

Infinity Lounge:
Scaling the Next Generation of
Innovative Finance Solutions

PASS THE BOND ACT, THEN DO MORE FUNDING SOLUTIONS FOR RESILIENCE IN NEW YORK STATE

Background

Climate change is not abstract for our region. More than one million people across New York and New Jersey live at risk of flooding today. Yet, eight years after Hurricane Sandy, we are still unprepared. What is at stake? Your home, your business, your school, your park, your neighborhood, and your way of life. Delaying action is not an option. Now is the time to address the greatest threat to our region's future.

The Rise to Resilience campaign is today's roadmap for a more resilient tomorrow. Together we can build resilience, support our communities and economy and create a more equitable and just region.

Please join us at rise2resilience.org.

Issue overview

Climate change is here and we're already paying for it. In 2012, Hurricane Sandy alone caused over \$32 billion of damages to New York State. Over the last 10 years, every county in New York State has been impacted by severe storms and flooding, tropical storms or hurricanes. More than half were affected by five or more disaster events. The cost of inaction in New York State could be at least \$55 billion over the next decade, with property value damages increasing to \$100 billion.^{2,3,4}

The planning, management and implementation of flood risk reduction is a critical function for which there is no dedicated source of funding.

¹ Regional Plan Association. 2017. [Establish A Regional Coastal Commission. Fourth Regional Plan.](#)

² Chester, Amy. 2019. [Resilient Infrastructure for New York State. Rebuild by Design.](#)

³ Rosenzweig, Cynthia et al., Eds. 2011. Responding to Climate Change in New York State. Technical Report, New York State Energy Research and Development Authority.

⁴ Union of Concerned Scientists. 2018. 2.5 Million Homes, Businesses Totaling \$1 Trillion Threatened by High Tide Flooding. Study Finds Coastal Municipalities May Lose Huge Sums in Property Tax Revenue

ACTION:
Leverage the New York State 2020 Environmental Bond Act as a \$3 billion down payment for statewide resilience investments

The Environmental Bond Act of 2020, passed by the state legislature in March 2020—and pending ratification by voters in November 2020—is a critical first step for establishing reliable, long-term funding for resilience in New York State. Investing in resilience measures can reap returns of 6:1, prevent downgrades in bond ratings and result in multiple benefits, from reducing personal risk to improving infrastructure operation and efficiency, creating jobs, cleaning air and water, and improving habitat and ecological health.^{5,6} Rise to Resilience supports the passage of the Bond Act, with an emphasis on ensuring that funds are invested proportionally to risk and meeting the critical needs of frontline communities, many of which are in New York City.

ACTION:
Pass legislation establishing a New York State Resilient Infrastructure Fund

Building upon the Bond Act to develop a long-term funding source for resilient infrastructure and passing legislation creating a Resilient Infrastructure Fund, as proposed by the organization and Rise to Resilience coalition member Rebuild by Design, is a critical next step. A small surcharge on certain types of property and casualty insurance of 2% with bond leveraging could capitalize between \$16-21 billion in New York over 10 years.⁷

Such a fund would:

- > **Reduce our risk of disastrous impacts from the climate crisis**
- > **Save the government and taxpayers money**
- > **Create 300,000 jobs for \$10 billion invested⁸**
- > **Prioritize investments in frontline communities, those most physically and socially vulnerable to the impacts of climate change⁹**
- > **Prioritize natural and nature-based approaches**

Projects funded through this mechanism would be developed through 1) risk assessment and planning to ensure community understanding of risks and interdependencies of infrastructure, ecological and social systems; 2) a comprehensive planning and design process with communities to develop flood risk reduction projects; and 3) implementation and monitoring of infrastructure projects, as well as a buyout and floodplain restoration program. This process could build upon the infrastructure of the Climate Smart Communities program. State-level funds are critical to an equitable and comprehensive approach to preparing for the increasing risks we face tomorrow.

ACTION:
Commit to capital offshore wind investments in 2020

NYSDOT, the Department of Transportation and Empire State Development should initiate a competitive process (delayed since first announced in 2019) to award \$200 million in 2020 in public investments into offshore wind port infrastructure. This investment is part of the CLCPA and will upgrade existing port infrastructure to prepare domestic manufacturing and construction capabilities for the heavy parts of the offshore structures. The investments will also help ensure that port sites are resilient to future storms and sea level rise. These investments in the state's first two major projects will be a critical ingredient in realizing the potential long-term economic benefits to the state from the regional development of offshore wind.

⁵ National Institute of Building Sciences. 2018. [Natural Hazard Mitigation Saves](#).

⁶ Wertz, M; E Hoffman; L Jones; K Okuji. 2019. Local government - US: Cities' heightened focus on mitigating climate risk is credit positive. Moody's Investors Service, Sector In-Depth.

⁷ Estimated by J Keenan. 2017. Regional Resilience Trust Funds: An Exploratory Analysis for the New York Metropolitan Region. Environment Systems and Decisions, and further estimated through indicative analysis conducted by an underwriter of municipal debt, using National Association of Insurance Commissioners data. Estimates are for net revenue for a 2% surcharge, annual bond issue and, at the higher-end, pay-as-you-go capital, and would need to be further refined to exempt workers comp and medical malpractice coverage.

⁸ Chester, Resilient Infrastructure and AECOM. 2019.

⁹ Investments should be justly distributed by learning from tools that incorporate existing pollution exposure and burden such as California's [CalEnviroScreen](#) and those that focus on social vulnerability to natural hazards, such as the social vulnerability indices developed by the [Centers for Disease Control and Prevention](#) and the [Hazards and Vulnerability Research Institute at the University of South Carolina](#).