

# New York Communities for Change

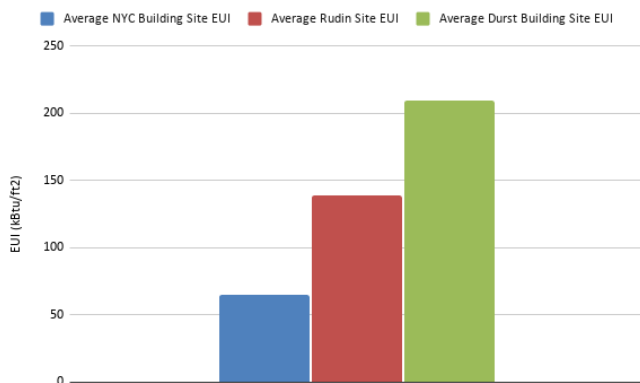
## Cuomo's Giveaway to Real Estate Donors



### Summary

- Governor Cuomo's Part R of the TED bill is a massive giveaway to his large real estate campaign donors.
- The proposal would gut NYC's ground-breaking Local Law 97 of 2019, which sets limits on climate-heating pollution from large buildings.
- Under the proposal, building owners could "buy out" of requirements to cut their polluting buildings' climate-heating emissions by purchasing inexpensive Renewable Energy Credits (RECs) that fund already-existing renewable energy projects upstate, instead of upgrading their buildings' for energy efficiency, which reduces pollution and creates jobs.
- The Governor's proposal comes at the behest of some of the largest landlords in New York, including The Durst Organization and Rudin Management, two of the City's largest polluters.
- Publicly available data shows that buildings owned by Durst and Rudin emit the equivalent of 78,525 additional cars on the road each year.
- REBNY, Durst, Rudin and other major real estate entities have been major contributors to Andrew Cuomo's campaigns, making over \$300,000 in political donations, and investigative reporting has shown how millions of dollars more in contributions have been given.
- Durst and Rudin buildings are such huge polluters that they will exceed the emissions limits set by Local Law 97, meaning they would collectively face a penalty of \$581,507,155 between 2024 and 2050, based on the pollution they currently emit.
- The cost of just the Durst and Rudin penalties alone would create 7,908 jobs annually, if directed into energy efficiency.

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Rudin and Durst Building EUI compared to the average New York City Building (via NYC benchmarking data)

## RUDIN MANAGEMENT AND DURST ORGANIZATION BUILDINGS CURRENTLY VIOLATE LOCAL LAW 97

According to self-reported data from these two large real estate entities, Durst's and Rudin's buildings have a disproportionately higher energy use per square foot than the average City building, as measured by Energy Use Intensity (EUI), the equivalent of 'miles-per-gallon' for a building. By emitting a disproportionate amount of climate-heating pollution, they will be in violation of Local Law 97's emission limits in the coming years, and subjected to \$581,507,155 in combined penalties if they do nothing to improve their buildings before 2050.



## BUILDINGS GENERATE THE MAJORITY OF NEW YORK CITY'S CLIMATE POLLUTION

Nearly 70% of pollution in New York City comes from buildings, which create GHG emissions through 1) burning huge amounts of fracked gas and fuel oil in their boilers and 2) fossil fuel use in the power plants that power the grid and a building's electricity.

## How to Understand the Pollution of Rudin and Durst

### 400,491,321

pounds of coal burned annually is equal to the amount of direct GHG emissions Durst and Rudin buildings put in the atmosphere annually, according to the most recent benchmarking report.

### 78,525 CARS

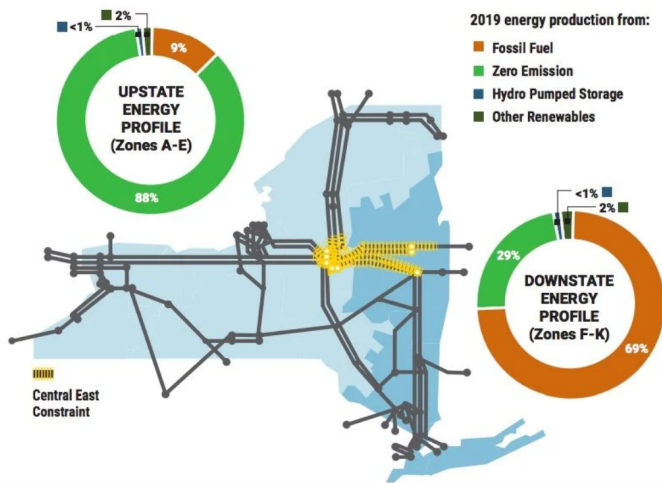
Added annually to New York City streets would create the comparable Greenhouse Gas pollution of Durst and Rudin owned buildings

