



JUNE 2021

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Preparing Your Building to Comply with the Climate Mobilization Act

New York City's Climate Mobilization Act (CMA) is aimed at reducing carbon emissions in existing buildings. Local Law 97 (LL97) of the CMA requires buildings over 25,000 square feet to reduce their

carbon emissions to allowable limits by December 31, 2024. Starting in 2025, these buildings will be required to submit an annual emissions intensity report certified by a registered design professional that states the building is in compli-

ance—or be subject to substantial fines. The first compliance report is due May 1, 2025 and every May thereafter.

Most condos, co-ops and rental buildings will require a deep energy retrofit or must follow an alternative path to achieve these strict emissions targets. Retrofits can take years to complete, so boards and building *continued on page 2*

CLICK TO WATCH A REPLAY

Ask Our Experts
Improving Your Building Energy Grade on the Path to Local Law 97 Emissions Compliance



Kelly Dougherty
Vice President
FirstService Energy



Marc Zuluaga, PE
Chief Executive Officer
Steven Winter Associates



Jeffrey Poirot
Managing Director,
New Development Group
FirstService Residential




Our energy experts recently discussed the most common questions and challenges facing multifamily buildings impacted by Local Law 97. [Click here to watch a replay.](#)

Climate Mobilization Act

continued from front page

owners should not stall their efforts to take action given the progressively restrictive emissions caps in 2030 and beyond.

Saving energy is the most effective way to reduce building emissions and targeting the most carbon-intensive fuels will yield the biggest carbon savings. A strategic approach to both long-term carbon reduction and capital planning will facilitate the most favorable return on investment.

THE FIRST STEP: UNDERTAKE A CARBON STUDY

There is no out-of-the-box solution for properties to achieve LL97 compliance. Meeting your emissions caps will require a whole-building approach to efficiency improvements. Building systems are highly interdependent, so improvements to each system must be considered holistically.

Boards and building owners will need to partner with an experienced energy consultant or mechanical engineer to identify personalized

HOW BOARDS & BUILDING OWNERS CAN MAXIMIZE GHG REDUCTIONS:

- Transition away from fossil fuels
- Reduce energy and carbon waste by implementing efficiency strategies and technologies
- Maximize on-site renewable energy
- Improve operations and maintenance
- Empower residents to reduce energy use

solutions for your building that will deliver the greatest value in terms of reducing emissions, energy costs and consumption, while also avoiding fines and establishing compliance. Whether this entails the replacement of existing mechanical systems or optimizing your current systems, the best solutions will improve overall energy efficiency, resident comfort and property values.

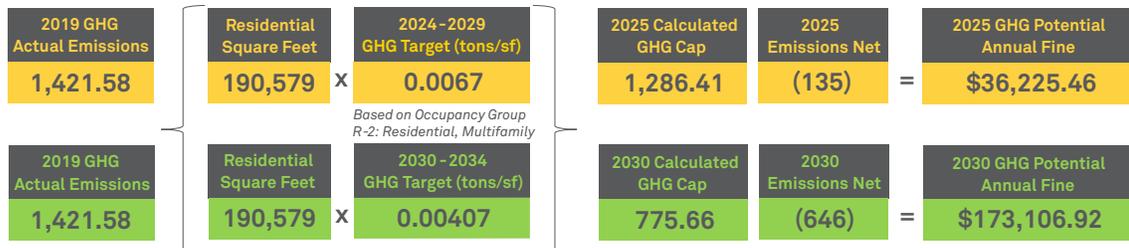
The first critical step is completion of a carbon study which will provide the foundation for all

2

Estimated Carbon Emissions Fines

Calculating Potential LL97 Fines

190,579 square foot residential building



| Greenhouse Gas Emission Breakdown | | | |
|-----------------------------------|------------------------|-----------------------------|-----------------------|
| Type | Aggregate Total (kBtu) | Carbon Intensity* Co2e/kBtu | 2019 Actual Emissions |
| Natural Gas | 616,300 | 0.00005311 | 32.73 |
| Electricity | 3,228,753 | 0.00008470 | 273.48 |
| Oil #2 | 0 | 0.00007421 | 0.00 |
| Oil #4 | 14,814,329 | 0.00007529 | 1,115.37 |
| Oil #6 | 0 | 0.00007529 | 0.00 |
| District Steam | 0 | 0.00004493 | 0.00 |
| TOTAL | 18,659,382 | | 1,412.58 |

* The carbon intensity figures are based on 2024-2029 figures. In order to estimate potential fines through 2034, we have used the same rate. These estimates will adjust once the new co-efficients beyond 2030 are announced.

