the Public Administrators to administer HDFC shareholder estates where no next of kin petitions to administer the estate.¹⁸ Requiring the Public Administrators to administer HDFC shareholder estates would remove the burden of doing so from the HDFC co-ops, which already take in limited income and often have precarious financial health. Because authority over the Public Administrators ultimately lies in the Surrogate's Court Procedure Act, this proposal would need to be implemented through state legislative action. While Public Administrators are further subject to guidelines issued by an Administrative Board of the Offices of the Public Administrators of New York State, the Board's members are appointed by various state officials, courts, or offices, and so cannot be directed as an entity to make specific amendments to the guidelines.¹⁹ Given the concentration of HDFC co-ops in New York City, the Mayor is uniquely situated to advocate for this amendment in Albany.

- 2. Amend the Surrogate's Court Procedure Act provision which permits the Public Administrators to decline to administer estates of "no value," to create an exception for HDFC shareholder estates.**

The State legislature must also amend Section 1126 of the Surrogate's Court Procedure Act, which currently permits the Public Administrators to decline to administer estates they have deemed of "no value."²⁰ In the context of HDFC shareholder estates, the Public Administrators usually deem the estate to have no value and invoke this exception when the apartment has a low resale price and there are significant monthly maintenance arrears due. The amendment can carve out an exception, allowing the Public Administrators to decline to administer an estate of no value except where the estate is a deceased HDFC shareholder's. This amendment would ensure that HDFC shareholder estates are administered regardless of the value. Here, too, although state action is required, the Mayor must play a central role in calling for this change.

3. Provide for City-funded fees to be paid to the Public Administrator where the HDFC shareholder's estate has "no value."

To ensure that the Public Administrators' offices have resources to administer HDFC shareholder estates of no value, the City must fund the work. Each Public Administrator receives a base salary and the office can collect additional fees based on the estate's value as well as attorney's fees for legal services.²¹ Where an HDFC shareholder's estate has no value, it is generally understood that the Public Administrators invoke Section 1126 of the Surrogate's Court Procedure Act to decline to administer the estate because there are no estate assets to fund fees to the Public Administrator. The City's role over the Public Administrators within the five boroughs is financial rather than supervisory; the City pays the Public Administrators' salaries and is answerable for the execution of the Public Administrators' duties.²² Accordingly, the City can set fees to be paid for this specific administration, perhaps through NYC Housing Preservation and Development's Office of Development, which oversees the preservation of affordable housing.²³

Conclusion

Housing within the five boroughs is increasingly expensive. Affordable homeownership is threatened by rising operating costs and by the fact that homeowners' wages have not grown with the cost of living. As described above, three distinct proposals can expand access to existing programs, and in doing so, protect affordable homeownership. First, the City can ensure that low-income homeowners are not being improperly denied emergency grant assistance for one-time arrears through targeted education of HRA and Homebase employees who administer the grants. Second, the City can expand access to property tax benefits for senior and disabled homeowners by increasing the eligible income limits. Third, the City can encourage the State legislature to direct the various Public Administrator offices to administer HDFC shareholder estates to allow HDFC co-ops to resell vacant apartments after low-income shareholders pass away.

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LOWERING COSTS FOR LOW- TO MODERATE- INCOME NEW YORKERS

A THREE-PRONGED PLAN TO INCREASE FINANCIAL
AND HOUSING STABILITY FOR LOW- TO MODERATE-
INCOME NEW YORKERS

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Low- to moderate-income New Yorkers struggle to access and maintain stable housing due to credit, income, and financial shocks.

Access to credit and housing are inextricably linked for low- to moderate-income (LMI) New Yorkers, with challenges in one arena inevitably impacting the other. Any financial shock (e.g., emergency dental work, a sick child needing a parent to stay home and miss a shift) can send a household into a financial spiral. This is a particularly acute problem for the roughly 1.9 million New Yorkers who meet the United Way's definition of "ALICE"—Asset Limited, Income Constrained, Employed—meaning their earnings do not cover the cost of basics in their communities.¹

The negative consequences of predatory credit products and practices on this population are severe, from an immediate impact on cash flow in the form of high interest and fees, to long-term impact on credit in the form of high utilization rates, missed payments, defaults, and collections that result from untenable terms and rates.

These consequences reverberate when New Yorkers are looking for a place to live and run into routine credit checks, price increases, and financial shocks that threaten their ability to make rent. A low credit score, often due to circumstances beyond one's control, can harm the chances of getting approved by prospective landlords. Moreover, when a family is living in City-subsidized housing, any increase in income triggers a decrease in housing subsidies.² And without access to low-cost credit, New Yorkers facing financial shocks or rent increases have no good options—and their bad options may require a desperate decision to not pay rent in order to meet their other financial obligations, further impacting their future access to housing. These structural issues can combine to trap working New Yorkers and their families in poverty.

New York City has made meaningful investments in tenant and consumer protection, as well as affordable housing access. However, these efforts have largely not addressed the interconnected cycle through which financial shocks damage credit, damaged credit restricts housing access, and income gains can actually reduce affordability.

NYC can remove credit barriers to housing, stabilize housing costs, and increase access to credit.

