Mayor's Office of Environmental Remediation

Daniel Walsh, PhD, Director

June 16, 2009

NYC Brownfield Small-Grant Program

Brownfield Mapping

Map of Vacant Property in NYC

Brownfield Stakeholders

Financial Incentive Grants

Mark McIntyre, General Counsel
Office of Environmental Remediation

Brownfield Financial Incentive Program

- $10 M in PlaNYC funds over 3 years
  - To advance brownfield projects
  - To encourage entry into oversight programs
- $30,000 grants / about 100 grants/yr
- Larger grants for:
  - Affordable housing
  - Brownfield Opportunity Area projects

Rollout: Prime Contractor

- OER will procure prime contractor to design, oversee and administer grant program
- Prime responsibilities:
  - select qualified vendors
  - oversee grant applications
  - review statements of work
  - disburse funds

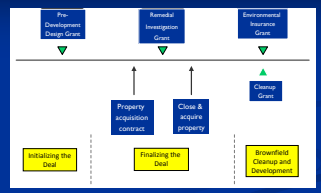
Grant Program Design

- Grants for environmental services
- First come, first served
- Grants are flexible
- Owners of brownfield projects in NYC are eligible
- Up to two grants/yr
  - project enters program, grantee eligible for 2nd grant on 2nd project
- No speculation w/ 2nd grant

What are grants for

- For Phase I or Phase II site investigation work performed by a qualified vendor
- For zoning analysis or pro forma financial analysis of a project in early stages
- For cleanup
- For environmental insurance

NYC Brownfield Grant Timeline



What is an Eligible Project

- Pre-development grant – evidence of a likely recognized environmental condition
- Remedial Investigation grant – Phase I indicating likely recognized environmental condition
- Cleanup/Environmental Insurance – property must be enrolled in city program

Next Steps

- Grants available in Fall '09
- To schedule a Pre Application meeting:
  Contact: Shaminder Chawla at 212-442-3007
  shaminderC@dep.nyc.gov

US EPA Brownfield Assessment Grants

Lee Ilan, Chief of Planning
Mayor's Office of Environmental Remediation

June 16, 2009

US EPA Brownfield Assessment Grants

NYC has received $1.2 million since 2003 in non-site-specific EPA brownfield assessment grants

Approximately $700,000 is still unobligated.

US EPA Brownfield Assessment Grants

The Lowdown:

- City of New York is the grantee
- NYC does contractor procurement
- Max $200K per site
- Phase I and/or Phase II assessments
- EPA site approval required
- Money more important than time
- City and EPA will see results

US EPA Brownfield Assessment Grants

Practical Issues:

- At present, more money than sites.
- Site eligibility – City not responsible party
- Petroleum – current and former owners not responsible or financially viable.
- Timing – target - end of 2009, but talk to us now about particular sites

US EPA Brownfield Assessment Grants

Contact:

Lee Ilan, lilan@cityhall.nyc.gov

- Basic site info: address, BBL
- Ownership, your role
- Why a brownfield, environmental info
- Why in the public interest for grant $$$

NYC Acquisition Fund and Metro Fund Loan Programs

Eric Enderlin

NYC Department of Housing and Preservation Development

June 16, 2009

NYC Loan Programs

- Brief overview of Affordable Housing Loan Programs and Brownfields
- The New York City Acquisition Fund
- The New York City Revolving Loan Fund (RLF)
- New Directions and Ideas

START-UP Program

Laura Truettner

New Partners for Community Revitalization, Inc.

June 16, 2009

New Partners for Community Revitalization, Inc.

- Established in 2002
- 501c3 nonprofit organization
- Advance renewal of New York's low and moderate income neighborhoods and communities of color through the redevelopment of brownfield sites.

START-UP Program: Beginnings

- Research revealed that most critical need was upfront technical and flexible funding
- Brownfields Strategic Technical Assistance Resources Targeted to Underutilized Properties

START-UP Program: Eligibility

- Non-profit developers
- For-profit developers working with non-profit organizations
- Community-supported NYC brownfield redevelopment project in pre-development or development stage

START-UP Program: Assistance

Financial Assistance

- Offered on project-by-project basis
- For retention of external service providers
- Typically provided in $10,000 increments
- Per-project cap of $50,000

START-UP Program: Assistance

Direct Technical Assistance

- Data and Report Reviews
- Assessment of need for additional site characterization
- Assistance with pre-development/development strategies
- Consultant selection and oversight of work quality
- Regulatory programs
- Project assistance to BOA groups

START-UP Program: Assistance

BOA Grantees

- Zero percent or low interest recoverable bridge loans
- Available on grantee-by-grantee basis if there is a delay in BOA grant funds

