

# Frequently Asked Questions

## What does Local Law 97 of 2019 do?

Local Law 97 of 2019 (LL97) places limits on carbon emissions for New York's large buildings starting in 2024, resulting in at least a 40% reduction of carbon emissions by 2030 and net zero by 2050. NYC Administrative Code Title 28, Article 320 of the law generally covers market rate buildings that exceed 25,000 gross square feet, two or more buildings on the same tax lot that together exceed 50,000 square feet, and two or more buildings owned by a condo association that are governed by the same board of managers and that together exceed 50,000 square feet. Buildings that do not comply will face fines set at \$268 per metric ton or tCO<sub>2</sub>e of emissions that are in excess of the individual building's cap in a given year. By 2030, this law is projected to reduce New York City's carbon emissions by six million tons, the equivalent of taking 1.3 million cars off the road. It will also create 26,700 green jobs and prevent 50 to 130 premature deaths and 150 hospital visits annually by 2030. In addition to its climate change benefits, this law will improve air quality, protecting New Yorkers from harmful pollution linked to asthma, emphysema, and other health conditions.

## How many buildings will be affected by this legislation?

Approximately 40,000 buildings and nearly 60% of the city's building area are affected by the law.

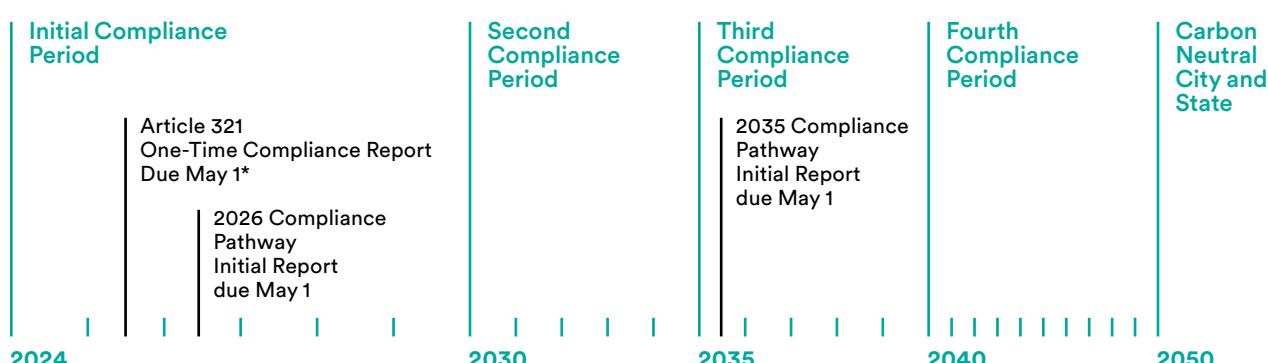
## What if my building is affordable housing or contains rent-regulated units?

Buildings that include affordable or rent-regulated housing may qualify for prescriptive or delayed compliance with LL97. The Prescriptive Pathway, detailed in NYC Administrative Code Title 28, Article 321, requires certain buildings to meet a different set of requirements than most buildings covered by LL97. Delayed compliance is afforded to certain buildings per NYC Administrative Code Title 28, Article 320, in which compliance with LL97 can be delayed through two possible timelines, the 2026 Pathway and the 2035 Pathway, as shown in the below graphic.

## What is the compliance timeline?

Under LL97, compliance timelines are designed to give buildings enough time to integrate projects into capital planning and align with normal replacement or refinancing cycles. Buildings had to make reductions beginning in 2024; however, over 90% of buildings impacted by this legislation were already performing within their 2024 targets. Progressively more stringent targets are set for 2030 through 2050, including reaching net zero emissions by 2050, in line with New York's Climate Leadership and Community Protection Act.

### compliance timeline



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## Frequently Asked Questions

### What concrete steps can be taken to reduce emissions from buildings?

Building owners can reduce their energy use by improving heating and cooling systems, making envelope improvements (insulation, weather sealing), and optimizing system management. Other steps include installing energy storage and upgrading hot water heaters, roofs, windows, and electric appliances. Building owners can also reduce their emissions by installing solar panels and switching to cleaner energy sources.

### Even if buildings switch from fuel oil or natural gas to electricity, won't they still be reliant on fossil fuel power plants?

Cleaning up the grid by bringing a greater supply of clean energy into New York City from upstate renewables and offshore wind is a top priority for the City. New York State's Climate Leadership and Community Protection Act of 2019 requires that 100% of the state's electricity come from renewable sources by 2040, greatly expanding the state's fossil fuel-free energy sources to provide emissions-free electricity for New York City buildings. As the State expands its renewable energy capacity, transitioning building systems to be highly-efficient and powered by electricity—known as “beneficial electrification”—enables them to reduce their emissions by leveraging this clean electricity.