The Mamdani Administration can comprehensively address the issue of affordability for New Yorkers by tying multiple strategies together to create an effective mobility ladder throughout the housing system, recognizing how different policies overlap and enhance each other's effects. Our recommendations include:

1. Removing certain credit barriers for tenants, even if the rental units are not state-funded.
2. Stabilizing housing costs for approximately 1.1 million New Yorkers by capping rent increases for New York City Housing Authority (NYCHA) residents, Section 8 voucher holders, and City housing lottery tenants at the lower of either the household's income growth ratio or the standard annual Rent Guidelines Board (RGB) percentage.
3. Establishing a small-dollar emergency Loan Loss Reserve Fund. This policy mitigates risk for local credit unions and Community Development Financial Institutions (CDFIs), enabling them to offer low-interest loans of up to \$2,500. These loans would become a lifeline for struggling New Yorkers facing financial shocks, providing access to low-cost credit that helps them avoid falling behind on their rent and damaging their credit with predatory financial services.

These policy proposals catch LMI New Yorkers at various inflection points, providing the opportunity to get their financial and housing situation back on track before it becomes a crisis.

Removing Credit Barriers To Housing

To expand access to housing affordability and combat discriminatory practices throughout the housing qualification process, the Mamdani Administration should expand existing Department of Housing Preservation and Development (HPD) credit practices by fully removing credit barriers linked to bankruptcy filed within the preceding twelve months and thresholds for unsatisfied delinquencies to "housing lottery" units and, potentially, to units that are not state-funded.³ Specifically, the proposal calls for the HPD to eliminate its current application criteria of 12-month bankruptcy and the \$5,000 unsatisfied delinquency thresholds for lottery housing. This policy would likely benefit thousands of New Yorkers who are currently locked out of affordable housing opportunities due to a low credit score stemming from systemic economic challenges. Ideally, this policy would be implemented in conjunction with current policies that provide free financial counseling to New Yorkers, which can identify and correct other credit and financial issues to support long-term housing stability.

The proposal relies on both executive and legislative changes to rules and practices, utilizing existing agency capacity, such as HPD for compliance, and the Department of Consumer and Worker Protection (DCWP) for financial counseling services.

Mayor Mamdani can issue an Executive Order (EO) directing HPD and other relevant agencies to immediately cease the use of credit scores, credit reports, and related disqualifying criteria for all City-owned, City-financed, or City-regulated affordable housing units (e.g., lottery buildings). The EO should expand the existing HPD tenant selection criteria to specifically remove existing barriers such as the 12-month bankruptcy and the \$5,000 unsatisfied delinquency thresholds.

For privately owned housing stock with no relevant City nexus, the City Council must pass legislation amending the NYC Administrative Code to prohibit landlords, brokers, and management companies from using credit scores, credit checks, or specified adverse credit history (like non-housing-related bankruptcies or delinquent debt) as a determining factor in evaluating all prospective tenants for any rental unit in NYC, regardless of City funding. This would make the ban permanent and comprehensive.

No new budgetary action would be needed given that, after negligible costs associated with initial adoption of the EO, ongoing efforts would be already covered by existing compliance and financial counseling work by HPD and DCWP, respectively.

Examples of Past Success and Measuring Future Success

New York City already prohibits certain uses of credit reports for housing and has limited protections in place, making this an expansion of existing policy. For example, landlords cannot reject applicants for lack of credit history or solely based on credit score. Additionally, credit checks are not permitted for voucher holders, homeless referrals, or clients in process for project-based subsidy or supportive units.⁴

Other municipalities have already taken similar steps. Seattle, Washington, has a "Fair Chance Housing" ordinance that restricts the use of eviction history and criminal records, and has debated restricting the use of credit scores in rental applications—showing local jurisdictions' capability to regulate tenant screening.⁵ Minneapolis, Minnesota, passed an ordinance prohibiting landlords from using credit score or lack of credit history for housing applications, classifying it as discriminatory.⁶

Once the above executive and legislative steps are taken, their effects can be measured in several meaningful ways:

- **Increase in the rate of successful housing placements** for applicants (especially Black and Latino households) who were previously denied due to credit-related issues in HPD-regulated lotteries.
- **Decrease in the number of appeals/denials** citing credit history, bankruptcies, or high delinquent debt in HPD lottery buildings.
- **Change in the demographic composition of new tenants** in affordable housing lotteries, specifically monitoring the housing rate for Black and Latino families.
- **Decrease in the volume of complaints** filed with the NYC Commission on Human Rights related to credit-based housing discrimination after the legislative ban.
- **Increase in satisfaction** with the clarity and accessibility of the housing lottery communication (specifically related to preferred language and credit alternatives).

Rent Stabilization for Households in City-Subsidized Housing

The City can stabilize housing costs for LMI households who are already housed but stuck in a cycle of subsidy dependence and unable to afford market-rate rental housing by transitioning subsidized housing rent structures from a rigid “30 percent of income” model to a Tiered Rent Model. Under a Tiered Rent Model, households pay a fixed rent based on their income tiers, rather than paying a percentage of their income. This would enable the City to cap rent increases by moving toward a recertification cycle for Section 8 residents that takes place every three years: whereas currently residents must annually recertify and see their rent increase as their income increases, under a Tiered Rent Model with less frequent recertifications, residents’ rent would only increase if their income increases into a higher tier. In adopting a Tiered Rent Model with less frequent recertifications, the City will eliminate the “upward mobility tax” that currently penalizes working-class families for earning more, and empower tenants to grow and prosper in their communities.