TCo2e = Tons of Carbon Emission Equivalent
kBtu – 1,000 British Thermal Units



The city has imposed hefty annual penalties for buildings that do not comply with Local Law 97, including a fine of \$268 per metric ton of emissions that exceed the building's carbon cap. While this number may sound small, annual fines can quickly reach or exceed \$100,000 if boards and building owners do not take action to reduce carbon emissions.



Learn more about the Retrofit Roadmap Study in [this short video](#).

future strategies and investments related to LL97 compliance. For boards and building owners, the study will help identify operational improvements, equipment to replace and potential upgrades that can reduce emissions and improve efficiency.

RETROFIT ROADMAP STUDY

More than 40 proactive boards and building owners have already signed up to undertake a Retrofit Roadmap Study, a comprehensive offering provided by FirstService Residential in collaboration with [Steven Winter Associates](#), [FirstService Energy](#), and [FirstService Project Management](#).

The comparative Retrofit Roadmap Study provides the carbon study, the required first step, and considers the critical components of your building. It includes up to three viable options to achieve carbon limits and avoid fines. The study

ALTERNATIVE PATHS TO COMPLIANCE

LL97 provides some flexibility for buildings to comply by participating in one, or all, of the below programs; however, these programs are still under development by the city and are expected to be released later this year:

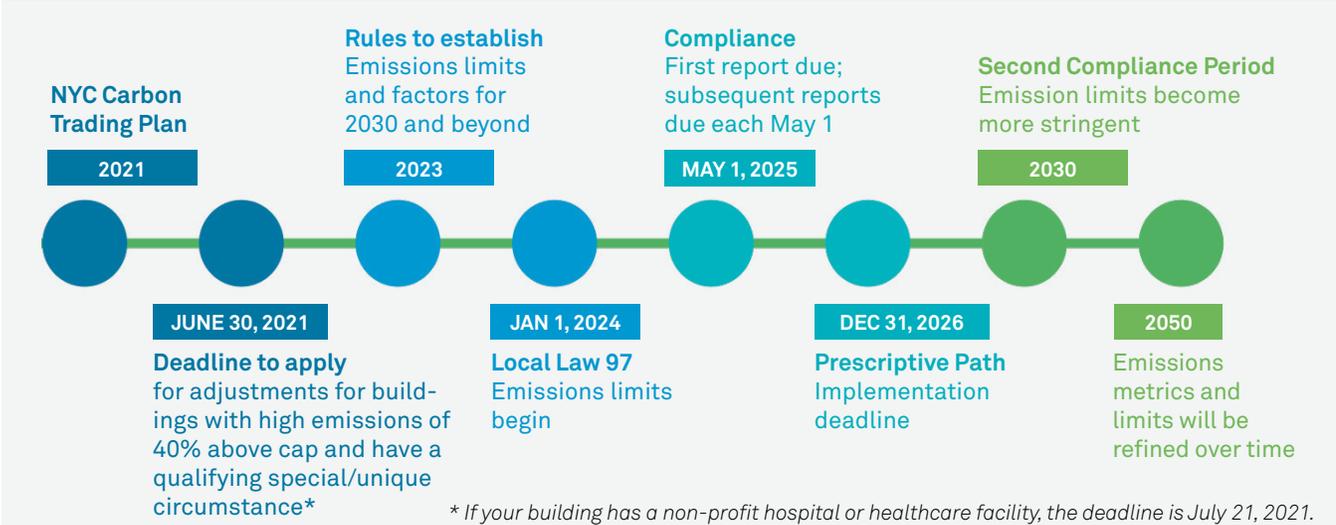
1. Purchasing [renewable energy credits or certificates \(RECs\)](#) generated in NYC or directly contributed to the NYC grid*
2. Up to 10% of the annual emissions limit can be offset by purchasing [greenhouse gas offsets](#)*
3. Participating in [carbon trading](#) by purchasing carbon from buildings that are below their carbon caps*

will help decision makers to identify, prioritize, plan, and pay for retrofits and other operational improvements that can reduce emissions by aligning projects with capital cycles, equipment replacement, and refinancing to maximize pay-backs and make deeper retrofits more feasible and cost effective.

