QUEENS NEWS

"COOP RESCUE ACT" Has Been Introduced

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A major issue amongst Coop shareholders in the last several years has been the devastating potential financial impact of the requirements under Local Law 97, the so-called Climate Mobilization Act. This landmark legislation was passed to great fanfare on Earth Day 2019, but it was not thought out and ill-conceived by the then New York City Council.

Local Law 97 requires buildings in New York City to reduce their carbon emissions by 2024 and even more stringently by 2030. Failure to comply with these emission reductions will result in fines to a particular building.

Local Law 97, part of New York City's Climate Mobilization Act, mandates large buildings in the city to significantly reduce their greenhouse gas emissions by setting strict caps on these emissions, with the aim to achieve a 40% reduction by 2030 and an 80% reduction by 2050 from 2005 levels. Owners of buildings that fail to meet these caps are subject to hefty fines.

Over 90% of the covered buildings are compliant in 2024 but starting in 2030 over 80% of New York City buildings will be out of compliance and subject to exorbitant penalties. In some cases, the penalties for larger Coops will be in the hundreds of thousands of dollars. It has been reported that these penalties are the largest ever assessed against homeowners of New York City.

There is a grassroots movement across New York City from Coop homeowners in working and middle class Coops to create a more equitable approach to carbon reduction requirements. Local Law 97 imposes the same financials burdens and penalties on all Coops, irrespective of the ability of the shareholders to pay for the expensive retrofits that are required.

Due to this groundswell of concern regarding the potentially devastating financial impact of Local Law 97 to working- and middle-class Coop homeowners there is legislation on the horizon that would be extremely helpful. Thankfully some elected officials have listened to the concern and acted. This legislation is being dubbed the "Coop Rescue Act" due to its' common sense and reasonable approach to Local Law 97 enforcement. On September 28, 2023, in a significant move toward a more equitable approach to the city's environmental sustainability efforts, Council Members Linda Lee and Sandra Ung introduced a pivotal piece of legislation that seeks to recalibrate the parameters of Local Law 97. The bill is Intro 1197

Key provisions of the bill include:

Taking into consideration open and green spaces as part of a building's gross floor area when calculating greenhouse gas emissions limits, which will lower penalties and needed retrofits for Coops on campus like settings.
Offering adjustments to annual greenhouse gas emissions limits if buildings have made prior retrofits to reduce emissions, such as oil to gas conversions or the installation of solar panels. These projects will have a significant payback and a beneficial impact on the environment and should be rewarded under local law 97;
Implementing a more gradual penalty schedule for buildings with an Average Assessed Value of $65,000 or less, including no penalties from 2030 to 2036. This will give working and middle class Coops the opportunity to properly plan for their generational conversion to electrification.
Mandating courts to regard the median property value of units in a building as a mitigating factor when deciding on penalties.

The proposed amendments aim to provide relief to condominium and cooperative unit owners who currently face significant financial burdens due to the existing regulations of Local Law 97. At present, the bill has significant support in the NY City Council and its' advocates are hopeful that it is presented for a hearing in the near future. We will keep you posted.