At the federal level, The U.S. Department of Housing and Urban Development’s (HUD) Moving to Work (MTW) program aims to improve the metrics of rent subsidy programs with the following objectives of reducing costs and achieving greater cost effectiveness, providing incentive for families toward self-sufficiency, and increasing housing choice options to LMI families. The program gives public housing agencies the power to design their own alternate rent policies.⁷ Under this program, NYCHA can use its federal block grant more flexibly to cover

any rent gap caused by the three-year freeze. Because the 30 percent rule is mandated by the federal Brooke Amendment, the Mayor must utilize NYC's status as an MTW agency to apply for HUD Waivers; these waivers would allow the City to opt out of standard rent math to test this Tiered Rent Model.

The City can use a set of executive and legislative actions to ensure that subsidized housing residents are not penalized for any upward mobility they experience. At the City level, the Streamlining Procedures to Expedite Equitable Development (SPEED) Task Force—an interagency group that identifies policies and procedures affecting affordable housing and recommends strategies for streamlining those processes⁸—provides an opportunity to expedite and improve the process of affordable housing working alongside Mayoral and City agencies. The Mayor can use his authority over the SPEED Task Force to pilot the Tiered Rent Model on City-funded projects immediately and can issue a Mayoral Directive to HPD to adopt the pilot's three-year recertification for all new lottery buildings. Down the road, the NYC Council would need to pass a local law to make these changes permanent.

Although these proposals would reduce the City's rental income, these savings paired with increased housing security for New Yorkers would meaningfully offset losses. For example, moving away from annual income recertifications would save the City thousands of staff hours, reducing agency operating costs and increasing efficiency. At the same time, eliminating two out of every three recertification audits would save the City millions in labor and mailing costs. NYCHA and HPD will see the impact of the rent-share portion being locked in three years.

Examples of Past Success and Measuring Future Success

Since 2023, the Tiered Rent Model has been launched in five municipalities (Houston, Akron, Charleston-Kanawha, Everett, and Washington County) using the tiered rent approach over six years, where it is estimated 17,000 households will enroll and participate in the trial period.⁹ Additionally, HUD is currently conducting a randomized controlled trial on 10 agencies in cities across the country, for which success metrics are currently being collected.¹⁰

New York City's Family Self-Sufficiency Program represents an alternate, but comparable, path to avoiding money lost to rental increases, putting NYCHA and HPD Section 8 Voucher Holders' incremental rent increases into escrow accounts for five years accessible upon graduation from the program where the average savings is well over \$6,000.¹¹ While participants still pay for rental increases under this program, the money is repurposed for economic mobility.

Internationally, Singapore’s Housing & Development Board uses a tiered subsidy model that allows residents to build home-equity savings while living in subsidized housing, though their model is more focused on ownership than rental caps.¹²

The City can measure the success of a Tiered Rent Model through existing and new data collection. HUD is currently tracking data on the Tiered Rent Model in five cities, measuring the following:

- Employment rates
- Savings growth
- Administrative cost savings

In addition to the above, the following additional metrics could be tracked through baseline survey and follow-up surveys to capture their financial situation to determine the efficacy of this approach:

- Debt reduction, demonstrating increased ability to pay other bills without the strain of increased housing costs
- Increased job promotion rates, demonstrating increased appetite for raises without the fear of corresponding rent increases
- Decreased tenant requests for “emergency resets” (a stopgap measure for households facing financial hardship), demonstrating increased financial stability and ability to make rent
- Increased number of families who voluntarily move into market-rate housing or homeownership, demonstrating increased savings, overall financial health, and long-term success of the housing program

Small-Dollar Emergency Loan Loss Reserve Fund

This policy directly supports housing stability for LMI New Yorkers by expanding access to emergency loans at affordable rates. Building on the proven model of Payday Alternative Loan products¹³—already successfully offered by many New York City credit unions—this proposal introduces a municipal backstop to mitigate risk for local credit unions and Community Development Financial Institutions (CDFIs) as they offer low-interest loans of up to \$2,500 to underbanked individuals. By covering a portion of potential defaults—up to 20 percent of the total loan pool—the City can unlock millions in private capital for residents who would otherwise be forced into the cycle of payday lending or high-interest debt during financial shocks.¹⁴

In short, by partnering with local credit unions and CDFIs and guaranteeing a portion of their loans to New Yorkers who otherwise would not qualify, the City can ensure access to affordable and safe emergency loans. Expanding access to low-cost consumer loans would provide more New Yorkers with the cash cushion needed to stay current on rental payments and other necessities in the event of a financial shock like an illness or interruption. This not only protects their housing stability, but also prevents them from turning to high-cost, predatory loans that further damage their cash flow, credit, and long-term housing prospects.

Interagency coordination is necessary for this proposal to work, as no single NYC agency has unilateral authority over consumer finance policy, fund capitalization, lender procurement, and compliance. At least three agencies or offices would play a central role.

