New York City Department of Finance
Sustainable Energy Loan Program

Notice of Adoption of Final Rules

Pursuant to the authority vested in the New York City Department of Finance ("DOF") pursuant to New York City Charter §§ 1043(a) and 1504 and Chapter 30 of Title 11 of the New York City Administrative Code, DOF hereby adopts rules amending the implementation of Local Law 96 of 2019, which created the Sustainable Energy Loan Program ("Program") within the City of New York ("City"). The Program is intended to encourage energy efficiency improvements and the installation of renewable energy systems that save energy and reduce utility costs in the City. These amendments remove an existing requirement that the full loan amount be considered disbursed as of loan closing, and instead allow the loan to be provided in installments in a manner by which interest accrues only on the loan funds that have been disbursed, ultimately reducing financing costs for borrowers.

Statement of Basis and Purpose

The New York City Department of Finance ("DOF") is adopting the following rule change pursuant to the powers set forth in New York City Charter §§ 1043(a) and 1504, as well as Chapter 30 of Title 11 of the New York City Administrative Code ("Administrative Code"). A proposed version of these rules was published in the City Record on May 22, 2026. See City Record at 2204-05 (May 22, 2026). DOF held a hearing for public comment on June 22, 2026. No comments were received concerning the proposal of this rule and no revisions have been made to the rule amendment following the publication of the proposal.

In 2009, the New York State Legislature enacted General Municipal Law Article 5-L, which authorizes municipalities within New York State to create and administer Property Assessed Clean Energy ("PACE") financing programs. *See* Chapter 497 of 2009. PACE programs offer loans to property owners to fund energy efficiency and renewable energy projects on existing properties if a property owner agrees to pay the loan back through a separate charge on the property's annual tax bill.

In April 2019, the New York City Council enacted Local Law 96 of 2019, codified at Chapter 30 of Title 11 of the Administrative Code, which created the Sustainable Energy Loan Program ("Program") to finance energy efficiency improvements and renewable energy systems for existing properties in New York City. The Office of Long-Term Planning and Responsibility coordinates the Program, and, in consultation with the New York City Department of Finance ("DOF"), a third-party administrator under contract with the City administers the Program. *See* Executive Order 60 (Aug. 31, 2020), https://tinyurl.com/shj5p82z. Implemented under Chapter 58 of Title 19 of the Rules of the City of New York ("RCNY"), the Program is intended to help property owners reduce energy consumption and operating costs, create a healthier occupancy environment, increase the value of their buildings, and comply with City legislation establishing greenhouse gas emissions limits for buildings within the City. In 2021, the City Council amended the law to authorize PACE financing for new construction, as well as for owners of leasehold interests. *See* Local Law 42 for the year 2021; *see also* 19 RCNY § 58-03(b)(1)(ii) (for the eligibility criteria for leases).

These amendments to subdivisions (j) and (k) of Section 58-06 of Title 19 of the RCNY remove the requirement that the full loan amount be disbursed as of loan closing, as well as the need for such disbursed loan to be held in escrow accruing interest. These amendments reduce financing costs for borrowers by allowing interest to accrue only on the portion of the loan that has been disbursed. This approach reflects standard market practice, particularly for larger new construction projects, and provides flexibility for lenders and borrowers to structure disbursements and related interest accrual in a less costly manner.

New material is underlined. Material to be removed is [bracketed].

“Shall” and “must” denote mandatory requirements and may be used interchangeably in these rules, unless otherwise specified or unless the context clearly indicates otherwise.

Rule Amendment

Section 1. Subdivisions j and k of section 58-06 of Title 19 of the rules of the city of New York are amended to read as follows:

j. The proceeds of the Loan shall be:
1. Disbursed on the closing date; or
2. [Held in escrow or pursuant to a similar arrangement and disbursed] Disbursed in installments to the Borrower periodically as construction progresses.

k. [Notwithstanding subdivision j of this section or any other rule to the contrary, the entirety of the Loan amount shall be deemed to have been disbursed] The Lender shall provide a repayment schedule for the Loan, including any interest or fees, based on the anticipated dates of disbursement as of the closing date [for purposes of establishing a schedule for repayment of the Loan, including any interest or fees]. If, pursuant to paragraph 2 of subdivision j of this section, the proceeds of the Loan are disbursed in installments, the Lender shall, prior to the first payment date of the Loan, provide an amended repayment schedule based on actual disbursement dates and related interest accrual.