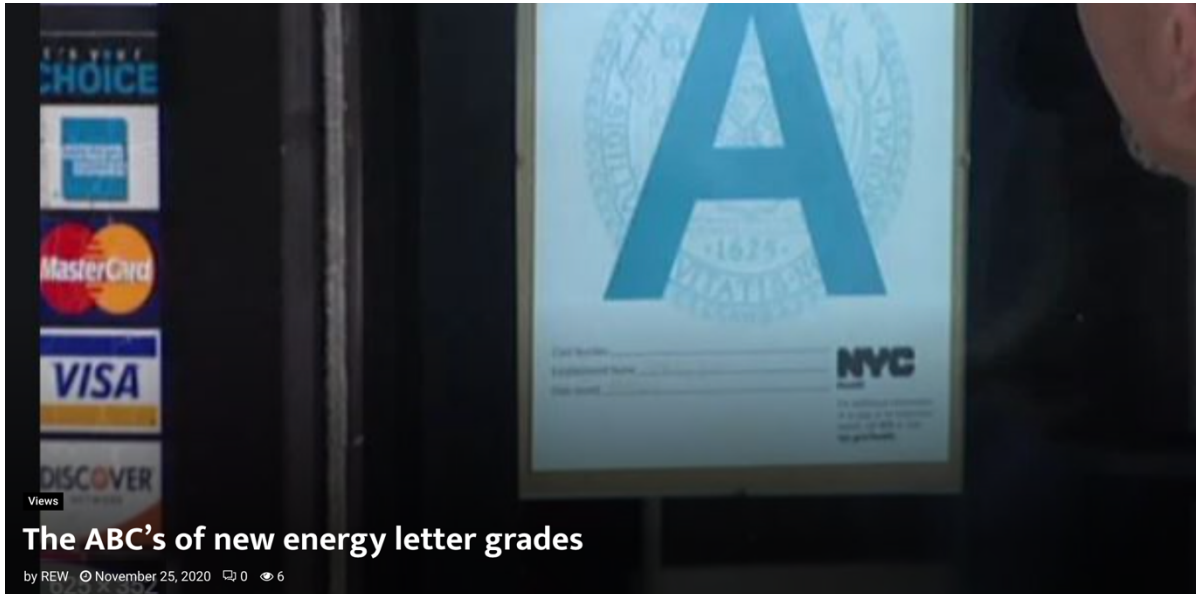




REAL ESTATE WEEKLY

November 25, 2020



By Matt Cebula

You likely know that an A, B or C in the window of a restaurant is a ranking of its cleanliness and food safety. But what is the meaning of these letters that now appear on condo or co-op buildings around the city, including your own?

These letter grades indicate a building's energy efficiency, as the latest component of the Climate Mobilization Act, the largest and one of the most aggressive energy efficiency policies in America. All New York residential buildings over a certain size are required to report heating, cooling and energy consumption to the city, regardless of the energy source, along with electricity and water usage.

In 2010, Local Law 84 required buildings spanning 50,000 square feet or more to comply and the law was subsequently expanded in 2017 to include smaller buildings ranging between 25,000 and 50,000 square feet,

This data has allowed the city to benchmark the energy and water consumption of residential buildings and begin to set goals to reduce greenhouse gas emissions by 40 percent city-wide by 2030. Building efficiency is compared to size, type, and usage, scored against the familiar [EPA EnergyStar system](#) and assigned a letter grade based on that score. Buildings had until October 2020 to display their letter grades in prominent locations near the entrance and remain in place for one year to avoid being fined.



Building Energy Efficiency Rating Grade Scale

Efficiency ratings are graded on the following scale:

- A for 85 to 100
- B for 70 to 84
- C for 55 to 69
- D for 1 to 54
- F for non-compliance and N for exempt

Many properties will receive a lower grade simply based on how the system is designed. If there is retail space within a property, it must be designated correctly with accurate square footage. A convenience store, or restaurant uses refrigeration and freezers 24 hours a day, unlike a bank or dry cleaner, which can result in a different grade. There have been instances where a property was able to significantly improve a letter rating by clarifying the designation of its on-site retail.

How can you improve your grade?

Make sure the correct information about your building is being reported. Do they have the exact square footage for your building? The accurate number of units? The correct usage information about on-site retail?

Once a building is classified, the next step is determining opportunities to improve its consumption and focus on prioritizing actions that have the strongest impact on costs and efficiency. Consider additions or upgrades to existing areas and hardware like installing a new roof, pipe insulation, indoor temperature controls, low-flow showerheads and faucet aerators, LED lighting and timers or motion sensors on light switches. We also recommend conducting an energy audit of a building and its mechanical systems to look for improvements and encourage proper maintenance, as well as training building staff on best practices to save energy and working closely with your energy partners and suppliers like ConEd to take advantage of incentives.

What are the implications of your score?

A low energy rating may be a turnoff to potential owners or tenants. While that is the most obvious effect of a building's energy score becoming widely known, there are greater implications to keep in mind.

At this time, the only buildings being fined are those that fail to post their score or comply with reporting requirements. Beginning in 2025, buildings will be taxed based on their consumption from the prior year, and thresholds for fines will become stricter as the city moves toward the goals of reducing carbon emissions at a higher percentage. The current thresholds call for about 20 percent of buildings to be penalized in 2025 and that can climb to as high as 80 percent by 2030. The accuracy of the recorded details of your building will be essential in avoiding or minimizing penalties, which can reach six figures depending on size.



It is crucial to invest in efficiency measures and now, it is also necessary. The various new benchmarks and efficiency standards set forth by the Climate Mobilization Act can seem overwhelming and even impossible to achieve for some properties, but there are many excellent resources and specialists available to guide you through your compliance journey.

New York is a place where people band together and now is the time for all building owners and managers to collaboratively work to not only improve this beloved city but lead the charge in protecting the environment.

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<https://rew-online.com/the-abcs-of-new-energy-letter-grades/>