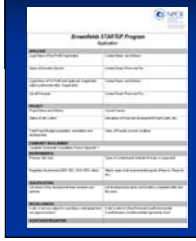
START-UP Program: Assistance to Date

- Review of preliminary site data
- Assist with pre-development strategy
- Consultant scope of work development
- Assistance with RFPs and consultant selection
- Quality control review of consultant deliverables
- Negotiations with City and State agencies

START-UP Program: Assistance to Date

- Over $200,000 in direct technical and financial assistance since 2004
- Twenty projects in Bronx, Brooklyn, Manhattan, Queens and Staten Island

START-UP Program: Application Process



- Initial Inquiry
- Application Submission and Review
- Develop Scope of Work
- Execute Technical Assistance Agreement

START-UP Program: Funds and Fees

- $100 Application Fee
- Direct Technical and Financial Assistance available through a variety of mechanisms:
  - Deferred payment schedules
  - Forgivable payments
  - Philanthropic grant funds
  - Repayments via construction loan or BTCs
  - Zero/low interest recoverable loans to BOA Grantees

What To Do Next

- Go to NPCR website: www.npcr.net
- Click on NPCR Programs button for START-UP Program Materials

NYS Brownfield Cleanup Program Tax Credits

Phil Bousquet, Esq.
Green Seifter, PLLC

June 16, 2009

Discussion Topics

- Income Tax Incentives for Brownfield Projects
- Coordination Tips
- Using BCP Tax Credits in Project Finance

Income Tax Incentives for Brownfield Projects

- NYS Tax Credits
  - Brownfield Cleanup Program (BCP)
  - Empire Zone Credits (EZ/QEZE)
  - Project-specific credits (*e.g.*, QETC)
- Federal Brownfields Tax Incentive (Code sec. 198)
  - Allows deduction of "qualified" cleanup expenses
  - "Red Flag" for BCP projects
- Other project-specific credits may be available as well
  - historic rehabilitation; affordable housing, green building, etc.

Income Tax Incentives for Brownfield Projects

- Brownfield Cleanup Program Tax Credits
  - Redevelopment Credit (3 Components) – an "applicable percentage" of certain capitalized costs
    - Site Preparation Credit Component (soil cleanup, site work)
    - On-Site Groundwater Remediation Credit Component
    - 2008 law changes increased these two components
    - Tangible Property Credit Component
    - 2008 law changes imposed limits on this component
  - BCP Credit based on property taxes
    - factors for on-site employment, en-zone, taxes/PILOT payments
  - Environmental Remediation Insurance Credit ($30K limit)

Coordination Tips

- **New York Tax Credit Coordination & Overlap**
  - Brownfield Cleanup Program projects in an Empire Zone
    - Tax Reduction Credit - OK
    - QEZE CRPT – taxpayer choice
    - EZ Wage Tax credit - OK
    - Investment Tax Credit – taxpayer choice
  - Successor to Empire Zones program – anticipate similar coordination features
    - Coordination prevents "double dipping" – multiple credits for same expenditure
- **Keys: get the "big picture," fit tax incentives together**

Coordination Tips

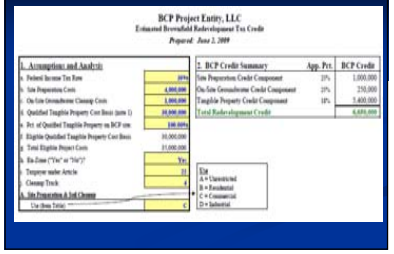
- **Federal tax and NYS Tax Credits & Incentives**
  - Calculate impact on federal tax liability of NYS tax credits and economic development incentives
  - If a federal credit reduces basis (like the Rehabilitation Tax Credit), this will impact any state credit or credit limitation linked to federal tax basis (e.g., BCP Redevelopment credit; BCP and EZ credits for property taxes)
    Section 198 Red Flag for BCP projects

Tax Credits in Project Finance

- NYS Tax Credits – key points
  - With tax "flow-through" entities (LLCs, S corps, partnerships), credits are claimed by owners
    - Understand *who* will claim the credits
  - Dollar for dollar reduction of income tax (vs. a "deduction" which reduces taxable income)
  - BCP Credits and some Empire Zone credits are "refundable"
    - *Where* will the refund checks go?