The study offers boards and building owners a one-stop solution integrating all the essential services needed to comply with the law.

continued on next page

CLIMATE MOBILIZATION ACT: COMPLIANCE TIMELINE



* If your building has a non-profit hospital or healthcare facility, the deadline is July 21, 2021.

Climate Mobilization Act

continued from page 3

With the right plan and the right partners, your building can turn this obligation into an opportunity to save money, reduce emissions and improve quality of life for residents.

NYSERDA LOW CARBON CAPITAL PLANNING SUPPORT

NYSERDA recently announced a new offering for low carbon capital planning support to help multifamily properties plan how to implement low

carbon retrofits over time and transition existing building systems to high-performance alternatives that can improve tenant comfort and reduce operating and maintenance costs, in addition to reducing utility bills.

Through this new component of the [FlexTech program](#), multifamily building owners can receive a 75% cost-share toward a comprehensive, actionable energy study of their property performed by a NYSERDA-qualified FlexTech Consultant. The study will provide a roadmap to guide low carbon energy-saving upgrades over time.



THE CLIMATE MOBILIZATION ACT

Your path to compliance

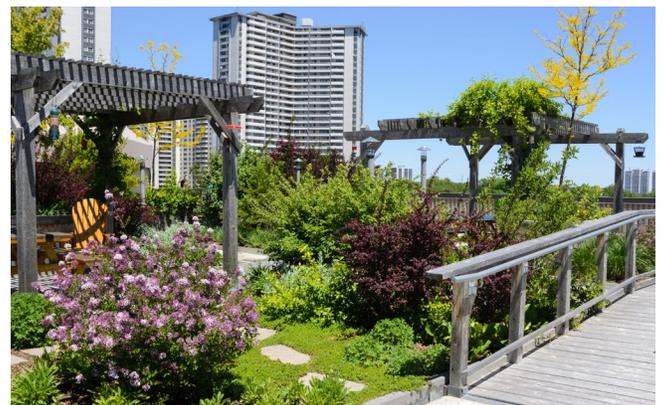
1. Conduct an energy assessment to understand your building's energy use.
2. Calculate penalties if emissions will exceed the limits.
3. Evaluate compliance strategies and costs based on data.
4. Implement low-cost, high-reward strategies to optimize building performance.
5. Develop a long-term plan to properly budget time, resources, and cost.
6. Execute your strategy to achieve early or on-time compliance.

Green Roofs as Equity Infrastructure

Under the Climate Mobilization Act, [Local Law 92 and Local Law 94 of 2019](#) require all new buildings and most major roof renovations to install green roofs, solar panels, or a combination of the two across most of the roof area, defined as a “sustainable roofing zone.” A green roof is a building rooftop that is partially or completely covered with live, drought-resistant or equally hardy vegetation.

Green roofs can significantly lower building energy demand, thereby reducing related harmful carbon emissions. (Think Local Law 97!) Additionally, plants reduce carbon emissions directly, absorbing CO2 through photosynthesis, as they give off oxygen.

The Building Energy Exchange hosted a webinar covering the benefits of installing green roofs, installation requirements, successful green roof installations, and an overview of relevant policy



requirements and incentive programs. [Click here to watch.](#)

Tax abatement incentives are available and have been enhanced for [certain prioritized districts](#). Green roofs installed in these districts will be eligible for a \$15 per square foot property tax abatement—nearly triple the base abatement.

Compliance Update

New Approach to Apartment Inspections

New York City continues to pass new regulations aimed at increasing tenant protections, many of which require building staff to perform in-unit apartment inspections to measure compliance.

To make in-unit apartment inspections more convenient for residents, FirstService Residential has combined all annual requirements into one apartment inspection to reduce the number of visits from building staff.

