



# Local Law 97 – Building Emissions Limits

## Executive Summary

Local Law 97 of 2019, as amended by Local Law 147 of 2019 and Local Law 95 of 2020 (the “Law”) designates **annual building emissions intensity limits** which cap the amount of greenhouse gas emissions large buildings in New York City can produce. Buildings covered by the law will be required to report their greenhouse gas emissions intensity to the City for 2024 and every subsequent year. Starting in 2025, penalties will be assessed for exceeding a building’s emissions intensity limit for the prior year. These penalties are intended to be costlier than renovating the building to emit less. [Read Local Law 97](#).

## Overview

Under the Law, emissions are described in metric tons of carbon dioxide equivalent (tCO<sub>2</sub>e). Building emissions intensity is a measure of building emissions per square foot of building area (tCO<sub>2</sub>e/sf). Buildings’ emissions intensity limits will be calculated based on their occupancy types and fuel sources. Penalties of \$268 per tCO<sub>2</sub>e will be assessed for buildings that exceed their building emissions intensity limit. Visit the NYC Accelerator online to access the Local Law 97 Emissions Calculator and other resources: <https://www1.nyc.gov/site/nycaccelerator/index.page>. For additional information, visit the Urban Green Council online (<https://www.urbangreencouncil.org/content/projects/all-about-local-law-97>).

### What is covered

- Any building in New York City that exceeds 25,000 square feet
- Two or more buildings on the same tax lot that together exceed 50,000 square feet
- Two or more buildings held in condominium ownership that are governed by the same board of managers and that together exceed 50,000 square feet

### What isn’t covered

- Power generating facilities
- City-owned property
- New York City Housing Authority property
- Property owned by a Housing Development Fund Corporation
- Dedicated places of worship
- Certain types of condominiums of no more than three stories, as described in the Law

## Mechanics

Building emissions intensity limits will be calculated based on each calendar year’s twelve months of utility data, so buildings that are already subject to New York City’s benchmarking law ([Local Law 84](#) of 2009) will be familiar with the reporting obligations under Local Law 97.

## Compliance Dates

- **(2024 – 2029)** An estimated 25% of covered buildings must reduce energy consumption to meet annual building emissions intensity limits established in 2024.
- **(2030 – 2034)** An estimated 75% of covered buildings must reduce energy consumption to meet the stricter limits established in 2030. The annual building emissions limits align with the City’s goal of reducing greenhouse gas emissions citywide 40% by 2030.
- **(Future dates)** No later than January 1, 2023, the City will establish annual building emissions intensity limits applicable for subsequent years.



## Annual report (certified by a registered design professional)

- The annual reporting deadline will be May 1 (buildings must report for 2024 by May 1, 2025).
- The building owner must file a report indicating that their building was either (1) in compliance with the applicable building emissions limit, or (2) not in compliance with the applicable building emissions limit, and the amount by which the building exceeds such limit.

## Key Issues for Bankers

- An estimated 75% of buildings will face penalties by 2030, so such penalties and/or the cost of compliance with the law should be considered in mortgage underwriting.
- The Urban Green Council estimates a \$20 billion building renovation market opportunity.
- Banks could consider carbon trading opportunities among buildings in their loan portfolios.

## Affordable Housing Carveout

“**Rent regulated accommodation**” means a building in which more than 35% of dwelling units are regulated in accordance with the emergency tenant protection act of 1974, the rent stabilization law of 1969, or the local emergency housing rent control act of 1962. This covers buildings with regulatory agreements, subject to rent stabilization, and subject to rent control.

Rent regulated accommodations are exempt from annual building emissions intensity limits. Instead, they must implement, where feasible, a set of “prescriptive measures” by December 31, 2024. The prescriptive measures are designed to be low cost; please see the Law for the full list.

### Compliance Extension

Buildings with some portion of rent regulated dwelling units, but less than or equal to 35%, must comply with annual building emissions intensity limits by 2026.

## Carbon Credits & Carbon Trading

If a property is unable to meet building emissions intensity limits by reducing building emissions on site, the owner may purchase credits for renewable energy generated in or directly deliverable to New York City. Building owners may also reduce their building emissions intensity limit 10% by purchasing greenhouse gas offsets. Details on these proposals will be determined by City rulemaking.

Additionally, the Law requires the City to study the feasibility of a carbon trading scheme as a potential method of compliance with the annual building emissions limits. This study is currently underway (this document will be updated accordingly).

## PACE Financing

Local Law 96 of 2019 authorizes a sustainable energy loan program to help provide capital to the owners of covered buildings who will need to invest in renovation work. The sustainable energy loan program will utilize Property Assessed Clean Energy (PACE). PACE loans are funded by pre-qualified private lenders and repaid as a line item on the subject property’s tax bill. This structure often affords longer-term, lower-rate capital for qualifying energy-saving improvements. For more information about PACE financing, see [www.nyceec.com/nyc-c-pace-administration/](http://www.nyceec.com/nyc-c-pace-administration/).

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