Tax Credits in Project Finance

- Entity structure & BCP Credits
  - BCA – who are the parties? Only BCA parties will receive CoC;
  - Only CoC holders receive BCP tax credits
    - BCP transfers untested
  - "Pass-through" treatment: who are the intended recipients of the BCP credits?
- Tax Credits attract investment capital
  - Enhance Return on Investment (ROI)
  - Attract "tax credit investors" for specialized projects (*e.g.*, LIHTC, Historic rehab.)
  - Example *(next slide)*



BCP Project Entity, LLC
Estimated Brownfield Redevelopment Tax Credit
Prepared: June 2, 2009

1. Assumptions and Analysis:	
a. Federal Income Tax Rate	35%
b. Site Preparation Costs	4,000,000
c. On-Site Groundwater Cleanup Costs	1,000,000
d. Qualified Tangible Property Cost Basis (sum 1)	10,000,000
e. Pct. of Qualified Tangible Property on BCP site	100.00%
f. Eligible Qualified Tangible Property Cost Basis	10,000,000
g. Total Eligible Project Costs	15,000,000
h. En-Zone ("Yes" or "No")?	Yes
i. Taxpayer under Article	32
j. Closing Tranch	1
k. Site Preparation & Soil Cleanup	
List (from Table) **	C

2. BCP Credit Summary	App. Pct.	BCP Credit
Site Preparation Credit Component	25%	1,000,000
On-Site Groundwater Credit Component	25%	250,000
Tangible Property Credit Component	14%	1,400,000
Total Redevelopment Credit		6,650,000

List
A = Unrestricted
B = Residential
C = Commercial
D = Industrial

Example – Brownfield Redevelopment Credit

BCP Redevelopment Credit as return on investment

- **$6.65M** pre-tax cash return to project owners
- $35M project - financed 70% debt, 30% equity
  - Investors initially contributed $10.5M (30% of $35M)
  - Construction financing for $24,500,000 (70% of $35M)
- **$6.65M** vs. $10.5M invested → pre-tax ***cash on cash*** return of 63.3% -- not including project return or return from other credits
  - Net of 35% federal tax – return is ~ ***41.2%***
- Capital remaining at risk (after tax) is $6,177,500
  $10,500,000 – ($6,650,000 * [1 - 35%]) = $6,177,500

Example – BCP Credit for Property Taxes

Annual Taxes (assume for $35M project)	$1,000,000
Multiplier (100% in En-Zone)	× 100.00%
Employment Number Factor (assume 80 FTEs)	× 75.00%
Annual Credit Amount:	**$750,000**
Credit Period (Years)	× 10
Gross Value of Credit:	**$7,500,000**
Discount Rate (for "present value")	5.00%
Value in today's dollars:	**$5,791,301**

Example – BCP Credit for Property Taxes

BCP Credit for property taxes as return on investment

- Pre-tax cash return to owners of $750,000 for 10 years
- Assume $35M project → 70% debt, 30% equity ($10.5M)
- $750,000 / $10.5M = 7.14% ***annual*** cash on cash return (does not include project return)
- Annual return on capital still at risk:
  - $750,000 / $6,177,500 = 12.14%
  - After tax (35%) → annual return on capital at risk = 7.89%

Attracting Investors with Tax Credits

- Key point – with pass-through entities (LLCs, partnerships) owners get tax credits – return on investment
- Rules for allocating tax credits among owners
  - Cannot allocate *just* tax credits to investors because of partnership tax rules
  - BCP credit allocations may mirror other credit allocations
- Operating agreement can be structured to reward investors and developer
  - Shifting allocation structures
  - Tax credit "syndications"

Attracting Investors with Tax Credits

- Transaction structure example – allocation "flip" or "waterfall"
  - Allocate income, loss and credits to the investors until they get their capital back (often with "priority" return)
  - After the investors recover investment & return, profits, losses and credits are re-allocated between the developer and the investors to give developer a larger stake
- Investor Perspective: "Flip" structure allows credits to go to investors, which provides an early ROI and reduces risk
- Developer Perspective: Credits can accelerate the "flip" and provide upside more quickly than without credits

BCP Tax Credits in Debt Financing

- Note: BCP credits flow to owners/investors – the project entity (LLC) is the borrower, but does not get the credits
- Leads to complicated lending relationships
  - Investor re-contribution obligations & guaranties
  - Security interest questions
  - Federal tax impact of credit receipt and re-contribution
- Timing – financing often in place prior to filing of returns claiming BCP credits
- Use of BCP credits – debt service, capital reserves, operating cash flow, other

Summary

- Understand array of tax incentives for brownfield projects
- Incentives need to be coordinated to create optimal package
- BCP credits enhance ROI, can support project lending in some cases

THANK YOU

Philip S. Bousquet
110 West Fayette St., Suite 900
Syracuse, New York 13202
(315) 422-1391

Phil@GSlaw.com

15 minute
break

Brownfield Opportunity Areas Program

Curtis Cravens
New York State
Department of State
Department of Environmental Conservation

June 16, 2009

Office of Coastal, Local Government and Community Sustainability

- Smart Growth Program
- Local Waterfront Revitalization Program
- Community Services Block Grant Program
- Local Government Shared Services Program
- NYC Watershed Program
- Appalachian Region Commission
- Local Government Training Program

Brownfield Opportunity Areas Program

- *Results in....*Revitalization plan for an area affected by brownfields, vacant or underutilized property.
- *Blends....*An area-wide planning approach to address brownfields with site assessments.
- *Provides....*A systematic and proactive approach to remove impediments to brownfield redevelopment to bring sites to the market place.
- *Template....*Can be applied to any type of area.

