

As New York's Local Law 97 Looms, Collaboration Is Key to Compliance

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New York's Local Law 97 is a critical component of the larger Climate Mobilization Act, the chief policy goal of which is reducing greenhouse gas emissions by 40 percent among targeted buildings by 2030, with an even more stringent 80 percent reduction target by 2050. Its impact is extensive, with thousands of buildings facing noncompliance by the end of 2023 and many confronting significant monetary penalties.

A lesser known component of the Climate Mobilization Act is Local Law 96, which established the New York City Sustainable Energy Loan Program. New York City Accelerator Property Assessed Clean Energy (PACE) financing is a program authorized by the Mayor's Office of Climate and Environmental Justice, together with the New York City Energy Efficiency Corporation (NYCEEC). NYCEEC is the NYC Accelerator PACE program's designated administrator, specifically established to provide owners a financing option to fund installation of energy-efficient and renewable improvements necessary for Local Law 97 compliance.

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The PACE program launched on Earth Day 2021, two years after Local Law 96 was passed, with the closing of [the first transaction for 111 Wall Street](#). One other transaction closed in 2021 before the program shut down for modifications. Today, PACE is available for existing buildings with updated program guidance. PACE for new construction was enabled in the New York State PACE Program in 2021, though it has yet to be fully adopted in New York City.

It is apparent from the limited success of the program to date that supporting New York City's carbon emission policy goals, promoting more energy efficient building stock, and making a positive impact on climate change requires a more collaborative effort between private sector capital providers and the public sector. With a looming deadline for building owners, now is the time for proactive and strategic alignment connecting property owners with PACE capital providers to

provide effective solutions and tools to facilitate Local Law 97 compliance.

A concerted engagement plan between NYCEEC, the Mayor's Office of Climate and Environmental Justice, the New York State Energy Research and Development Authority, and approved PACE capital providers would deliver impactful financial benefits to help motivate building owners to embrace sustainable initiatives, reduce greenhouse gas emissions, and advance the city toward a cleaner, greener future.

PACE capital providers collectively possess critical knowledge of key elements of successful programs nationwide. By working with these capital providers in identifying and mitigating challenges, billions of dollars of private capital can be mobilized toward the 50,000 buildings that Local Law 97 targets. PACE financing can help pave the way toward accomplishing the Climate Mobilization Act's ambitious but achievable goals and objectives.

Ideally, legislators, city and state agencies, and other parties involved in the enforcement of Local Law 97 and implementation of the NYC PACE program could embrace the ideas of capital providers to review and incorporate procedures and technical guidelines more consistent with state energy efficiency guidelines while still being conducive to achieving the local goals of reducing greenhouse gas emissions. By considering the impact of both energy efficiency and emissions reduction, the program can be impactful in reducing the amount of carbon emissions released by the building stock entirely, rather than

merely shifting emissions from the building sites to the generation sites where electricity is produced largely in plants powered by fossil fuels.

The building improvements that are designed to maximize greenhouse gas emission reductions are often very expensive. They can also end up disqualified under the current PACE program's technical guidance, which promotes a cost-benefit requirement that effectively minimizes the amount of less expensive capital that can be obtained through private PACE financing. That creates a situation that conflicts with the goals of Local Law 96, which were meant to provide capital for these improvements.

In addition to energy savings, the low cost of PACE financing compared to alternative financing sources is an economic benefit not included within the calculation of the cost-benefit guidelines needed to qualify PACE proceeds, thereby removing the carrot intended to drive the program and leaving only the stick. By aligning policy standards with PACE financing guidelines, a more inclusive group of building owners can access funding for energy-efficient systems, renewable energy installations, and carbon-reducing technologies, effectively accelerating their compliance efforts. That is the ultimate goal.

Both Local Law 96 and Local Law 97 are designed to work toward a common goal. Commercial PACE financing can significantly help building owners fund the types of qualifying energy efficiency and renewable energy projects required to help meet those goals. In

strategically allowing PACE capital providers to help shape the program, the public and private parties will save energy, generate new jobs, and foster economic development while promoting a cleaner, more efficient environment.

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