- Per [Local Law 111 of 2018](#), all multiple-dwelling buildings are required to have self-closing doors on all doors that provide access to interior corridors or stairs by July 31, 2021. Self-closing doors reduce the likelihood of fire spreading beyond one apartment and are a key component to additional fire safety. Most doors already have a device in place that may require an adjustment by your building staff, while other doors may need a new device installed. Overhead door closers, heavy duty door closers or floor-spring door closers are all acceptable.
- The FirstService Residential Compliance team provided superintendents and resident managers with further details on this requirement during our recent compliance training to review [Local Law 55 of 2018](#) (LL55), which requires annual inspections of non-owner



occupied apartments for indoor allergen hazards including vermin and mold.

- Separately, there is a new requirement that relates to [installation of fire safety notices](#) on the apartment side of all apartment entry doors. FirstService Residential has decided to incorporate the new regulations into the annual apartment inspections, which were previously being completed to comply with LL55.
- During any required apartment inspections, staff members will also check the condition of each unit's [smoke/carbon monoxide detector](#) and [window guards](#).

We recommend that staff perform the LL55 inspections as soon as possible to ensure door adjustments are made or self-closing mechanisms installed by the July 31 deadline.

NYC LIFESTYLE NEWSLETTER

NYC LIFESTYLE—A WEEKLY NEWSLETTER FOR RESIDENTS

Our property managers continue to receive positive feedback on *NYC Lifestyle*, our weekly newsletter filled with fun, creative activities to help our residents stay engaged with the city we love.

[View the NYC Lifestyle library here.](#)



Local Law 97 Compliance

How Building Residents Play a Part

On average, more than 60% of energy intensity can stem from the residential and commercial section of a building, versus 40% from base building systems. As such, it will be nearly impossible to reduce your building's overall emissions without dramatic changes in occupant behavior.

That's why it is essential for boards and building owners to make residents part of the conversation by educating them about how energy is being consumed in the building, where it is being wasted, and what lifestyle changes can be made to reduce personal energy consumption.

Simple changes in behavior, such as unplugging appliances and electronics when not in use, streaming movies on a smart TV rather than a game console, and connecting electronic devices to smart power strips to automatically shut off power when they go into standby mode, may seem insignificant on their own, but when you multiply those modest acts by the number of residents performing them, you could see a dramatic reduction in consumption.

As a community, boards, building owners, residents and property managers can work together to promote energy efficient practices, as well as collaborate on reducing waste and cutting costs.

To get the conversation started, consider hosting an educational event to help residents understand how the law impacts your building.

When residents are unaware of their individual energy use, they have no frame of reference for how their consumption impacts the building, which gives them little incentive to change behaviors. It's essential for boards and building owners to communicate to residents that any efficiencies achieved through their behavioral changes could reduce potential LL97 fines.



To get the conversation started, consider hosting an educational event to help residents understand how the law impacts your building. You can use the opportunity to:

- Educate residents about your Building Energy Profile and Building Energy Grade.
- Explain the carbon intensity split between the residential and base building systems and what it means for residents.
- Share key findings from your energy audit and explain what measures your board or ownership is planning to take to meet LL97 emissions caps.
- Share the overall benefits that energy efficiency upgrades will bring to your building and how it will improve quality of life.
- Address specific pain points in your building that will be corrected by implementing efficiency improvements.
- Educate residents about behavioral changes they can make to help your building reduce its consumption and emissions.
- Create a green committee to help the board get the word out.



Ask Our Experts

AVOIDING LIABILITY & FINES: COMPLYING WITH NEW LOCAL LAW 11 INSPECTION REQUIREMENTS

Tuesday, June 29 • 6:00 p.m. – 7:00 p.m.