First, the NYC Economic Development Corporation (EDC), the City's lead economic development agency, would be responsible for leading the work as a fund administrator, including structuring and administering the Loan Loss Reserve Fund, conducting the Request For Proposals (RFPs) for credit unions and CDFIs, contracting with lending partners, and potentially scaling the fund through private capital partnerships. The Mayor would be able to influence EDC members to take up this role through making appointments to the agency¹⁵ and as a result of City-provided funding.¹⁶

Second, assuming that the Mayor outlines the loan loss reserve program as a line item in the Preliminary Budget typically proposed in January, negotiations then take place with the City Council. If funding is ultimately approved, the Mayor's Office of Management and Budget (OMB), the City's chief financial agency, would then be responsible for allocating the funds for the Loan Loss Reserve Fund and providing a "Certificate to Proceed" for the funds to be released by any City agency. Funding for this program would most likely be allocated under the Expense Budget, which covers the City's operational expenses, as opposed to the Capital Budget, which focuses on infrastructure investments.¹⁷

Third, DCWP, the City's consumer consumer protection agency, could take on the role of setting, at the design stage, and enforcing, once operational, the consumer protection standards for lending partners (e.g., interest rates, fee limits, disclosure rules, and overall underwriting parameters). If DCWP is limited by resources and capacity, its role could be limited to advising EDC on how to incorporate these standards into the program.

Aspects of the proposal could be implemented immediately. First, Mayor Mamdani can issue an Executive Order to create the "Household Emergency Credit Loan Loss Reserve Initiative," designating the lead agencies (e.g., EDC) to implement it and set policy goals (e.g., the number of loans to be disbursed, neighborhoods or demographics to focus on). The EDC could then begin the RFP process. If using existing EDC funds already

appropriated, then a pilot could be launched. If not, the proposal would need to go through the budgetary approval process briefly summarized above. A pilot is the best option as it's quickest to implement. Under the Section 11.05 of the Master Contract between the City of New York and the EDC, if EDC has over \$7 million in extra unrestricted funds, the City can request the additional amount above that.¹⁸ A portion of these funds could then be dedicated for the loan loss reserve pilot. Assuming a 20 percent loan loss reserve ratio and an average loan size of \$1,000, a \$2 million reserve fund established could support approximately \$10 million in lending capacity—or roughly 10,000 small-dollar emergency loans. Impact metrics from this pilot could be considered statistically significant to make adjustments as needed and provide the data necessary for City Council to codify it into the budget down the line.

For ongoing impact, this proposal will require some sort of fiscal authorization, especially if this is meant to be a recurring line item in the City Budget. For the fastest launch, only City dollars should be used. The problem is local, the beneficiaries are City residents, and the Mayor can move fastest with municipal resources. In this situation, no federal or state permission is required as NYC has “Home Rule” authority over its fiscal matters. If the City cannot fully capitalize the fund, then federal Community Development Block Grants are the next best source of funds. These funds are often used for neighborhood stabilization, economic opportunity, and anti-poverty initiatives—goals that are squarely in line with this proposal. Once there is available data regarding program impact, conversations can take place to make the Loan Loss Reserve Fund permanent legislatively.

Examples of Past Success and Measuring Future Success

The expanded NYC Future Fund—which makes financing more accessible to small businesses across the city—serves as a recent example by the Mamdani Administration of how supporting CDFI lending unlocks more capital. The NYC Future Fund began as a pilot in 2025 run by the City's Department of Small Business Services, during which four businesses received \$1.2 million in small business loans. This year, the program relaunched with \$80 million and a mission to serve businesses citywide, with funding provided by OMB.¹⁹

Although impactful, this is not a novel approach. New York State already offers grant funds to CDFIs to facilitate lending to underserved individuals and small businesses,²⁰ and nationally, the Dodd-Frank Act established a Small Dollar Loan Program via the Treasury Department, providing grants to CDFIs for loan loss reserves.²¹

Success for New Yorkers can be measured in terms of:

- Percent of borrowers who successfully repay their loan
- On-time repayment rate
- Approvals by borough, zip code, income band, race, gender (equity metrics)
- Household stability, in terms of the percent of households who avoided predatory products, overdrafts, or high-interest credit cards; achieved a credit score increase after six months; or increased their household savings rate after six months

Success for the financial sustainability of the program and portfolio/capital-related measurements can be evaluated via:

- The portfolio loss ratio (between 10 and 15 percent can be considered stable)
- Capital velocity (i.e., how quickly funds are recycled, using industry benchmarks)

Conclusion

The levers that keep New Yorkers in poverty, without access to appropriate credit products, and without access to stable housing, do not act independently of one another, and that is why they require a multi-pronged approach. New York City has shown its commitment to increasing the supply via such plans as the City of Yes Housing Plan, but we need to make sure that the most vulnerable populations are not being left behind, and we can do that using targeted, high-impact interventions. It is entirely possible that the same household could benefit from all three of these interventions, which separately and together help create a more affordable, more equitable, and more prosperous New York City.

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LOWERING COSTS FOR SMALL BUSINESSES

REDIRECTING SUPPORT AND REFORMING
COMMERCIAL LEASING TO STRENGTHEN NEW YORK
CITY SMALL BUSINESSES



Lindsey Vigoda
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New York City small business owners are struggling to compete in an unfair market.