Brownfields

Why they are problematic....

- Blight and drain on community (economic, environmental, and visual)
- Not being used for productive purposes
- Communities and developers often avoid:
  - lack of certainty
  - potential liability
  - high cost

Designed to Address Areas and Sites

- Minimal or no direction for improvement
- Characterized by a high degree of uncertainty in terms of:
  - number and size of brownfield sites
  - adequacy of supporting infrastructure
  - land ownership and property boundaries
  - site contamination
  - degree of contamination
  - redevelopment and reuse options

Roles of DOS and DEC

DOS role....

- Community planning expertise
- Strong connection to communities
- Initial organizer and catalyst
- Conduit to other agencies

DEC role.....

- Technical advisor on contaminated properties, remedial programs and site assessment grants

Step 1: Pre-Nomination Study

Purpose

- Uncertain about existing conditions
- Have no or minimal information
- Need funding

Outcomes

- Clearly defined and manageable area
- Initial community vision
- Preliminary analysis

Step 2: Nomination

Purpose

- Intended for applicants that have complete a Pre-Nomination Study or equivalent
- Assistance is needed to prepare a Nomination

Outcomes

- Refined community vision
- Comprehensive assessment and analysis of existing conditions
- Economic/market trends analysis
- Identification of strategic sites for redevelopment
- Key findings and recommendations for future uses

Step 2: Nomination - Analysis

- Community visioning
- Public participation plan
- Existing conditions
- Land use, zoning, planning
- Natural resources/ features
- Infrastructure and utilities
- Transportation systems
- Inventory of sites (brownfields, abandoned, and vacant)
- Identification of strategic sites
- Site reconnaissance
- Phase I site assessments
- Market trends analysis
- Redevelopment feasibility
- Relocation feasibility
- Build out assessment
- Land assemblage strategies
- Candidates for Phase 2 site assessments
- Summary analysis
- Key findings and recommendations

Step 3: Implementation Strategy with Site Assessments

Purpose

- Need funding to complete an implementation strategy
- Need funding to confirm the degree of contamination on strategic brownfields

Outcomes

- Effective implementation strategy to ensure new compatible development and other improvement
- Portfolio of sites available for development
- Pre-development activities to advance revitalization

Step 3: Implementation Strategy – Implementation Techniques

- End uses defined for strategic sites
- Zoning and other local laws
- Design standards and guidelines
- Conceptual designs for strategic sites
- Site marketing, brochures descriptive profiles
- Identification of projects for neighborhood revitalization
- SEQRA compliance
- Generic Environmental Impact Statement
- Phase 2 site assessments
- Project permitting
- Description of state and federal programs to assist
- Local management structure for plan implementation

NYS Incentive Program

Joe Tazewell
Empire State Development Corporation

June 16, 2009

What Does ESD Do?

ESD is New York State's primary agency for economic development

- Partners with public and private sectors
- Creates an environment that spurs innovation
- Drives economic growth and development
- Helps companies grow and compete in the global economy

How Does ESD Assist Businesses?

- **Helps entrepreneurs and businesses:**
  - Start a company
  - Establish a presence
  - Identify creative solutions to problems
  - Improve business efficiency
  - Retain and enlarge existing workforce
  - Generate growth opportunities
  - Compete more effectively and profitably
  - Achieve their goals

Regional Offices

Spurring Investment and Jobs

- Over the past 25 years, the ESD board has approved approximately 11,500 economic development projects
  - Over $7.7 billion in financial assistance
  - Leveraged billions more in private investment
- In 2008, ESD assistance resulted in:

	Upstate	Downstate	Total
Jobs Pledged	20,021	5,620	25,641
Jobs Retained	11,418	3,751	15,169
Private Investment	$1.57 Billion	$1.6 Billion	$3.2 Billion

Brownfield Redevelopment

- Three main State programs for Brownfields cleanup, planning and redevelopment are:
  - Brownfield Cleanup Program
  - Environmental Restoration Program
  - Brownfield Opportunity Area Program
- These programs provide many benefits, including:
  - Liability relief
  - Tax credits
  - Grants for investigation and cleanup
  - Grants for area wide planning
- ESD acts as the liaison between business, the Department of Environmental Conservation and the Department of State for information regarding these programs
  - ESD's contact is: Christine J. Costopoulos, 30 S Pearl Street, Albany, NY 12245, 518-292-5348

