

REBNY Testimony | February 6, 2023

The Real Estate Board of New York to The New York State Senate Finance and Assembly Ways & Means Committees Joint Legislative Budget Hearing on FY 2024-25 Executive Budget: Topic Environmental Conservation

The Real Estate Board of New York (REBNY) is the City's leading real estate trade association representing commercial, residential, and institutional property owners, builders, managers, investors, brokers, salespeople, and other organizations and individuals active in New York City real estate. REBNY appreciates the opportunity to submit testimony concerning the environmental proposals in the FY2024-25 Executive Budget.

Building emissions constitute a meaningful portion of overall greenhouse gas emissions statewide, which is why reducing emissions from the built environment is crucial for achieving the objectives of the Climate Leadership and Community Protection Act (CLCPA). With this in mind, we are proud that our members have undertaken significant work to decarbonize their buildings, including through participation in NYSERDA's programs.

Given progress thus far, REBNY is eager to collaborate with State leaders to formulate effective policies aligned with the CLCPA. Two overarching themes must be considered by policymakers. First, consistency in regulations across the State and City is essential for achieving desired outcomes efficiently, particularly given New York City's Local Law 97. Second, transitioning to a decarbonized building stock poses financial challenges for homeowners, renters, and businesses. The high electricity costs in New York, coupled with the substantial upfront and ongoing expenses to electrify and decarbonize buildings, will need to be overcome for building decarbonization to happen at the speed and scale called for by the CLCPA. Policymakers should focus on assisting New Yorkers in managing these costs through incentive programs, such as property tax abatements, to expedite the transition to a decarbonized building stock.

The comments below go further into specific proposals in the Executive Budget.

Renewable Action Through Project Interconnection and Deployment Act (Part O)

REBNY supports the Governor's proposed Renewable Action Through Project Interconnection and Deployment (RAPID) Act. Building on legislation enacted in 2020 that REBNY also supported, this proposal would make several changes to speed up the review of large-scale transmission projects. Enhancing New

York's transmission system is a vital part of delivering renewable resources into New York City and the downstate region where electricity is most heavily used and dependent on fossil fuels.

According to the Governor's office, major complex transmission projects can take years to permit, which is time that our state and our environment do not have to waste. REBNY shares the Governor's outlook that expedited processes will help advance the transmission projects needed to build out New York's clean energy grid of the future without having negative impacts on the environment and local communities.

Affordable Gas Transition Act (Part P)

The Affordable Gas Transition Act (AGTA) seeks to provide the Public Service Commission (PSC) with greater authority to reduce the use of natural gas consistent with the goals of the CLCPA. REBNY supports the Governor's aim to thoughtfully begin the transition away from natural gas in a controlled manner without disrupting existing customers. However, with New York businesses and residents already facing rising utility costs, we are also mindful of the risk that this transition will result in higher costs for consumers of all types.

Moreover, if not appropriately managed, this transition could threaten reliability by burdening the electric grid with greater demand. With the New York Independent System Operator already mandating that peaker plants in New York City remain online due to reliability concerns, the Legislature and PSC must move forward based on a thorough data-driven analysis of this important topic.

Green Buildings Act

REBNY urges the State Legislature to incorporate the Growing Resilient & Energy Efficient NY ("GREEN") Buildings Act (A5050 Braunstein/S943-A Parker) into the FY 2024-2025 Budget as a practical means to achieve several of the CLCPA goals. According to data from the City of New York, 15,000 building owners will need to spend as much as \$15 billion by 2030 to decarbonize to the level of the City's mandates. Unfortunately, the City's data also finds that most of these buildings need more financial support to make these investments economical.

The GREEN Buildings Act addresses this problem head on by creating a property tax exemption for any increased assessment resulting from building decarbonization enhancements. Additionally, it introduces a property tax abatement proportionate to the reduction in emissions to assist buildings in financing the upfront necessary investments for decarbonization. In doing so, this legislation will make it easier for building owners, primarily in the residential sector, to reduce their emissions.

Thank you for the opportunity to comment on these issues raised in the Executive Budget.

CONTACT:

Zach Steinberg

Senior Vice President of Policy
Real Estate Board of New York
zsteinberg@rebny.com