From bodegas and local coffee shops to home-based childcare facilities and independent locksmiths, New Yorkers rely on small businesses every day. Small businesses are the lifeblood of New York City, and they are part of what makes the City such a unique and special place. Notably, these businesses are just as important to their employees and our economy as they are to their customers. In fact, small businesses employ 50.2 percent of metro area workers and generate \$1 trillion in state revenue.¹

Concerningly, and despite their importance to the very fabric of our city, local small businesses are increasingly struggling under the weight of tariffs, inflation, healthcare costs, and commercial leasing prices and practices. And while these problems are felt by most small businesses day to day, they aren't the limit of their concerns. Unfair competition from Wall Street and from dominant corporations worldwide casts a shadow on many of the small businesses that have been in this city for decades, as everything from local grocers to drug stores are pushed out by chains, and specialty shops are overrun by big box stores.

"It doesn't feel like New York City wants to keep us here," said the owner of a small storefront in Tribeca at a recent roundtable hosted by Small Business Majority.

In the city of opportunity, the hard truth is that small businesses are lagging. A recent report found that small business growth in New York state has lagged behind the nation. Between 2001 and 2023, the number of small business firms grew 9.5 percent in New York compared to 14.2 percent in the rest of the nation, ranking twenty-second among states.² A 2025 report from the New York City Economic Development Corporation found that a mere 3,500 new businesses were started in New York City in the second quarter of 2025, the weakest quarter of new business formation in five years.³

Small businesses are also important as a collective because small business owners reflect the authentic diversity of New York: 23 percent are woman-owned and 26 percent are Black, Indigenous, People of Color (BIPOC)-owned. In contrast, large companies that the City is subsidizing are less than 4 percent and 3 percent woman- and BIPOC-owned, respectively.⁴ This is not only an issue of community development, but also one of economic equity. Small business owners need relief now.

As it stands, it's actually the largest corporations that receive the greatest share of city subsidies, tax breaks, and incentives. The City should audit these programs and ensure benefits are directed toward the smallest

businesses to help level the playing field. Additionally, high commercial rents in New York City remain a major barrier for small business owners. The City should incentivize landlords to offer longer leases and more equitable terms to independent, small businesses.

Conduct an Audit of City Subsidies in Order to Ensure Benefits Are Targeted Toward the Smallest Businesses

City leadership should address the decline in small business growth and prevent the erasure of small businesses from local communities by auditing current subsidies, tax breaks, and incentives and then direct them away from industry giants and toward local businesses.

In New York City, public funds meant to address affordability often wind up being used to subsidize corporate spending and power rather than invested in small business growth programs, such as commercial lending, job training, storefront accessibility and housing.

The 2026 New York State budget includes \$3.7 billion in new corporate subsidies.⁵ At the same time, independent research from across the political spectrum has consistently found that these incentives often fail to deliver meaningful economic benefits or a strong return on taxpayer investment, calling into question common claims about their effectiveness.⁶

The true cost of corporate subsidies, however, is not always clear. There is limited accessible data on the full fiscal impact of these tax breaks, including the amount of revenue forgone. Without full transparency, it is difficult to assess whether subsidized companies are meeting their commitments or whether these incentives effectively support economic development that benefits communities. Strengthening the collection and public availability of data, including which companies receive subsidies, the amounts awarded, the outcomes promised and whether those outcomes are achieved, would improve transparency and enable more informed evaluation.

The Mamdani Administration should direct the Department of Small Business Services, the New York City Economic Development Corporation (NYCEDC), the Office of Management and Budget, the Mayor's Office of Minority and Women-owned Business Enterprises, and the Department of Finance to work with the New York City Comptroller to conduct an audit of current city subsidies to ensure these benefits are targeted toward the smallest businesses rather than large corporations, helping to level the playing field. With the projected \$2.2 billion budget shortfall in FY 2026 and \$10.4 billion in FY 2027, New York City must close gaps in the budget by looking at who we are unnecessarily subsidizing, and commit to eliminating ineffective spending that does not bolster our local economy or support equitable economic development.⁷

Create Commercial Leasing Incentives for Landlords to Address the Affordability Crisis

Established small business owners are being priced out of commercial leases and lack basic protections. Currently, there are no protections against a landlord declining to renew a lease with minimal notice, and they're under no obligation to negotiate lease renewals in a fair, transparent, or good-faith manner.

With no vacancy tax on empty storefronts, there is no penalty for keeping properties vacant, leading to an estimated 12 percent storefront vacancy rate across New York City, and nearly 1 in 5 in Manhattan.⁸ What's worse, tax write-offs on vacant properties reduce the financial pressure to lease spaces, allowing landlords to wait for higher-paying national chains rather than leasing to small businesses. A state effort, S6804, which would impose a commercial vacancy tax on vacant or abandoned commercial storefronts, has faced steep opposition since 2019.⁹

When small businesses disappear and storefronts remain empty, jobs are lost, public safety declines and communities suffer.

Incentivizing Fair, Long-Term Leasing

With the aforementioned audit, the City should find ways to cut its subsidization of corporate power and further invest in our small business community. To level the playing field and to give small businesses a fighting chance, NYCEDC and New York City Industrial Development Agency (NYCIDA) must incentivize landlords to offer fairer, longer leases to independent businesses.