Funding Programs

Funding and Support

- Low-cost financing
  - Offer below-market rates to lower overall blended rates with conventional sources
  - Lower the cost and accessibility of capital
- Tax incentives
  - Available to certain firms in specific locations or targeted industries
    - i.e. Empire Zones, Qualified Emerging Technology Company Tax Credit Program
  - Attract new businesses or enables existing businesses to expand and create new jobs

Programs

- Primary:
  - Downstate Revitalization Fund
  - Restore New York Program
  - Manufacturing Assistance Program (MAP)
  - Job Development Authority Loan Program (JDA)
  - Empire Zone Program (EZ)
  - Linked Deposit Program (LDP)

Downstate Revitalization Fund

Finances business investment, infrastructure upgrades and downtown redevelopment

- $35M Fund dedicated to growing the Downstate region
- Supports projects that help provide a framework for future growth in regions with stymied development
- Invests in projects that advance local development and small businesses
- Helps to attract businesses, improve commerce and revitalize local economies
- Eligible applicants include municipalities, businesses, academic institutions and non-profits
- Awards will range from $100,000 to $5 million

Restore New York

Provides municipalities with financial assistance for revitalization of commercial and residential properties

- Encourages economic development and neighborhood growth
  - Includes the demolition, deconstruction, rehabilitation or reconstruction of vacant or obsolete structures
- Restore New York funds were rolled out in three annual rounds:
  - Round 1 - $50M appropriated in 2006; 54 grants awarded
  - Round 2 - $100M appropriated in 2008; 64 grants awarded
  - Round 3 - $150M appropriated in 2009; applications are still being reviewed

Manufacturing Assistance Program (MAP)

Encourages manufacturers to invest in projects that will better their operations

- Supports projects that will significantly increase the productivity and competitiveness of business operations
- Promotes investments in machinery, equipment and associated building modifications
- Provides grants up to $1 million

JDA Direct Loan Program

Finances projects for New York State manufacturing and private businesses with the proceeds from the sale of State-guaranteed bonds

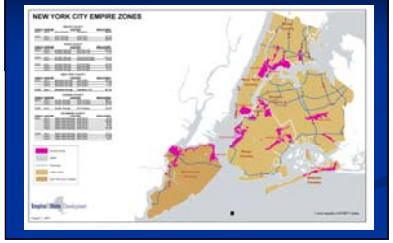
- Loan recipients must agree to project specific job generation goals and face interest rate penalties if goals are not met
- Financing may be used for acquisition of land, structures, machinery and equipment
- Second mortgage loans for real estate acquisitions, construction or renovations
- Combination of bank and JDA loans allows up to 90% financing of a real estate or materials and equipment project

Empire Zone Program (EZ)

Stimulates economic growth and development through a variety of state tax incentives

- Attracts new businesses to New York State
- Enables existing businesses to expand operations and create new jobs
- Reduces or eliminates state and local taxes
- Provides tax credits and benefits

New York City Empire Zones



Empire Zone Program Highlights

- Zone-certified businesses are eligible to apply for these benefits:
  - Wage Tax Credit
  - Investment Tax Credit
  - Employment Incentive Credit
  - State Sales Tax Refund on construction materials
- Qualified Empire Zone Enterprises (QEZEs) may also qualify for enhanced benefits:
  - Sales Tax Refunds for operating and maintenance expenses
  - Real Property Tax Credit
  - Tax Reduction Credit

Empire Zone Program Eligibility

- Eligibility Requirements Include:
  - Companies located in areas designated as an Empire Zone
  - Companies outside the zone that obtain "regionally significant project" designation by showing they will make specified capital investments or create a specified number of jobs
  - All types of businesses are eligible

Empire Zone Cost-Benefit Analysis

- Businesses certified on or after April 7, 2009 will be subjected to a cost-benefit analysis and reviewed in relation to the following standards:
  - 20:1 ratio for any non-manufacturing business certified on or after 4/1/09
  - 10:1 ratio for manufacturers certified on or after 4/1/09

Linked Deposit Program (LDP)

Offers subsidized interest rate loans to small businesses operating in New York State

- Assists existing New York State small businesses obtain reduced-rate financing for investments in projects that improve their performance, competitiveness, market access and product development
- Enables businesses to obtain "linked loans" from commercial banks, savings banks, saving and loan associations, farm credit institutions or the New York Business Development Corporation at a reduced interest rate
- Compensates lenders with a deposit of State funds at comparably reduced rates

