

**Testimony  
New York City Council Housing &  
Buildings Committee  
Intro 324-A**

**Nancy Anderson, Ph.D.  
Executive Director  
The Sallan Foundation, Inc.**

**June 15, 2005**

Good afternoon Chairperson Provenzano and Members of the NYC Council Housing and Building Committee. I am Nancy Anderson, Executive Director of the Sallan Foundation. Sallan's mission is to advance useful knowledge for a greener city and its agenda is to make high performance building and a sustainable energy system the new normal for New York. Thank you for the opportunity to offer my support for the goals of intro 324-A. I regret that I was unable to testify about intro 324-A at this Committee's hearings in September 2004, but Sallan did not open its doors until January of this year.

This bill seizes the opportunity to reduce our city's energy demand on a strained electric power system and ease the burden of sharply escalating costs of oil and natural gas. Just last week, during the first heat wave of 2005, wholesale energy prices jumped in New York City by 33% to \$144 per megawatt hour, up from Monday's price of \$107.90 for the same amount of electricity.

Intro 324-A makes an outstanding contribution to healthy public schools, a real boon to students, teachers and other school personnel. Intro 324-A reduces air pollution and the public health burden of dirty air. It helps the local economy to grow by stimulating markets

for new construction designs, materials, and methods. New York City can become a value-added model for the world and given its role as a center of media, NYC is uniquely situated to communicate the good news.

By mandating that new construction and certain capital budget-financed renovations of city owned and city funded buildings meet LEED Silver or LEED equivalent standards, we will move up the learning curve of how to build and operate sustainable, high performance buildings. Our success will show that it can be done and we will quickly learn to do it even better. This work will be carried out with ever-increasing efficiencies of time and costs as new methods and materials come onto the market. Intro 324-A also will support emerging businesses and new jobs that can grow into robust local high performance materials supply chains. Now I want to urge the Council to take the next, necessary step in making NYC the center of high performance urban development while helping to meet the pressing need for more affordable housing. The Council should establish a public policy that requires the adoption of high performance building standards for residential properties owned or rehabilitated by the city.

Turning to the impact of public policy on attracting the resources of the private housing market, the recent rezoning in Williamsburg has been justly applauded because it can generate thousands of affordable housing units by linking certain zoning bonuses to the development of affordable housing, but there is no policy in place for these units to meet LEED-equivalent standards. The Council should act now to

implement a policy of LEED-type requirements for affordable housing initiatives that are linked to future rezoning actions or to private developments that benefit from other types of public support or tax breaks.

Formulation of high performance requirements for residential building is a timely policy for New York City. Let me explain why.

First, high performance housing is the most affordable housing because it uses less heat and power than conventional housing. Reduced building demand means lower operating expenses, which is a direct way to keep down owners' and residents' monthly bills year after year. If the City invests in sustainable building, these dollars would translate into recurring savings in an economic environment where most other costs are rising.

Second, the funds are available to build affordable and sustainable housing. The City's Department of Housing Preservation and Development's new "Housing Marketplace Plan" will create and rehabilitate 65,000 housing units between fiscal years 2004 - 2008, including approximately 5,000 Mitchell-Lama units. The agency's capital commitments totaled \$283.4 Million in FY 04, and it projects a commitment of \$525.3 Million for FY 05 and \$497.2 Million in FY 06 (for all its capital projects). In addition, the Mayor and Comptroller announced the creation of the NYC Housing Trust Fund in April 2005. The Fund will use \$130 million in Battery Park City Authority revenues to fund 4,500 units of affordable housing in the City. The red hot market for

privately funded housing needs no elaboration.

We can be confident that the up front capital funds needed to build or renovate "green" will not be budget busters. In a 2003 report, researcher Gregory Kats systematically studied the construction costs of 33 LEED-Certified public buildings in California. He found that these projects required an average 2% premium over conventional construction costs. Most tellingly, this up-front investment resulted in operating savings of 10 times the initial premium. Although Kats did not capture data on residential buildings, there is no evidence that a LEED construction premium necessarily would be out of line with the 2% incurred for those buildings documented in this study. We should be very encouraged by such findings.

Again, thank you for providing the Sallan Foundation with the opportunity to testify on this important matter.