The City's existing Food Retail Expansion to Support Health (FRESH) program serves as a strong model for how this can be accomplished. The FRESH program brings healthy and affordable food options to under-resourced communities by using tax breaks to lower the costs of owning, leasing, developing, and renovating supermarket retail space. Zoning incentives are facilitated through the Department of City Planning, while tax incentives are administered by NYCEDC and NYCIDA.¹⁰ As a result of these incentives, more than 1.1 million square feet of supermarket space has been developed or renovated, and over 2,000 jobs have been created or retained—demonstrating how targeted incentives can achieve community-focused outcomes.¹¹

The City, through NYCEDC, NYCIDA, and the support from other agencies, should create a tax incentive for landlords who lease to locally owned small businesses on fair leasing terms and agree to a schedule of modest rent increases, similar to the FRESH program, particularly in certain targeted neighborhoods that are seeing

small business storefront decline. This initiative can begin as a pilot using existing NYCEDC/NYCIDA funds, however, savings identified through the proposed subsidy audit should be repurposed to support this effort. Redirecting existing economic development spending—rather than creating entirely new funding streams—offers a fiscally responsible path forward. The Administration can work with the City Council in the future to create dedicated, long-term funding, as needed. To further implement these strategies and create a fair real estate landscape for small businesses, the City can work with the New York State legislature to further authorize property tax-based incentives.

Outside of New York, we have seen similar efforts to stave off commercial evictions, with some cities providing commercial rent relief as part of their emergency small business assistance during the pandemic. For example, the City of Pittsburgh provided grants of up to \$3,000 to landlords who agreed to reduce rents for three to six months for commercial tenants.¹² San Francisco and Washington, D.C., have also implemented vacancy taxes on properties left empty for extended periods, discouraging prolonged vacancies.¹³

The steeply rising costs of this city are stifling small businesses in every way. Although this proposal will not fully resolve these challenges, it represents a meaningful step toward stabilizing small businesses and returning them to long-vacant storefronts.

Conclusion

Small businesses are the heartbeat of our city, but this heartbeat is rapidly fading. It only takes a quick walk around any neighborhood to see empty storefronts and corporate chains lining the street. By auditing and rebalancing corporate subsidies, tax breaks, and incentives, the City can ensure investments deliver meaningful economic returns—rather than primarily subsidising the City’s richest companies and CEOs. By addressing commercial leasing challenges, it can stabilize neighborhoods and reduce persistent storefront vacancies. These solutions, paired together, will not increase spending of our already-limited budget, but will use existing resources more effectively to support local economies. No single policy will fully resolve the pressures facing small businesses, but these actions represent a critical step toward a more equitable and sustainable economic future where small businesses can continue to grow, hire, and serve as the backbone of New York City’s communities.

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LOWERING COSTS BY OFFERING AN ALTERNATIVE ENERGY SUPPLIER

NYC CAN TAKE CHARGE OF ITS ELECTRICITY
SUPPLY

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New York can't meet climate and affordability goals without having control over its energy.

When it comes to shaping the cost and environmental impact of its energy service, New York City is at the mercy of its for-profit utility providers. In a 2025 inventory of the city's greenhouse gas emissions, over 70 percent resulted from use of electricity and fossil fuels in buildings.¹ The utilities providing this service—electricity and gas from Con Edison (ConEd) and gas from National Grid—operate as for-profit monopolies. Regulation of these utilities defaults to the state, leaving New York City a price and service taker for its energy needs.

The costs to New Yorkers of energy dependence are high: an average increase in electricity bills of 37 percent over the past five years.² Gas bills have been exploding, with average bills for ConEd customers rising 70 percent in five years and average gas bills for National Grid customers spiking 40 percent in the past 12 months alone.^{3,4} Over 12 percent of the cost of a ConEd bill covers the utility's profits alone. New Yorkers pay the equivalent of an extra month-and-a-half of electricity use, or \$178 per year, for a profit margin that exceeds what financial analysts consider fair.^{5,6} The consequences of these high charges are severe, with 3.6 million state residents receiving a final notice of gas shutoff and 5 million receiving a final notice of electricity shutoff in 2024.⁷

The City can't run on clean, affordable energy under the status quo.

New York can increase leverage over its climate and energy future with community energy supply.

New York City should seriously investigate a community choice program, starting by revisiting its 2022 study of three pathways for implementation and intervening in the New York State Department of Public Service program review.⁸ Nearly every U.S. city that has reached 100 percent renewable electricity did so through public power or a community choice program, not through electricity supplied by an investor-owned utility such as ConEd.⁹ Additionally, community choice programs have typically provided lower cost electricity to consumers than other supply options.

Community choice programs allow cities to select the electricity supply for residential and small business customers. By aggregating individual users' demand and contracting for electricity from companies other than major suppliers like ConEd, community choice programs are a powerful tool for increasing clean energy supply and for negotiating favorable prices.¹⁰ California has 25 community choice programs serving roughly 15 million customers.¹¹ Massachusetts, Illinois, and New Jersey also have meaningful programs serving millions of electric customers.¹²

Community choice programs in New York State are authorized and regulated by the New York State Department of Public Service, which has approved seven administrators to offer power to municipalities in the state that establish a program.¹³ Individual residents and businesses of a municipality that adopts a community choice program may opt out of receiving their power through the program.