For more information, visit
www.nylovesbiz.com

Joseph Tazewell
Regional Director, New York City
Empire State Development
(212) 803-3130
jtazewell@empire.state.ny.us

Bronx Empowerment Zone Incentives

Frank Randazzo
Bronx Overall Economic
Development Corporation

June 16, 2009

Bronx Empowerment Zone Incentives

Bronx Empowerment Zone Incentives

Eligible Businesses:	For-profit companies
Loan Amounts:	90% of a qualified project's cost, up to $150,000.00
Financing Structure:	90% ERLF and 10% borrower equity
Terms:	Up to 10 years
Rate:	2%

Bronx Empowerment Zone Incentives

Job Creation:	1 job for an EZ zip coded resident for every $65,000 borrowed
Restrictions:	The BOEDC Board must approve financing
Eligible Projects:	Costs associated with environmental clean-up in the Bronx Empowerment Zone. Site must be enrolled in one of the OER grant programs and/or be referred by OER. End-use of the site be in line with the mission of the NYEZ

Bronx Empowerment Zone Incentives

Collateral:	Liens on equipment and machinery (and on other assets in some cases); lease assignments; and personal and corporate guarantees
Benefits	• **2% interest** • Up to a 10 year term • Can provide up to 90% financing
Fees:	2% Processing Fee (½ due at signing of commitment and ½ due at closing)

For more information, please contact:

Frank Randazzo (718) 590-6016 or
Lisandro Kellis (718) 590-8310

NYSERDA Programs to Support New Construction Projects:

New Construction Program & Multifamily Performance Program

Michael T. Colgrove
NYS Energy Research and
Development Authority

June 16, 2009

What is NYSERDA?

- Public benefit corporation
- Established by the New York State Legislature in 1975
- NYSERDA is tasked to address the State's energy & environmental challenges

Mission

Use innovation and technology to solve some of New York's most difficult energy and environmental problems in ways that improve the State's economy

New Construction Program

Objective: ***Transform the way buildings are designed and built***

Technical Assistance
Capital Cost Incentives
Green Building Services
"Bonus" Incentives for LEED
Commissioning Incentives

Technical Assistance

Energy Analysis
- Conducted by a Technical Assistance (TA) provider
- Identify energy saving opportunities
- Computer energy modeling
- TA Report

NYSERDA Cost-share
- NYSERDA pays first $10,000
- Balance is cost-shared 50/50
- Capped at $100,000

Capital Cost Incentives

Custom Measure
- $0.16 per kWh saved
  - $540 per summer peak kW saved
- Each measure must exceed Energy Code by at least 3%
- Capped at $1,000,000

Whole Building Design

3%-8% above Code	-	$0.18/kWh; $570/kW (summer peak)
8.1%-13% above Code	-	$0.19/kWh; $590/kW (summer peak)
13.1%-18% above Code	-	$0.20/kWh; $610/kW (summer peak)
18.1%-23% above Code	-	$0.21/kWh; $630/kW (summer peak)
23.1% above Code	-	$0.22/kWh; $650/kW (summer peak)

- Capped at 60% of incremental cost (75% cap for LEED)
- Maximum cap $1,500,000

*ConEd Territory incentive levels

Green Building Services & Leeds

Green Building Services

- TA helps identify green building opportunities
- NYSERDA cost shares 50/50
- Will not pay more than incentive given for Technical Assistance

LEED "Bonus" Incentives

- $7,500 for projects < 50,000 sq ft
- $15,000 for projects > 50,000 sq ft
- Capital cost incentive increased by 10% for projects with at least 3 EAc1 points (capped at $100,000)
- Capital cost incentive increased by 25% for projects with at least 4 EAc1 points (capped at $150,000)

Commissioning Incentive

- Building Commissioning is required if incentive award is $100,000 +
- Customer may use commissioning agent of their choice
- Capital cost incentive increased by 10%
- For LEED projects with enhanced commissioning, capital cost incentive increased by additional 10%
- Capped at $50,000

Further NYSERDA Assistance?

Please visit us at:

www.nyserda.org

New Construction - Allison Leighton
(212) 971-5342, ext. 3015
asl@nyserda.org

Multifamily Performance Program

A New York Energy $martSM Program

New Construction Component

ENERGY STAR

Overall Goal: Build an ENERGY STAR® Building

1. Hire a Multifamily Performance Partner.
2. Complete a Program Application and Participation Agreement.
3. Design an ENERGY STAR building.
4. Model the proposed design.
5. Construct the building.
6. Inspect and verify the as-built building.