### 841,504 BARRELS OF OIL

Consumed per year is the equivalent to the direct GHG emissions reported by Durst and Rudin buildings

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Source: NYISO via Green Tech Media's "[New York's Energy Transition \(and challenges\) in 5 Charts](#)"

### GOVERNOR CUOMO'S PROPOSED BUDGET WOULD GUT LL 97, SUPPLANTING ENERGY EFFICIENCY WITH 'REC PURCHASES'

Tier 2 Renewable Energy Credits (RECs) are a funding mechanism that support existing, upstate renewable energy projects (whose power is not transmitted to New York City.) The State passed climate legislation to expand renewable energy, but NY can only achieve its climate goals if the biggest polluters, like large buildings, slash pollution and lower their energy use. While upstate communities derive power from decades old hydro electricity, little has been done to develop new wind and solar power across the state. Meanwhile, New York City and surrounding areas account for over two-thirds of the state's energy load, according to a [2020 New York Public Service Commission White Paper](#) and 69% of that power is generated from fossil fuels.



### A RECKLESS USE OF RECS

Transmission "congestion" and other historical infrastructure problems prevent NYC from accessing upstate clean energy. Landlords and owners cannot "buy" their way around this problem, and no amount of existing renewable energy can supplant their energy use. LL97 is essential if the state is going to meet its climate goals, and absolutely vital for NYC to meet its 80x50 pollution reduction target.

## THE CLEANEST ENERGY IS LESS ENERGY

### HOW BUILDINGS CAN REDUCE POLLUTION:

- Sensors to optimize lighting usage
- Cooling plant replacements or upgrades
- Improved or increased insulation
- Upgrades/replacements to old HVAC systems
- Boiler upgrades
- Electrification of heat and hot water
- Facade upgrades and window replacement
- Green roofs
- Improved heat and air circulation (AHU)
- Outside air economizer
- Reduced lighting schedules
- Elevator improvements to reduce energy use

The above is a sample of efficiency improvements that can be made that lower emissions, cut utility costs, typically pay for themselves over the life of their use, and can be partially subsidized by a combination of City, State, Utility and NYSERDA incentives and rebates.

# **New York Communities for Change**

## **Cuomo's Giveaway to Real Estate Donors**

While most associate pollution and emissions with the smokestacks of power plants and refineries or the tail pipes of vehicles, buildings are the largest polluter in the United States, surpassing the transportation sector (33%) and heavy industry (29%) by producing 39% of carbon output in the nation. In New York State and especially New York City, the difference is far more striking. In New York City, where public transit use is widespread and industrial activity is largely absent, the largest source of pollution comes from buildings, which account for over 70% of climate pollution, with over half generated from buildings 25,000 sq. ft. and above.

Buildings produce pollution in countless ways: Each is powered via the electric grid, which largely relies on fossil fuels like gas and oil to generate the power needed in homes and office. These are considered "indirect" emissions, as the carbon produced comes from power plants, often located far away from the actual building. Buildings also produce "onsite" emissions that directly pollute the air in and around the building. Heat producing boilers and furnaces are commonly fueled by fracked natural gas or fuel oils; water heaters use fuel combustion; onsite power generation in large facilities is generally powered by dirty sources like fracked gas, oil, and in some aging systems, even diesel.

New York State passed legislation mandating economy-wide decarbonization in 2019. Essential to that target is New York City's LL97, requiring the largest source of pollution in New York City, buildings 25,000 sq. ft. and above, to upgrade their buildings over the next 15 years in order to dramatically slash pollution, lower energy usage and improve air quality, all while creating thousands of jobs in construction, design, architecture and other fields. That law's passage came in the face of stiff resistance from the real estate lobby.