Like programs in other states, New York's Westchester Power delivered a greater clean energy supply to over a dozen communities in Westchester County, and with more stable month-to-month prices than the incumbent utility.¹⁴ Programs in California (Marin Clean Energy, East Bay Community Energy) and Ohio (SOPEC in the city of Athens) have used aggregated revenue to fund local solar on public buildings, procure solar from local projects, and invest revenues into local economic development projects.¹⁵ Due to its large population, even a single borough of NYC would have more purchasing power and leverage than the entire Westchester Power program.

Evidence suggests that well-designed community choice programs can provide more affordable and stable electricity to consumers than default grid supply options. Crucial considerations include:

- **Addressing limitations of the existing community choice program.** Two-year contract cycles caused Westchester Power to sign overly expensive supply contracts for its 2023–24 program years, due

to supply price spikes caused by the Ukraine invasion by Russia.¹⁶ New York City will need to work with state regulators to improve program design to avoid similar problems of timing and short-term contracting. (Note: California's community choice program allows for longer-term supply contracts.¹⁷)

- **Buying local, buying renewable.** New York City should leverage its purchasing power to secure electricity from local renewable sources that would insulate consumers from price volatility due to fossil fuel supply. Buying direct from renewable energy suppliers would avoid the issue that plagued Westchester Power, which had purchased unbundled renewable energy credits that didn't provide insulation from wholesale grid power prices. Purchasing from local sources will also have spillover community benefits, as shown with the Sunset Park Community Solar project.¹⁸
- **Purchase power through demand reductions.** Often the least expensive electricity supply is from reduced consumption. Work with the New York State Department of Public Service to ensure New York's community choice program can pursue solutions that reduce demand, from energy efficiency to battery storage.
- **Phased rollout.** With separate boroughs, New York has an opportunity to learn as it goes, phasing in adoption across the boroughs.

Pursuing community choice energy would be a multiyear effort that could begin immediately. It would be led by the Mayor's Office of Climate and Environmental Justice (MOCEJ), but would require interagency coordination. City Council would have to pass enabling legislation to formally adopt a program, potentially with support from the Law Department to draft the legislation. Success depends on the New York State Department of Public Service preserving the program. Likely first steps would include:

- The Mayor directs MOCEJ to initiate pursuit of a community choice energy program, with two key elements:
 - Coordinate intervention in the New York State Department of Public Service program review, indicating the City's interest in the continued availability of the program
 - Develop a refresh of the 2022 feasibility study, adapted to the new regulatory environment and to account for changes in clean energy deployment costs (estimated cost of \$300,000)
- MOCEJ provides a formal recommendation to the Mayor and City Council to proceed

Implementation of the program would likely involve several other City departments, including advice from the Department of Citywide Administrative Services, which handles procurement of energy for municipal properties, the Office of Management and Budget to approve startup funding (although funds come via supplier fees), and the Department of Consumer and Worker Protection, which would be responsible for aiding in compliance with state rules for community choice program disclosure and consumer protection.

Key measures of success for community choice implementation include:

- **Affordability:** Can the program deliver equivalent or lower energy costs, with better price stability. Do benefits disproportionately benefit low-income consumers?
- **Clean energy and self-reliance:** Can the program deliver a greater supply of renewable energy, procured in a way that multiplies the benefits (e.g. local economic development, closing NYC fossil fuel power plants)?
- **Popularity:** Do opt-out rates remain low?
- **Program execution:** Are opt-out rates (lower = better outreach), customer complaints to the Public Service Commission, and bill costs and renewable energy content shown in City regulatory compliance findings trending in the right direction?

Conclusion

Community choice energy is a proven approach to giving the city more control over its energy future, with an opportunity to address affordability, clean energy, and the multiplier benefits of seeking local resources to meet energy demands. With a concerted effort, the city could work with state regulators to address issues with past implementation and shape a local program that meets the city's climate and affordability needs. Under the status quo, New York City residents and small businesses are at the mercy of for-profit utility companies. With community choice, the city can give them a more local and accountable service.

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LOWERING COSTS OF HOMEOWNERS INSURANCE

PUBLIC HOMEOWNERS INSURANCE

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Homeowners and renters insurance in New York is too expensive.

Homeowners insurance premiums are rising due to climate change. But instead of mitigating that cost, the industry is passing it on to customers with even more margin than necessary. This form of climate profiteering contributes to the broader affordability crisis and discourages wealth-building through homeownership. In New York State alone, homeowners insurance premiums rose from \$5.7 billion per year in 2020 to \$7.9 billion in 2024, a five-year increase of 39 percent, which is over triple the speed of inflation during that same period.¹

The best way to determine whether insurance is over-priced is by looking at what is known as the insurer's loss ratio, which is the ratio between claims paid and premiums collected. A 60 percent loss ratio means, for example, that the insurer pays \$0.60 in claims for every dollar collected in premiums. A higher loss-ratio is good, as it reflects a cheaper premium relative to the risk covered.