### How is beneficial electrification treated in the law?

Beneficial electrification is defined as the installation of energy-efficient, electric heating, cooling, and DHW systems to displace fossil fuel sources and less efficient heating systems in such a way that at least one of the following goals is attained and none are made less attainable:

- Reduce costs over time
- Reduce emissions
- Improve quality of life
- Foster a more robust grid

LL97's definition of beneficial electrification goes further and encourages the replacement of inefficient equipment (such as certain electric resistance heaters) with more efficient heat pumps. Importantly, electrification can be considered beneficial when it decreases emissions even if it increases energy use.

The law works to incentivize covered buildings to take on early efforts to electrify by offering a deduction for beneficial electrification. By installing and using energy efficient and electric-based heating, cooling, and DHW systems with a qualifying minimum energy efficiency standard as defined in the law, building owners can use a beneficial electrification emissions coefficient when calculating their building's emissions through either a metered or deemed electric use method. You can subsequently apply the emissions savings in that reporting year, or accrue it for future reporting years, provided that the building is not below its emissions limit between 2024-2036.

### Will this law cause energy costs to go up? What about residential or commercial rents?

This law is expected to drive energy efficiency improvements for building equipment and envelope and electrification, which will yield long term cost savings for both building owners and tenants.

### What else is the City doing to support emissions reductions from buildings?

The City's [Accelerator Program](#) provides free technical assistance, resources, and financing opportunities to any building larger than 25,000 square feet. The Accelerator is also growing the market for energy retrofits by

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## Frequently Asked Questions

training and educating contractors and tradespeople in order to meet the demands of buildings that need to reduce emissions. Additionally, the Accelerator [PACE financing loans](#), established under Local Law 96, are a special type of clean energy finance program that provides funds for energy efficiency improvements.

The City is working to enact the now modernized [J-51 housing quality tax incentive program](#), an as-of-right tax abatement credit for rehabilitation projects completed after June 29, 2022 and before June 30, 2026 on rental buildings that are at least 50% affordable. The tax benefit—up to 70% of the value of the construction and no more than 8.33% per year for 20 years—will serve as a great financial tool for eligible multifamily buildings to comply with LL97.

The City's [Sustainability Help Center](#), operated by the City University of New York Building Performance Lab (CUNY BPL), is a free, public resource offering live support, virtual classes, and trainings on the City's major building sustainability laws.

The [NYC Carbon Challenge](#), a flagship leadership initiative since 2007, is a public-private collaboration between the City and leading organizations in private, institutional and non-profit sectors to reduce operational carbon emissions from existing buildings. The program motivates voluntary action and helps to overcome structural barriers to reducing emissions from the city's largest sectors. Lessons learned from this initiative then inform future policy development to address deeper climate action.

### How is clean energy treated in the law?

Clean energy provides two types of benefits to building owners:

- First, clean and efficient energy assets that provide power to a building will reduce utility energy consumption and can reduce a building's emissions to the extent that the asset has lower associated emissions than utility power
- Second, there are clean distributed energy resource (DER) deductions available

### What is a clean distributed energy resource (DER) according to the law?

Clean DERs are defined as emissions free energy resources, including solar, wind, hydro, and geothermal. Also included are energy storage resources which do not release new emissions. Not included are fossil-based resources, such as gas-fired combined heat and power (CHP), which can improve the city's overall emissions profile but are not emissions-free. Clean DERs are eligible for additional deductions in the law for contributing to lowering the grid's carbon intensity.

### How is solar treated in the law?

Direct generation of solar power at the building site will replace more emissions-intensive utility electricity. A building owner can claim an emissions deduction for electricity produced by an on-site solar energy system and/or can claim an emissions deduction for electricity purchased from an off-site solar energy system that directly feeds into the City's grid (NYISO Zone J). For community solar projects, there is no time limit on this deduction. For behind the meter solar projects, this deduction is only available for five years. For more information, check the Solar/Storage chapter of the Department of Building's (DOB) [Article 320 Info Guide](#).

### Why is the deduction only available for 5 years for behind the meter solar?

Behind the meter solar already reduces the building's consumption of utility power. An additional deduction can help promote solar adoption. However, the deduction is time limited so as not to disadvantage community solar projects. Furthermore, the time limit can promote the adoption of storage to balance supply and demand in the longer term.

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## Frequently Asked Questions

### How is storage treated in the law?

A capacity-based deduction is available for buildings that deploy on-site or off-site energy storage in a way that is beneficial to the grid. A building owner can use an emissions coefficient for electricity consumed during hours when the energy storage system is charging and discharging. For on-site storage, a building owner can claim an emissions deduction energy stored as electricity, which can be derived from equations defined in the law. For off-site storage, discharged electricity must feed directly into NYISO Zone J. For more information, check the Solar/Storage chapter of the [DOB's Article 320 Info Guide](#).