Having lost at the City level, large real estate and major Cuomo donors like Rudin and Durst have shifted the fight to the state budget. At their behest, Governor Cuomo has included Part R in his proposed TED budget, which would allow major polluters to avoid their obligations under City law by purchasing cheap "offsets" in the form of Tier 2 RECs. These credits would be used in place of onsite pollution reductions in their buildings, resulting in increased pollution in New York City.



# New York Communities for Change Cuomo's Giveaway to Real Estate Donors



Illustration of Gov. Andrew Cuomo (iStock, Getty/Illustration by Kevin Rebong for The Real Deal)

## IN 2019, NEW YORK CITY ADOPTED A LAW MANDATING THE LARGEST SINGLE CUT TO CLIMATE POLLUTION BY ANY CITY IN THE WORLD

In a 45-to-2 vote, the New York City Council agreed with millions of New Yorkers, climate advocates, labor unions, environmental justice organizations and community groups to enact LL97, a landmark law that will reduce pollution and create tens of thousands of jobs in clean/green sectors of the economy.

## GOVERNOR CUOMO HAS RECEIVED OVER \$300,000 IN CAMPAIGN CASH FROM DURST, RUDIN AND REBNY

Public filing data reveals that Governor Cuomo has accepted \$220,000 from The Durst Organization and Rudin Management since running for office. The Real Estate Board of New York (REBNY), the lobby arm of the real estate industry, has contributed an additional \$150,000 to his campaign coffers. Credible evidence and reporting indicate that these disclosed amounts vastly underestimate donations he took in before the legislature closed a campaign finance loophole in the law.

ENVIRONMENT APRIL 18, 2019

### New York City Just Passed Historic Climate Legislation—Its Own Green New Deal

*"I hope other cities follow suit."*

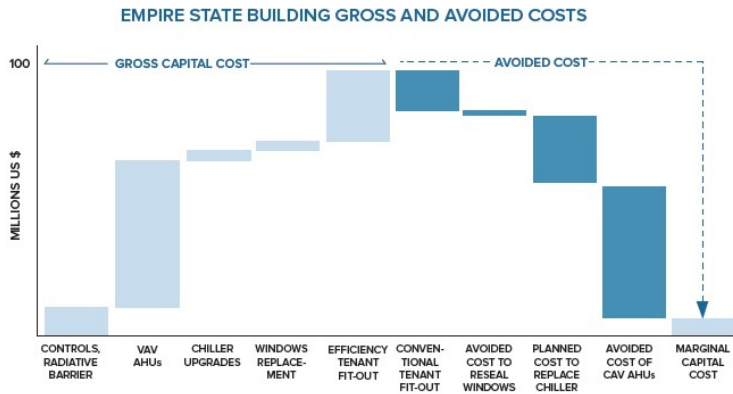
ALEXANDER C. KAUFMAN  
Bio



Gary Hershorn / Contributor/Getty

As New York City's real estate industry suffered an historic loss in 2019 and saw their influence wane, Cuomo remains beholden to an industry that likely gave him millions of dollars in campaign cash beyond what is made available to the public, as reported in a politico expose. Reporting shows that the Durst Organization's contributions are likely double what has been publicly reported by campaign finance law, and other major real estate owners have made comparable contributions. The result has been a series of handouts, state-awarded contracts, and appointments to state positions. Not satisfied with these political favors, these groups now seek to subvert local law via Part R in the Governor's proposed executive budget, which, if enacted, would be the latest in a series of handouts to his real estate donors, and an attempt to quietly circumvent New York City's landmark climate legislation for the Governor's major donors.

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(A Rocky Mountain Institute analysis of retrofit costs in NYC shows that efficiency upgrades have comparable cost to routine maintenance and replacement, while producing long term savings in avoided costs.)

## DOLLARS BETTER SPENT

While Durst, Rudin and other owners have poured money into political contributions and are now objecting to Local Law 97, investments in efficiency could save these owners money by lowering operating and utility costs. One study shows that many up-front energy efficiency costs are equivalent to business-as-usual, merely replacing old systems, which will lead to dramatically lower energy costs that pay for themselves in a few short years.

