

Curbing the Insurance Spiral

Policy and Practitioner Strategies to Help Stabilize Multifamily Affordable Housing

Affordable housing owners and operators are facing a fundamental shift in how insurance is priced, structured, and accessed. This is not a short-term market cycle — it is a structural change driven by inflation, extreme weather, litigation, and insurer retreat. Without action, rising insurance costs threaten property operations, long-term affordability, and the production of homes nationwide.

The insurance crisis looms as affordable housing faces an unprecedented convergence of challenges. Rising interest rates, escalating construction and operating costs, workforce shortages, weather-driven disasters, and cuts to public programs imperil the nation's affordable housing and potentially millions of Americans from coast to coast.

Curbing the Insurance Spiral, a new report from Enterprise, examines the insurance crisis and offers concrete, actionable pathways forward.

Recommendations, guidance, and tools are shared across the report's two toolkits — one geared toward housing providers and a second toolkit focused on state and federal policymakers.

Download the Report:

enterprisecommunity.org/curb-insurance

“When premiums rise this sharply, providers are forced into impossible choices — deferring maintenance, cutting resident services, raising rents, or selling the properties.”

—SHAUN DONOVAN, CEO
ENTERPRISE COMMUNITY PARTNERS



The Scale of the Challenge

The insurance environment for affordable housing has fundamentally changed. These forces represent a challenge of historic proportions for a sector already under extraordinary strain.

- **Premiums increase at unprecedented rates**
 - o Nearly one-third of affordable housing providers experienced insurance increases of 25% or more in a single year
 - o In some markets, premiums have increased by 50% to 500% over just a few years
 - o Stakeholders say these increases have plateaued, but rates remain unaffordable and unsustainable for many affordable housing providers
- **Coverage is shrinking even as costs rise**
 - o Higher deductibles, lower sub limits, new exclusions, and non renewals are increasingly common
 - o Insurers are exiting entire regions and lines of multifamily coverage, reducing competition
- **Extreme weather and natural disasters are accelerating losses**
 - o Floods, hurricanes, wildfires, and severe storms are occurring more frequently and affecting every U.S. state
 - o Reinsurance markets are contracting, pushing costs and risk onto housing owners and operators
- **Affordable housing is uniquely vulnerable**
 - o Fixed or capped rents limit the ability to absorb sudden cost increases
 - o Older building stock and high-risk locations raise exposure, while misperceptions about affordable housing risk continue to inflate pricing

A Solutions-Driven Response

Despite the scale and urgency of the crisis, the report makes clear that solutions exist — and require a coordinated and sustained response.

Key Actions for Housing Owners and Operators

Housing owners and operators are moving from passive insurance purchasing to active risk management.

- **Formalize risk management**
 - o Establish centralized risk management functions or shared resources
 - o Track total cost of risk, not just premiums
- **Invest in prevention and resilience**
 - o Fire suppression, roof replacement, drainage improvements, system upgrades, etc.
 - o Document improvements clearly to insurers and lenders
- **Use better data**
 - o Maintain accurate property values, loss histories, and maintenance records
 - o Communicate risk-reducing actions proactively to underwriters
- **Match solutions to scale**
 - o Smaller providers: pooled purchasing, shared services, basic mitigation investments
 - o Larger portfolios: higher deductibles, aggregate structures, alternative risk financing



New Insurance Structures

Emerging tools are designed to meet the needs of affordable housing in high-risk, volatile markets.

- **Insurance pools and captives**
 - o Allow multiple providers to share risk, stabilize pricing, and regain leverage
 - o Already covering tens of thousands of affordable homes nationally
- **Higher and aggregate deductibles**
 - o Trade manageable retained risk for lower premiums and greater predictability
- **Tenant legal liability programs**
 - o Reduce frequent, smaller claims that drive premium increases

Federal and State Policy Actions

The scale of this crisis exceeds what individual owners or markets can absorb. Public sector leadership is critical.

- **Bring insurers back into the market**
 - o Increase competition through regulatory flexibility and smart incentives
- **Reward risk reduction**
 - o Tie insurance pricing directly to verified resilience and safety investments
- **Modernize lending and underwriting rules**
 - o Align Fannie Mae, Freddie Mac, and other lender requirements with real market conditions
- **Create public backstops**
 - o Federal or state reinsurance mechanisms to stabilize catastrophic risk
- **Increase transparency**
 - o Clearer explanations for rate increases, exclusions, and coverage decisions

What Matters Now

The insurance crisis represents a moment of opportunity for the affordable housing sector. Effective, coordinated action will strengthen risk management across the industry; create fairer, more transparent insurance markets; and protect and expand access to long-term affordability for millions of households. The tools are within reach.

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