### How is CHP treated in the law?

If the CHP is considered a “qualified generation facility”, its system’s emissions may be calculated by applying grid coefficients to its output energy types. This methodology is advantageous because it produces a significantly lower number than calculating emissions by applying fuel coefficients to the input energy type(s). For more information, check the combined heat and power’ chapter of the [DOB's Article 320 Info Guide](#).

### When will RECs that are specifically valid for LL97 deductions become available?

RECs that can be used in a LL97 report (to deduct from consumed electricity) are scheduled to become available in 2027, as the Tier IV RECs issued by NYSERDA first come online.

### Does the law account for emissions in different seasons or at different times of day?

The law allows building owners to electively calculate their utility electricity emissions on an hourly basis rather than yearly, in situations where:

- Hourly utility electricity consumed is separately metered by the utility
- Hourly utility electricity consumed is separately or sub-metered by the building owner in a manner that produces hourly consumption data

Under this approach, known as a time-of-use approach, a time-of-use electric emissions coefficient can be used to calculate hourly emissions from utility electricity, which can be derived from equations defined in the law.

### What does the Property Assessed Clean Energy (PACE) law do?

Local Law 96 of 2019 establishes a low-cost financing system that will help ease the financial burden of making energy efficiency and clean air retrofits. PACE loans, which attach to the building, rather than to the owner, require little or no money up-front, and are paid back based on the projected energy savings. This can enable owners to make necessary retrofits while saving on operating expenses.

### How can I apply for an extension to file my report?

Market rate buildings may be eligible to apply for an extension in cases where:

- Your registered design professional or qualified retro-commissioning agent was unable to complete the report by the deadline
- You are currently determining with the DOB whether your building is covered under LL97

If you have demonstrated proof for either of these cases, you must submit an extension application no sooner than April 1 and no later than June 30 of the filing year.\*

\*In 2025, this deadline was extended and allowed building owners to file a request for an extension by August 29 and submit their final reports by December 31.

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## Frequently Asked Questions

### How can I mitigate the penalty fees if I am making progress towards complying, but will not be able to meet the upcoming deadline?

Market rate buildings covered under Article 320 can mitigate penalties under three circumstances:

- You receive an extension to file your report;
- You can demonstrate your building has experienced damage from an unforeseen disaster that has prevented compliance; or
- You can demonstrate “good faith efforts” to comply.

### What are “good faith efforts”?

To demonstrate “good faith efforts,” you must:

- Submit a building emissions report for the previous calendar year
- Upload your building’s benchmarking data for the previous calendar year
- Submit an attestation form that proves lighting upgrades and electrical sub-meters have been installed in compliance with Local Law 88
- Any one of the following:
  - Have submitted a decarbonization plan with an energy audit, major equipment inventory, and list of alterations needed for compliance by May 1, 2025 that will bring the building into compliance with its 2024 emission limits by May 1, 2027 at the latest, and demonstrate work for 2030 compliance is underway by May 1, 2028
  - Demonstrate an application and timeline for the work to comply with emission limits has been approved by the DOB
  - Demonstrate the building is actively undergoing work for electrification readiness
  - Demonstrate that your building was previously under the emissions limit for the previous reporting year
  - For owners of a critical facility, demonstrate that paying the penalty fine will impact its operations
  - Submit an attestation form that your building has applied for or received an approved adjustment by the DOB

### What is a critical facility according to the law?

Critical facilities are defined as ones that are critical for human life and safety, such hospitals or vaccine clinics.

### What is a mediated resolution for market rate buildings?

A mediated resolution is an agreement between the DOB and a building owner that is not in compliance with their building’s emissions limits, in cases where:

- You have filed your building emissions report
- You have demonstrated “good faith efforts” to comply
- The mediated resolution would facilitate your building’s compliance

A mediated resolution differs from the specific ways that penalties can be mitigated. If you fail to comply with the terms of the mediated resolution, you will still be subject to penalty fees.

### Can I purchase offsets to cover my building’s LL97 requirement?

A building may only purchase and use offsets to cover 10% of its emissions limit. This emissions limit is a building’s limit before any applicable adjustments, such as an external constraint or financial constraint adjustment. Offsets must be purchased within the same calendar year as the LL97 report submission.

The price of one offset is the same as the penalty price (\$268 per tCO<sub>2</sub>e), and they are non-refundable and non-transferable. Purchased offsets are reflected in a public registry maintained by NYCEEC.

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## Frequently Asked Questions

### What types of offsets can I purchase for my building?

The only offsets that can be used for LL97 compliance are those purchased through the Affordable Housing Reinvestment Fund ([AHRF](#)), also known as the GreenHOUSE Fund. The AHRF is a collaboration between the DOB and HPD, and is administered by the NYC Energy Efficiency Corporation (“NYCEEC”). The AHRF uses money from offset sales to fund renovations at qualifying affordable housing buildings in NYC. Purchasing AHRF offsets improves housing conditions in NYC, directly contributes to local emissions reduction, supports statewide Disadvantaged Communities (“DAC”) investment goals, and has high transparency and high accountability.