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# City Council Legislation re: Reducing Greenhouse Gas Emissions



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New York City has enacted groundbreaking climate legislation (the Climate Mobilization Act) that will require medium to large sized privately owned buildings in NYC to reduce greenhouse gas emissions. It puts New York City at the forefront of greenhouse gas reduction emissions. In response, we have put together our NYC Climate Mobilization Task Force to address client needs in becoming compliant with the new rules. Since we are fielding so many questions, we have put together the following Q&A.

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### **What is the goal of the legislation?**

To reduce citywide greenhouse gas emissions by 40% by 2030 and by 80% by 2050, as measured against a 2005 base year.

### **What is the crux of the legislation?**

Certain buildings may not exceed annual building emissions limits set forth in the legislation as determined by the occupancy group of the building.

### **Who is affected by the legislation?**

Owners of:

- (1) buildings larger than 25,000 gross square feet;
- (2) 2 or more buildings on the same tax lot together exceeding 50,000 gross square feet; or
- (3) 2 or more buildings held in condo form, governed by the same board of managers, together exceeding 50,000 gross square feet.

### **What buildings are exempt from the legislation?**

- Buildings with at least 1 rent-regulated unit
- Buildings owned by a religious corporation used exclusively as a house of worship
- City owned buildings
- Housing development or building on land owned by NYCHA
- Industrial facilities primarily used to generate electric power or steam
- Residential buildings, no higher than 3-stories, for which each individual dwelling unit owner owns and is responsible for the HVAC & hot water heating system and no HVAC or hot water heating system in the series serves more than 2 dwelling units
- HDfC owned Article XI properties

### When do buildings need to begin complying?

The first year in which compliance is required is the 2024 calendar year. A compliance report is due by May 1, 2025 and must be certified by a PE stating whether the building is in compliance.

### How are the annual building emissions limits determined?

The formula is:

$$[\textit{building emissions intensity}] * [\textit{gross floor area (SF)}] = \textit{annual building emissions limit}$$

Definitions:

$$\textit{Building emissions intensity} = \frac{\textit{building emissions}}{\textit{gross square footage}}$$

*Building emissions* =

Electricity:	0.000288962 tCO <sub>2</sub> e per kilowatt hour
Natural Gas:	0.00005311 tCO <sub>2</sub> e per kbtu
#2 Fuel Oil:	0.00007421 tCO <sub>2</sub> e per kbtu
#4 Fuel Oil:	0.00007529 tCO <sub>2</sub> e per kbtu
District steam:	0.00004493 tCO <sub>2</sub> e per kbtu

### What are alternative compliance methods?

An owner can utilize the following “deductions” from the annual building emissions limit to reduce its obligations:

1. Purchase of renewable energy credit
2. Purchase of greenhouse gas offsets
3. Use of clean distributed energy resource located on-site

### Is it possible to get an adjustment of the annual building emissions limit?

If your building was in existence as of the law’s effective date, or a permit for construction of your building was issued prior to the effective date, you may be eligible for an adjustment if one of the following applies:

- The cost of capital improvements would prevent a reasonable financial return
- Your building is on the tax lien sale list due to unpaid property taxes/water/sewer or unpaid HPD emergency repairs
- Your building is subject to a not-for-profit exemption
- Your building is designated as a landmark, landmark site, interior landmark or within a historic district and capital improvements are needed to comply with the limit

- You cannot make necessary capital improvements because you cannot access energy infrastructure due to space constraints or it is an area covered by a lease in existence on the law's effective date
- Excess building emissions is attributable to special circumstances related to the use of the building, such as:
  - 24 hour operations
  - High density occupation
  - Energy intensive communications technologies or operations
  - Energy intensive industrial processes
  - Operations critical to human health and safety

### **What penalties are there if I am in non-compliance of the annual building emissions limit?**

#### **The formula is:**

*[Reported building emissions – annual building emissions limit] \* \$268.*

### **What if I miss the compliance report submission deadline?**

There is a 60 day grace period. After that, the financial penalty for failure to file a report is \$0.50 multiplied by the total gross square footage per month for each month the report isn't filed.

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### **If you have any questions regarding how your properties will be affected, please contact the leaders of the D&S Climate Mobilization Task Force:**

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