What We'll Cover:

- ▶ Getting it right the first time: Importance of hiring the right project professionals with proper insurance
- ▶ Importance of budgeting for inspections and remediation measures
- ▶ Getting the best value from contractors: Finding synergy with FISP and Local Law 97 projects to reduce costs and carbon emissions
- ▶ Complying with more stringent inspection and reporting requirements
- ▶ Increased fines and monthly penalties for failure to correct conditions

**CLICK HERE
TO RSVP
TODAY!**

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Our Experts:



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Vice President
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Sudeep Paudel
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FirstService Project
Management

Boards and building owners that delay their facade inspection obligations or fail to make necessary repairs face swift and costly consequences and can be held criminally liable in the event of a tragedy. Substantial changes to the inspection and reporting requirements for NYC Local Law 11's Facade Inspection Safety Program (FISP) have not only significantly increased inspection costs and timeline, the more detailed scrutiny will likely reveal more problems. With penalties for non-compliance up to five times higher than the last cycle, the incentive to inspect thoroughly, file on time, and make repairs within the allotted time frame are clear. Our experts, including Timothy Lynch from the NYC Department of Buildings, will share best practices to help your building comply with the law's new requirements.

CLIENT FINANCIAL SUCCESS STORIES

FirstService Residential offers a level of in-house financial expertise that is unmatched by other management companies and mortgage brokers

Cash Management

Our affiliate FirstService Financial proactively evaluates our clients' reserve portfolios to maximize interest income on deposit balances with FDIC-insurance coverage. With billions in deposits placed at commercial banks specializing in real estate, we are able to negotiate favorable rates for our clients. In 2020, our team helped FirstService Residential clients generate over \$5 million in additional interest income. Here is one success story:

CONDO CASH MANAGEMENT SUCCESS STORY

**Queens Condominium | Long Island City
220 units | Managed since 2020**

- Following our best practice when onboarding a new client, FirstService Financial conducted a reserve investment analysis for the condo.
- Our team flagged a \$2.5 million reserve portfolio with an average yield of just 0.15%.
- FirstService Financial presented the board with options to increase the yield by 300%.
- The outcome will generate over \$14,000 per year in additional interest income.
- The client also benefited from an FDIC-insured money market sweep product to ensure that every dollar was covered with deposit insurance.



Lending

FirstService Financial negotiates loans for FirstService Residential clients that yield lower interest rates and better terms than buildings can typically obtain on their own. In 2020, our team closed 30 loans at \$200 million of total debt for our clients. We also negotiated interest rates that averaged 0.50% below the industry average, resulting in more than \$1,000,000 in annual interest expense savings for our clients. Here are two success stories:

CASH MANAGEMENT HIGHLIGHTS

- **Brooklyn Co-op:** Allocated net refinance proceeds and increased interest income by \$2,000 per year.
- **Flushing Co-op:** Allocated \$5,000,000 in net refinance proceeds and increased interest income by \$23,000 per year.
- **Bronx Co-op:** Consolidated reserve portfolio and increased yield by 50%.
- **Manhattan Co-op:** Allocated \$370,000 that was earning 0% interest and increased yield by \$1,600 per year.
- **Manhattan Co-op:** Invested \$2,600,000 and increased annual interest income by \$11,000 per year.
- **Manhattan Condo:** Moved \$3,300,000 to higher-paying banks to increase yield by \$15,000 per year.

LENDING HIGHLIGHTS

Loans Closed April - May 2021

| Property | Loan Amount | Interest Rate | Term |
|-----------------|--------------|---------------|--|
| Manhattan Co-op | \$13,000,000 | 3.25% | 10 year fixed, interest only |
| Manhattan Co-op | \$8,000,000 | 2.85% | 10 year fixed, 40 year amortization |
| Brooklyn Co-op | \$7,500,000 | 2.85% | 10 year fixed, 30 year amortization |
| Manhattan Condo | \$4,040,762 | 3.25% | 10 year self amortizing loan |
| Brooklyn Co-op | \$3,675,000 | 2.925% | 10 year fixed, 30 year amortization |
| Manhattan Co-op | \$3,650,000 | 3.0% | 10 year fixed, interest only |
| Manhattan Condo | \$3,150,000 | 4.05% | 12 month line of credit to 15 year term loan |
| Bronx Condo | \$1,200,000 | 3.75% | 6 month line of credit to 9.5 year loan |
| Manhattan Condo | \$962,000 | 3.75% | 10 year fixed, 25 year amortization |
| Queens Condo | \$400,000 | 4.0% | 10 year self amortizing loan |

CONDO LENDING SUCCESS STORY

Manhattan Condominium | Kips Bay 1,100 units | Managed since 2007

- Faced with two outstanding capital improvement loans, the building faced stiff prepayment penalties to refinance the loans.
- FirstService Financial leveraged its relationship with the incumbent bank to negotiate a loan modification.