## DURST'S AND RUDIN'S PROPERTIES ARE MASSIVE POLLUTERS

According to public data, Durst's and Rudin's buildings are some of New York City's biggest emitters, even when compared to buildings of similar size and use. Local Law 97 ensures that if they continue with business-as-usual, they will pay penalties for the pollution they have heretofore produced consequence free. **Durst and Rudin are on track to pay a collective \$581,507,155 of penalties in the covered period, an amount that, if invested in efficiency, could directly and indirectly create 7,908 jobs** for construction workers, energy auditors, designers, architects, maintenance experts and others in the local economy. Durst and Rudin have sought to undermine the law, rather than making smart, long term investments to avoid those penalties, slashing pollution and creating thousands of high-paying jobs in a vibrant and growing sector of the "green economy." The scale of the climate crisis and the demands of a recovering economy urgently require these types of investments, rather than an undermining of smart, local law.



## WHO IS EMPLOYED IN ENERGY EFFICIENCY?

Energy efficiency investments represent a powerful economic multiplier because of the breadth and depth of workers, professions and trades engaged in the industry.

- Electricians and Advanced Lighting Specialists
- Insulators
- Sheet Metal and HVAC Workers
- Steamfitters, Plumbers and Pipefitters
- Carpenters, Laborers and Glaziers
- Architects and Designers

- Energy Auditors
- Building Inspectors
- Solar and Wind Installers
- Civil Service and City Employees
- Public Sector and Public Housing Workers
- Building Services and Maintenance Technicians

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### METHODOLOGY AND SOURCES

#### *Emissions and Carbon Penalties under LL97*

All estimates for GHG emissions, energy use, and fuel consumption are based on publicly available reports required by New York City's LL84. A [list of Durst and Rudin owned buildings](#), according to each organization's website, was compiled manually and cross listed to the most recent year of [public energy benchmarking data](#), in order to ascertain the GHG output and EUI of their publicly-reported buildings and compare them to City-wide averages.

Estimates for carbon penalties, under LL97 were provided via the Building Energy Exchange's Local Law 97 Carbon Emissions [calculator](#), which determines a building's compliance penalty in each of the three compliance periods under Local Law 97 (2024-2029, 2030-2034 and 2035-50.) These penalty estimates assume that no energy efficiency improvements, upgrades or modernizations to a building's infrastructure, electrical or HVAC system would be made to these buildings, so are subject to vary as buildings make necessary upgrades or replacements to aging systems and infrastructure. To the extent that there are errors or misreported data in the public facing data provided by the City, they will be reflected in this report.

Emissions and GHG equivalencies were calculated using the [EPA's Greenhouse Gas Equivalencies Calculator](#), which provides equivalencies based on specific sources of energy use or emissions data, both of which are comprehensively available in New York City's annual benchmarking reports.

#### *Job Creation and Equivalencies*

Job creation numbers were derived from the the [University of Massachusetts Political Economy Research Institute](#) that developed estimates of jobs-created-per-dollar-invested in energy efficiency, as well as multipliers for 'indirect jobs created' and 'jobs induced,' in the local economy. The report was also informed by the Urban Green Council's recent [Retrofit Market Analysis](#), which uses the US Bureau of Economic Analysis to determine what the market growth in energy efficiency would be under the compliance requirements of LL97, as well as research developed by the American Council for an Energy Efficient Economy (ACEEE) that developed similar metrics showing the economic benefit of energy efficiency and its effects on direct and induced employment, as summarized [here](#).

#### *Campaign Contributions*

Campaign contribution amounts are publicly disclosed and were accessed via the State Board of Elections Campaign Finance Board database by an in-house researcher.

While no specific numbers are cited, credible local and national reporting on real estate contributions to the Governor and his associated entitie are vastly underrepresented in public financial disclosures. local and national reports reporting on fundraising before the 'LLC loophole' was closed. New York [here](#) and [here](#), as well as other cited in the report.

#### *Images and Graphics*

Unless otherwise attributed, photos or graphics in the report were self-produced or borrowed from the Energy Efficiency Image Database provided by the US Department of Energy.