

# Investing in major energy upgrades—while keeping rent affordable



**Phipps Garden Apartments was built by Phipps Houses, a not-for-profit organization founded by Henry Phipps,** a philanthropist dedicated to providing high quality affordable housing. The low-rise complex takes up a block of Sunnyside, Queens, with 472 apartments and a large central courtyard.

**In 2010, the landmark property needed a major update. Energy waste was driving costs upward,** and a new law required replacing the aging boiler. “Investing in energy efficiency was the right thing to do—environmentally and financially,” said Phipps Vice President Douglas Hanau. “But we needed to do it in a way that wouldn’t lead to a rent increase.”

## About NYSERDA's Programs for Multifamily Buildings

NYSERDA offers a portfolio of programs and incentives for owners, facility managers, developers and condo/co-op boards of multifamily buildings with five or more units. Our initiatives make it easier to assess, fund, implement and measure energy efficiency upgrades that improve building performance and your bottom line.

Hanau found an ideal solution for the challenge. **A NYSERDA Multifamily Performance Partner assessed the complex’s energy use and recommended cost-effective solutions.**

**Taking advantage of NYSERDA incentives and other sources of funding, Phipps Garden Apartments’ management made comprehensive energy efficiency upgrades—**without needing to raise the rent. Today, tenants are thrilled with the updates—and **the complex has seen a significant drop in energy costs.**

## An old boiler and a new law pave the way for change

For many affordable housing buildings, investing in energy efficiency upgrades means raising the rent. That wasn't an option for Phipps Garden Apartments in Sunnyside, Queens. The complex was developed by and is an affiliate of Phipps Houses, a not-for-profit organization dedicated to providing high-quality housing at rents that are affordable for lower-income tenants.

In 2010, Phipps Houses Vice President Douglas Hanau was investigating possible replacements for the buildings' aging boiler when the New York City Council passed Local Law 43, banning the fuel the boiler used—#6 oil. At that point, Phipps Garden Apartments didn't have a choice. Complying with the law meant investing in energy efficiency upgrades.

## Stopping waste and finding funding with help from experts

Hanau knew the boiler wasn't Phipps Garden Apartments' only energy efficiency problem. "It's an older building, and it was time for us to look at energy waste across the board," he said. He worked with a NYSERDA Multifamily Performance Partner, the Association for Energy Affordability (AEA), to assess the building complex's energy use and recommend solutions and funding sources.

AEA recommended a full slate of energy efficiency upgrades and suggested that Hanau combine funding from the U.S. Department of Energy and the NYSERDA Multifamily Performance Program to make a full-scale project affordable.

"Because it's an affordable housing building, Phipps Garden Apartments qualified for multiple grants and incentives," Hanau said. "Even though there were a lot of people and organizations involved, I was amazed at how quickly our project moved. Our Partner and NYSERDA always made it clear what we needed to do."

## Comprehensive updates lead to major cost savings

Phipps Garden Apartments upgraded to an efficient dual-fuel heating system, updated lighting, added cellulose insulation to the roof, and made simple changes like weatherstripping windows, insulating heating and domestic hot water pipes, and installing low-flow showerheads.

## Background & Challenges

- Large, two-building complex built in the 1930s
- 31-year-old boiler required to be updated following ban on #6 oil
- Buildings in need of an overall energy efficiency update

## Solution

- Replace boiler with energy-efficient dual-fuel heating system
- Upgrade common area and apartment lighting
- Add cellulose insulation to roof
- Window insulation and caulking
- Refrigerator replacements with qualified ENERGY STAR® models
- Weatherstripping, heating and hot water pipe insulation, low-flow showerheads

## Benefits

- Drop in energy costs
- NYSERDA incentives combined with other sources of funding to make project affordable
- Tenants very happy with building updates

<b>Owner</b>	<b>Phipps Houses Services, Inc.</b>
<b>Number of Units</b>	<b>472</b>
<b>Project Financials</b>	
Total Investment	\$2,062,537
NYSERDA Incentives	\$300,640
<b>Actual Energy Savings</b>	
Annual Gas Savings	8,951 million Btu
Annual Electricity Savings	267,130 kWh
<b>Total Annual Savings</b>	<b>\$179,663</b>
<b>Project Lifecycle Savings</b>	<b>\$325,036</b>
<b>Simple Payback</b>	<b>11.5 years</b>
Savings to Investment Ratio	1.2

"The difference in our energy costs was remarkable. And the tenants are incredibly enthusiastic—not only because they're saving on their electric bills, but because we're burning cleaner fuel and polluting less."

—Douglas Hanau, Vice President, Phipps Houses Services, Inc.

► **Opportunity's knocking!** Call 1-866-NYSERDA or visit [nyserdanyny.gov/multifamily](http://nyserdanyny.gov/multifamily)



Participate in NYSERDA's Multifamily Performance Program and take advantage of funding for whole-building energy assessments and low-cost financing for energy upgrades through Green Jobs – Green NY. Green Jobs – Green NY is a statewide effort to strengthen our communities through energy efficiency. It enables New Yorkers to make a significant difference in our homes, businesses and neighborhoods—making them more comfortable, more sustainable, and more economically sound. Green Jobs – Green NY is administered by NYSERDA and made available by the Green Jobs – Green New York Act of 2009.

## About NYSERDA

New York State Energy Research and Development Authority (NYSERDA), a public benefit corporation, offers objective information and analysis, innovative programs, technical expertise and funding to help New Yorkers increase energy efficiency, save money, use renewable energy, and reduce their reliance on fossil fuels. NYSERDA professionals work to protect our environment and create clean-energy jobs. NYSERDA has been developing partnerships to advance innovative energy solutions in New York since 1975.