- The previous interest rates of 4.90% and 4.35% were reduced to 4.10% on both loans.
- The condo achieved \$110,000 in net interest savings after closing costs.
- With FirstService Financial's recommendation to structure the loan as a modification instead of a refinance, the board saved thousands of dollars in legal fees and was able to expedite the closing.

INSURANCE HIGHLIGHTS

- **Manhattan Co-op:** Saved client over \$100,000 by quoting their General Liability and Umbrella as a package after their Umbrella program non-renewed and no other Risk Purchasing Group would quote.
- **Brooklyn Condo:** Saved client over \$10,000 in premium from their incumbent broker.
- **Brooklyn Co-op:** Saved client over \$4,000 by quoting their package with Umbrella included.
- **Kew Gardens Condo:** Saved client over \$4,000 while offering significant enhancements in coverage not previously held by the incumbent.

CO-OP LENDING SUCCESS STORY

Queens Cooperative | Kew Gardens 100+ units | Managed since 2018

- Board needed to fund millions of dollars in capital improvement projects for roof replacement, window replacement, steam rehabilitation, elevator mechanical overhaul and solar installation.
- After discussing options, FirstService Financial recommended closing once the penalty was reduced to 1%.
- Board locked in 2.99% interest rate for 10 years.
- Formal bank approval was received within 7 days of initiating the refinance process.
- When the insurance carrier denied endorsements required by the lender, FirstService Financial procured full replacement coverage—with no premium increase—within 7 days of identifying the issue, including all endorsement requirements.
- Refinance closed within 45 days of application.

Available Incentives

Electric Vehicle Charging Stations

As the number of electric cars on the road continues to increase, so does the demand for electric vehicle (EV) charging stations in multifamily buildings. This once seldom-discussed amenity will likely become a more common expectation for residents and apartment buyers. Boards and building owners must evaluate the pros and cons of adding EV charging stations to their buildings.

Properties that take a proactive approach to installing charging stations are not only staying ahead of the trend, they are making significant strides in enhancing their residents' lifestyles—now and in the future. Charging stations can also help to promote a property's "green" image, which can increase property values, attract new residents, and ultimately improve the marketability of your building.

The stations can accommodate point of access billing to allow individuals to pay for the electricity they use. Con Edison's Make-Ready Program and NYSERDA's Charge Ready NY are now offering incentives that can save your building 50-90% of upfront installation costs.



Con Edison introduced an incentive program designed to reduce the upfront cost of installing charging stations. Incentives available through the [Electric Vehicle Infrastructure Make-Ready Program](#) can offset a large portion of, or in some cases all, infrastructure costs associated with the installation.

Click here to watch a video of eligibility requirements, available incentives, the installation process, operational requirements and maintenance. To find out if your property may qualify for incentives, please contact Director of Energy Management John Skipper at John.Skipper@FirstServiceEnergy.com.



Missed our recent webinar? [Click here to watch now.](#)

