

What Commercial Property Owners Should Know About New York Local Law 97 (LL97)

With the passage of Local Law 97 (LL97) in 2019, New York City launched extremely ambitious, performance-based climate legislation for commercial buildings. One of ten bills included in the Climate Mobilization Act, LL97 puts New York City on a path for greenhouse gas emissions reduction that requires the city’s largest commercial and industrial buildings to reduce their emissions by 40% as of 2030 and 80% by 2050 — relative to the buildings’ emissions for the calendar year of 2005.

The Progressive Caucus of New York states, “Outdated and inefficient systems waste vast amounts of energy, making large buildings the worst culprits of climate pollution in New York City. [The] bill will require the city’s large buildings — those 25,000 square feet or larger — to slash their greenhouse gas emissions by 40% by 2030. These new standards will require retrofitting buildings with new energy efficient technology, creating a cleaner city as well as thousands of jobs in renovation and construction.”

Not only does LL97 provide social and environmental benefits, but reducing emissions by integrating clean, renewable energy into a building’s overall energy strategy may deliver financial benefits to property owners as well. Additionally, compliance with LL97 enables environmental, social and corporate governance (ESG) oversight — a growing priority among organizations nationwide. An organization’s ESG ranking can represent its risks and opportunities profile, influence its access to capital, and demonstrate its ability to create long-term value.

Which Buildings are Required to Comply with NYC LL97?

The law applies to existing buildings, new construction and major renovations. It stipulates that covered buildings under LL97 are as it appears in the records of the department of finance, (i) a building that exceeds 25,000 gross square feet or (ii) two or more buildings on the same tax lot that together exceed 50,000 gross square feet (9290 m²), or (iii) two or more buildings held in the condominium form of ownership that are governed by the same board of managers and that together exceed 50,000 gross square feet (9290 m²).”

Occupancy Group		Space Use	Carbon Limit (kgCO ₂ e/sf)	
			2024–2029	2030–2034
B	Ambulatory Health	Medical Office	23.81	11.93
M	Mercantile	Retail	11.81	4.3
A	Assembly	Assembly	10.74	4.2
R1	Hotel	Hotel	9.87	5.26
B	Business	Office	8.46	4.53
E	Educational	School	7.58	3.44
R2	Residential	Multi-family Housing	6.75	4.07
F	Factory	Factory	5.74	1.67
S	Storage	Storage/Warehouse	4.26	1.1

Exceptions:

- An industrial facility primarily used for the generation of electric power or steam
- Real estate less than three stories in which ownership and maintenance of the HVAC systems and hot water is held by each individual dwelling owner
- Religious facilities
- A city building or rent regulated accommodation

When NYC LL97 Takes Effect

LL97 carbon limits begin to take effect in 2024. Starting in 2025, covered buildings will need to submit a report showing their carbon emissions in 2024. Any buildings that release carbon emissions above their calculated limit will be fined. There are specific deadlines and rigid reporting requirements outlined year over year to ensure that metrics and goals are met. Owners of noncompliant buildings can potentially face multimillion-dollar annual fines. For example, a fine of up to \$268 will be implemented annually for every metric ton over the required limit and additional fines will be added for false, inaccurate or tardy reporting.

Requirements of NYC LL97

Local Law 97 establishes building emission limits up to 2050 with a tiered approach toward CO2 reduction as indicated in the chart above. Buildings covered by the law must submit an emissions intensity report to the Office of Building Energy and Emissions Performance on May 1st of every year, starting in 2025. The Office will review and may approve applications for alternative methods of compliance “including adjustments of emissions limits, deductions for the purchase of greenhouse gas offsets or renewable energy credits, deductions for the use of distributed energy resources, and adjustments for special categories of buildings or for special use and occupancies.” Because emissions analysis, benchmarking and reductions programs require time and resources to affect change, it is essential that building owners begin the process immediately.

NYC Local Law 97 Overview:

- ▶ LL97 establishes CO2 emissions limits for covered buildings in New York City.
- ▶ LL97 impacts approximately 57,000 buildings in New York City and takes effect in 2024.
- ▶ The law requires reduction of building-based emissions by 40% as of 2030 and 80% by 2050.
- ▶ The law sets requirements for two initial compliance periods, 2024–2029 and 2030–2034.
- ▶ Alternate compliance options are allowed for certain types of buildings such as city-owned buildings and churches and include the purchase of greenhouse gas (GHG) offsets and renewable energy credits (RECs) as well as the use of distributed energy resources (DERs).
- ▶ Building owners are responsible for compliance and must submit emissions reports yearly, beginning in 2025.
- ▶ This law is more stringent than similar laws across the U.S. because this bill impacts existing buildings, in addition to new construction and major renovations.
- ▶ The fines include a penalty for noncompliance that is not more than \$268/metric ton of CO2 that exceeds the annual building emissions limit, \$500,000 for false reporting, and a penalty for failure to file a report.
- ▶ The law establishes the Office of Building Energy and Emissions Performance, which is responsible for overseeing the implementation of LL97 and for convening an Advisory Board to provide recommendations regarding long-term planning for sustainability and continued GHG reductions.
- ▶ The Office of Building Energy and Emissions Performance is also required to submit a Carbon Trading Study regarding a citywide carbon trading system by 1/1/21.
- ▶ New York City will create rules regarding the calculation of greenhouse gas use based on energy consumption by 1/1/23.

Because emissions analysis, benchmarking and reductions programs require time and resources to affect change, it is essential that building owners begin the process immediately. As part of the NextEra Energy family of companies, which is the world’s largest producer of wind and solar energy, Usource is uniquely positioned to assist organizations with analysis, insight, reporting and emissions reductions initiatives to assist you with NYC LL97 compliance.

We will continue to closely monitor LL97 to provide updates, recommendations and services to help you meet your sustainability, financial and LL97 compliance goals.

1 <https://nycprogressives.com/2019/04/18/new-york-city-passes-climate-mobilization-act/>

2 <https://www1.nyc.gov/site/buildings/codes/local-laws.page>

3 https://www1.nyc.gov/assets/buildings/local_laws/ll97of2019.pdf