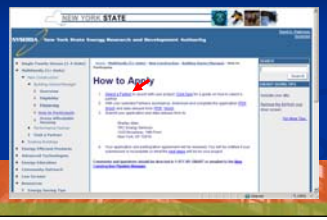
Eligibility

- New construction or gut rehab
- Building must pay into the System Benefit Charge Fund
- Affordable housing eligibility based on 25% of units at 80% state median income or proxy

Where do you begin?

www.getenergysmart.org

1. Hire a Multifamily Performance Partner



1. Hire a Multifamily Performance Partner

1. Hire a Multifamily Performance Partner

1. Hire a Multifamily Performance Partner

How do you select a Partner?

- Geography – *does the Partner serve your area?*
- Experience – *has the Partner worked on buildings similar to yours?*
- Reputation – *does the Partner have any case studies and references?*
- Responsibility – *did the Partner explain the Program and all associated fees?*

1. Hire a Multifamily Performance Partner

What should you expect from your Partner?

- Assist you in completing the application form.
- Explain the Program's Minimum Performance Standards.
- Work with the design team to design an ENERGY STAR building.
- Model your building and prepare your Energy Reduction Plan.
- Assist in preparing construction documents.
- Conduct System Performance Testing Protocols.
- Revise the model to reflect the as-built building.

1. Hire a Multifamily Performance Partner

Contracting with your Partner

- Always execute a contract with your Partner.
- Make sure the contract includes at least the basic services your Partner must provide under the Program.
- Negotiate a fee you feel is fair and establish a payment schedule that you are comfortable with.
- Understand any additional services your Partner has agreed to provide.

Remember – your Partner requests your incentives from NYSERDA!

2. Complete an Application & PA

2. Complete an Application & PA

Affordability Eligibility

Affordability is formally defined as buildings in which at least 25% of the units earn 80% or less of state median income. However, proxies are easier to use...

- HUD-Regulated Housing
- DHCR-Regulated Housing
- Low Income Housing Tax Credits
- HPD-Regulated Housing
- SONYMA Mortgage Insurance
- WAP-Eligible Housing

2. Complete an Application & PA

Performance Incentives

	AFFORDABLE HOUSING	MARKET-RATE HOUSING
PAYMENT #1	$10,000	$20,000
Payable upon receipt of the signed contract between the Developer and the Partner and receipt of a draft proposed Energy Reduction Plan and evidence that the developer has paid at least ***% of the design team's fees		

2. Complete an Application & PA

Performance Incentives

PAYMENT #2	$1.50/gbd*	$1.00/gbd*
Payable upon approval of the proposed Energy Reduction Plan that indicates achievement of a performance target of at least 20% by the proposed design.		

2. Complete an Application & PA

Performance Incentives

PAYMENT #3	For final Performance Targets within the following ranges:
	20-22%... $0.25/gbd* minus 10% retainage
	23-25%... $0.35/gbd* minus 10% retainage
	26% and up... $0.50/gbd* minus 10% retainage
Payable upon approval of the final Energy Reduction Plan confirming a performance target of at least 20%.	
PAYMENT #4	10% retainage held from Payment #3
Payable upon receipt of the Fed Release Forms as detailed in the Participation Agreement.	

3. Design an ENERGY STAR Building

Collaborative Effort

- Partner will work with the design team to introduce energy efficient alternatives/suggestions to enhance the building
- Building must comply with the Program's **Minimum Performance Standards**
- Effort is collaborative and iterative

3. Design an ENERGY STAR Building

What measures can you install?

- Any set of measures that collectively achieve a 20% performance target.
- The workscope must be cost-effective.
- All specified lighting and appliances must be ENERGY STAR.

Advanced wall insulation

ENERGY STAR Refrigerators

ENERGY STAR Lighting

Energy efficient windows

4. Model the Proposed Designed

Demonstrate a 20% Improvement

- Modeled design must achieve a 20% improvement in energy costs over a reference building based on ASHRAE 90.1-2004
- Performance target, energy efficiency measures, and their determined incremental costs are presented in an Energy Reduction Plan

5. Construct the Building

Building an ENERGY STAR Building

- Your Partner will assist you in preparing construction documents.
- Your specifications must reflect the modeled design.
- Any changes to the measures affecting your building's energy performance must be communicated to your Partner who will update the building's model and let you know how those changes impact the performance target.

6. Inspect & Verify As-Built Building

System Performance Testing Protocols

- Your partner will conduct a series of inspections throughout and after construction to verify proper procurement and installation of the measures outlined in the Energy Reduction Plan.
- Any changes to the approved design must be reflected in a revised model and updated As-Built Energy Reduction Plan.
- As long as the revised model demonstrates that your building achieves the 20% performance target, you will receive Payment #3.

6. Inspect & Verify As-Built Building

ENERGY STAR Label

- Buildings that achieve at least the 20% performance target will receive the ENERGY STAR label from the EPA.
- New York is leading the national effort to establish consistent protocols to construct an ENERGY STAR building as part of EPA's national pilot.