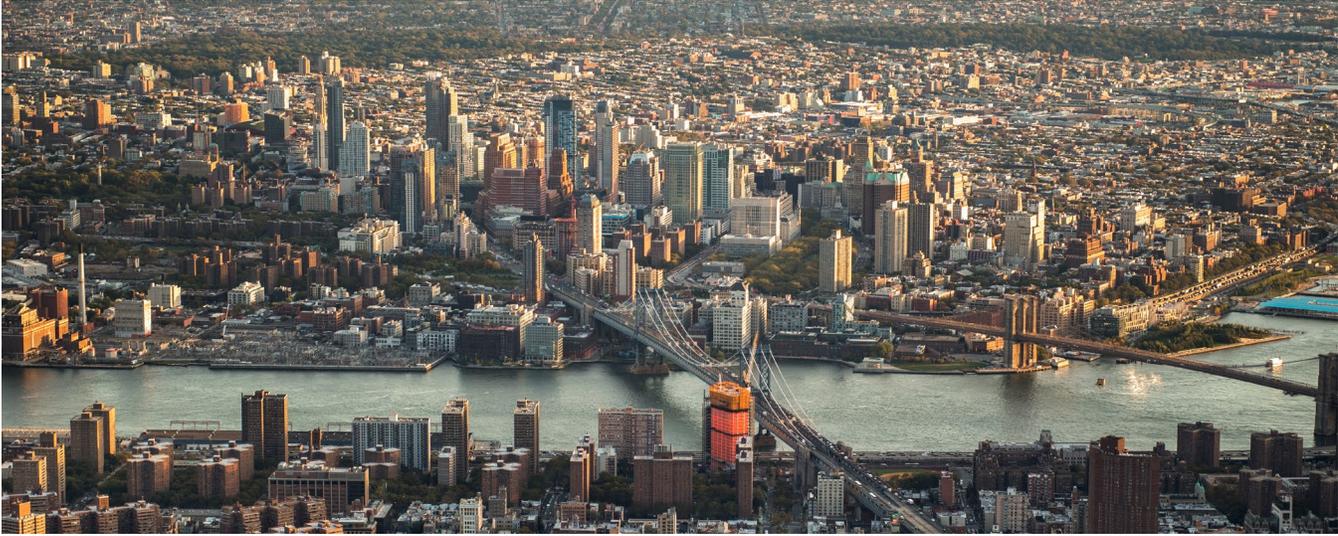
What We Cover:

- Benefits of installing EV charging stations
- Available incentives
- Installation costs
- Operational requirements and maintenance



CON EDISON “THE NEIGHBORHOOD PROGRAM” FOR MULTIFAMILY BUILDINGS

Brooklyn and Queens properties may be eligible for incentives to make your property more energy- and cost-efficient.



Are you in the process of replacing your building’s mechanical systems and facilities with energy efficient equipment? As part of Con Edison’s [The Neighborhood Program](#), multifamily building owners in select areas of Brooklyn and Queens may be eligible for incentives and rebates to offset the cost of new, efficiency-rated equipment that will improve the property’s energy performance.

For eligible properties, this includes new LED lighting, updated lighting fixtures and controls, ventilation upgrades, heating and air conditioning systems, and the replacement of costly elevator mechanicals. Each incentive package is determined by the overall reduction of energy consumed, quantified in kilowatts (kW).

Participating building owners can receive up to \$2,000 per kW of reduced consumption. FirstService Energy is working with our managed properties to determine eligibility and to connect them with local vendors. These vendors can survey the property, offer roadmaps to improved efficiency, and estimate total project costs for equipment upgrades.



[Click here for an eligibility map by neighborhood.](#) For more information, email Director of Energy Management John Skipper at john.skipper@firstserviceenergy.com.

Ask Our Experts Webinars on Demand

FirstService Residential regularly taps into the knowledge of our in-house thought leaders to keep our clients informed on the latest developments impacting their properties

Ask Our Experts DELIVERING VALUE THROUGH ENERGY PROCUREMENT



WHAT WE COVER

- How can participation lower my building's energy costs?
- What is the difference between an ESCO and ConEdison or National Grid?
- What is the current outlook for the natural gas market?
- How has COVID-19 impacted the procurement of electricity and natural gas?
- What are the most important factors to consider when entering into a contract?

[Click here to watch.](#)

Ask Our Experts VIRTUAL ANNUAL MEETINGS Best Practices for Board Members

WHAT WE COVER

- The legality of virtual annual meetings
- Impact of the New York Business Corporation Law amendment
- Safely facilitating voting by proxy
- Voting procedures and effective tallying

[Click here to watch.](#)

Ask Our Experts PROTECTING YOUR CO-OP OR CONDO FROM LEGAL LIABILITY & BOARD MEMBERS FROM PERSONAL EXPOSURE

WHAT WE COVER

- Maintaining Proper Insurance to Mitigate Loss
- Protection by Coverages for Inevitable Claims
- Protection Against Tort Claims
- Personal Liability: Exposures and Protections

[Click here to watch.](#)

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STAY CONNECTED



FirstService
RESIDENTIAL

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We welcome your feedback. Email us at news.ny@fsresidential.com.