

ELEVATED COSTS AND INCREASED RISK CONTINUE TO THREATEN HOUSING AFFORDABILITY

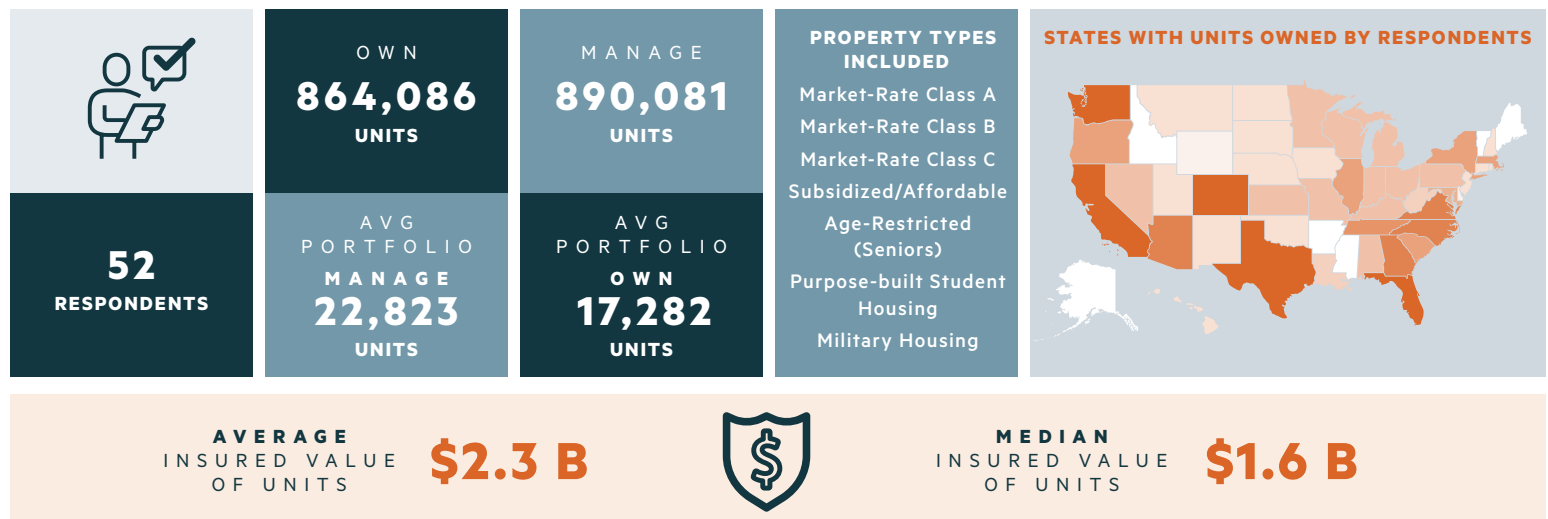
Increasing rental housing operating costs have further exacerbated an already serious affordability housing crisis in the U.S. In recent years, insurance costs have ballooned, putting added financial pressure on housing providers and renters alike.

While levels remain elevated, **NMHC's 2024 State of Multifamily Risk Report** finds that 2024 brought some stabilization to the property insurance market—marking the first decline in rates since 2017 after 27 consecutive quarters of growth.

The report provides analysis and discussion that combines quantitative results from a NMHC membership survey with insurance industry expertise. It builds on previous findings that indicated premium increases were a result of a multitude of factors, including increased replacement cost valuation and limited capacity within the reinsurance market.

Liability insurance continues to face significant headwinds, with rising litigation costs, nuclear verdicts, and a shrinking pool of guaranteed cost/zero deductible programs driving premium increases and forcing multifamily owners to adapt to a challenging environment.

> ABOUT THE DATA



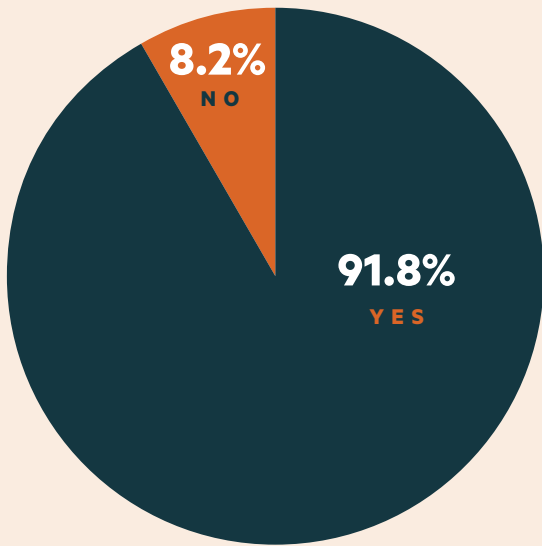
> MAIN FACTORS SHAPING THE MULTIFAMILY INSURANCE MARKET



> THE IMPACT ON HOUSING PROVIDERS

Multifamily Operators Remain Exposed to Future Volatility

Does your program include assets in
catastrophe-exposed states (i.e., CA, TX, FL, LA, CO)?



Were you impacted by any of
these **freeze events**?

56% YES
44% NO



Were you impacted by any of
these **named storms**?

56% YES
44% NO



FREEZE EVENTS



- Texas Freeze, Winter Storm Uri 2021
- Winter Storm Elliott 2022
- February Freeze 2023
- January Freeze 2024

NAMED STORMS



- Hurricane Harvey 2017
- Hurricane Irma 2017
- Maria 2017
- Hurricane Florence 2018
- Hurricane Michael 2018
- Hurricane Dorian 2019
- Hurricane Laura 2020
- Hurricane Ida 2021
- Hurricane Ian 2022
- Hurricane Nicole 2022
- Hurricane Idalia 2023

> THE POLICY RESPONSE

WHAT WE'RE FACING:

The current confluence of high interest rates, increasing costs and an expanding need for affordable and attainable housing underscores the important role of policy solutions.

Policymakers should have a clear understanding of insurance market challenges and their impact on housing affordability as they address these various challenges.

POLICYMAKERS SHOULD:



Find ways to incentivize a more robust insurance and reinsurance market so multifamily firms can access affordable, attainable, quality coverage lines.



Reform and provide a long-term reauthorization of the National Flood Insurance Program so rental housing communities can mitigate the financial and property risk from flooding events.

THE BOTTOM LINE:

A more stable insurance market will help keep costs manageable, which will help make rents more affordable.