ENERGY STAR

More Information…

Contact

New Construction Component

Shelley Allen
SAllen@trcsolutions.com

Website

www.GetEnergySmart.org

NYC BUSINESS SOLUTIONS

Incentives for Brownfield Redevelopment

Incentive Triggers

Industrial and Commercial Abatement Program (ICAP)

ICAP is the City's largest incentive program

- **ICAP** provides NYC property tax abatements for eligible industrial and commercial buildings
- **Minimum required expenditures** = 30% of property assessed value
- **When to apply:** Prior to building permit or renovation
- **Where to apply:** NYC Department of Finance

ICAP Example

ACME, Inc. purchases a brownfield with an assessed value (AV) of $100,000. Acme spends $500,000 building a warehouse and distribution facility on the property. The property and building are re-assessed at $600,000.

- Initial tax liability is approximately $10,000
- New tax liability is approximately $60,000

ICAP Example

Under ICAP, Acme would receive a $25,000 property tax abatement *per year* for 16 years*

Benefit is reduced by 10% each year thereafter for 9 years

25-year total benefit

Total value of benefits over 25 years = $512,500

*Assumes ACME is located within a *special commercial area*. See NYC Department of Finance for details.

Energy Cost Savings Program (ECSP)

- **ECSP** provides up to 45% savings on *regulated* electric and 35% saving on *regulated* natural gas cost
- Relocation or renovation required

- **When to apply:** If relocating, apply prior to signing a lease

- **When to apply:** If renovating, apply prior to pulling a building permit
- **Where to apply:** NYC Department of Small Business Services

ECSP Eligibility

Renovation / New Construction

30% MRE*	10% MRE*	No MRE*
ICIP / ICAP	IDA Government-owned	Relocating

- From outside NYC
- From a *targeted area*

ECSP

*MRE = minimum required expenditure

Relocation and Employment Assistance Program (REAP)

Example: REAP Relocation Eligibility for Brooklyn

- **REAP** provides a $3,000 annual tax credit for jobs relocated to NYC, or from Manhattan south of 96th Street to anywhere else in NYC
- Renovation requirements exist
- **When to Apply:** Apply for a Certificate of Eligibility prior to filing taxes
- **Where to Apply:** NYC Department of Finance

NYC Solar Panel Tax Abatement

What it is:

- NYC property tax abatement
- 35% of total installation costs taken over 4 years (8.75% per year)
- Benefit capped at $62,500 per roof per year (or property tax liability)

Who is eligible: Qualified residential and commercial buildings
- Building classes 1, 2, 4

When to apply: Applications accepted through 12/31/12
- Applications available online

Where to apply: NYC Department of Buildings, ***www.nyc.gov/buildings***

NYC Green Roof Tax Abatement

What it is:

- NYC property tax abatement
- $4.50 per square foot up to $100,000 (or property tax liability)
- 30% of the cost typically associated with a green roof's material, labor, installation, and design

Who is eligible: Qualified residential and commercial buildings
- Building classes 1, 2, 4

When to apply: Applications accepted through 12/31/12
- Applications available online

Where to apply: NYC Department of Buildings, ***www.nyc.gov/buildings***

Recovery Zone Facility Bond Program

What it is: Financial assistance in the form of triple-tax exempt private activity bonds

Who is eligible:

- Projects must be located in a designated Recovery Zone
- $20 - $100 million of financing required
- Projects must be ready to move forward and obtain all required permits and approvals quickly
- Additional selection criteria include a project's return to the City, job creation potential, and economic and environmental impact on the community

When to apply: Applications accepted through 12/31/10

Where to apply: NYC Economic Development Corporation
- Call 311 or visit www.nyc.gov for more information

NYC Business Solutions

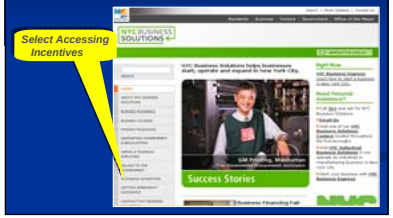
- **NYC Business Solutions** is a suite of services offered by the NYC Department of Small Business Services
- **NYC Business Solutions** helps business start, operate, and expand in New York City
- Regardless of the size or stage of your business, **NYC Business Solutions** can meet your needs

Services include:

- Business Courses
- Business Planning
- Legal Review of Contracts and Leases
- Financing
- Hiring
- Training
- **Incentives**
- M/WBE Certification
- Selling to Government

For more information...

Visit www.nyc.gov/smallbiz or call 311



Panel Discussion

Financing Brownfield Deals in the Current Market