The loss ratio in New York State for homeowners insurance, averaged over five years, is just 49.93 percent.² This means that only \$0.50 for every dollar paid by New Yorkers is paid out in claims, with insurers using the remaining \$0.50 as returns to investors and overhead. This loss ratio is the seventh-lowest in the nation (which also has too low an average—67.66 percent over five years).³

New York State spent \$7.9 billion in homeowners insurance premiums in 2024.⁴ The difference between a 50 percent loss ratio and a more reasonable 75 percent loss ratio represents about \$2 billion in excess costs to New Yorkers, and New York City homeowners bear a substantial percentage of that overall cost.

Expand NYC Public Insurance Program to homeowners and renters insurance.

New York City can expand the recently announced city insurance plan for owners of affordable apartment buildings into the homeowners and rental insurance market. This public insurer would be able to charge New Yorkers about 33 percent less than what the private market charges by earning lower profits and spending less in “selling expenses.” Eventually, the surplus fund could be used to finance public works and even generate returns for the city.

In April, New York City announced a new city-backed property and liability insurance program for landlords of affordable and rent-stabilized multi-family housing buildings.⁵ The insurance program will be managed by an interagency working group of housing agencies including the Economic Development Corporation, Housing Development Corporation, and Housing Preservation Development. The goal of that effort is to insure 20,000 units by next year and 100,000 units by 2030, with (1) cheaper rates that (2) nonetheless break-even so that the program is self-sustaining.

The City could use the same authorities, the same working group, and even the same program to expand into homeowners and renters insurance. The working group already has all of the relevant housing agencies, and the working group will learn operational lessons in launching an apartment insurance program that will be directly transferable to the homeowners insurance market. The City could even use the same actuarial firm.

In particular, a public option in homeowners insurance has tremendous promise due to the low loss ratios in the private market. Below is a chart itemizing how insurers spend New Yorkers’ \$7.9 billion in homeowners insurance premiums.⁶

Table 1. How Private Insurers Spend New Yorkers’ \$7.9 Billion in Homeowners Insurance Premiums

| Expense | Percent of Premium | Dollar Estimate (millions) |
|---------------------|--------------------|----------------------------|
| Losses | 50.0% | \$3,950 |
| Loss Adjust Expense | 6.4% | \$506 |
| General Expense | 4.3% | \$340 |
| Selling Expense | 20.8% | \$1,643 |
| Taxes/Licensing | 2.4% | \$190 |
| Underwriting Profit | 15.7% | \$1,240 |

By substantially reducing selling expenses (advertisements and agent commissions) and also by generating a thinner underwriting profit, the public insurer could offer premiums with a loss ratio of 75 percent or higher. Notably, the private industries in 12 states already have five-year average loss ratios above 75 percent.⁷

Every insurer builds a surplus fund (which it invests to generate additional funds) to be used to cover losses when the premiums from a year cannot cover the losses from that year. At first, the City should invest the surplus fund to balance risk and returns, being mindful not to overpay financial managers in the process. But once the surplus fund has reached a healthy and safe size, the City can begin to consider using portions of the fund to finance affordable housing, invest in climate risk mitigation, and other projects. It could even begin taking “dividends” to supplement the City’s budget.

This proposal is unique in certain respects, but not a radical shift from existing norms throughout the country. For example, states across the country run property insurance programs, often called FAIR plans, which operate as residual insurers of last resort that insure customers that the private insurance industry won’t cover. These entities are structured in various ways—often funded by the private industry and run by representatives from the industry, but not always. For example, Florida Citizens is a publicly run insurer, operated by the state. In fact, until the state sabotaged the plan by “depopulating” it in 2025, it was the largest homeowners insurer in the state, had a healthy surplus of \$4.8 billion, operated in the open market and not just as an insurer-of-last-resort, charged customers 20 percent less than the private market, and received high marks for customer satisfaction.⁸

There are three main lessons one can learn from comparing the FAIR plan in Florida (before it was depopulated) to other plans like that in California, which have fared less well. First, it is important to make sure the public insurer does not operate on a “cash-in, cash-out” basis. In other words, the insurer should keep the returns it generates in good years in its own surplus fund, unlike California’s FAIR plan, which often distributes the plan’s excess funds in good years back to the private insurers who run the plan.⁹ Second, it is important to make sure that insurance industry representatives, who have conflicting incentives, are not in charge of running the program. This can be accomplished by either making the plan a nonprofit with independent leadership or by making it a municipal entity. Third, the plan should cover the same risks that the private market does (or more), and should not be limited to only high-risk customers that the private market will not insure. Doing so can lead to something called “cream skimming,” where private insurers off-load high-risk customers to the public plan, but keep all the low-risk customers, which would result in even lower loss ratios for the privates and higher loss ratios for the public plan.

Lastly, one risk of establishing a cheaper public insurance plan by reducing selling expenses is that the public will have low awareness, and therefore, low uptake in the plan. Especially because the public insurer will not pay insurance agent commissions to obtain referrals, the City should be sure to prioritize publicity and public awareness campaigns. The plan may need to balance the interest in keeping costs low with the benefits of creating early brand awareness in the first years of operation.

Conclusion

New York City is already starting a public option insurer for affordable housing landlords. Given how much homeowners and renters insurance is overpriced in the state, the City should consider expanding that plan to compete openly in the homeowners and renters insurance markets. Doing so could save its residents hundreds of millions of dollars and generate revenue for the city.

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