

2012 NCSHA Award Nomination



Rental Housing: Preservation
and Rehabilitation

Banyan Street Manor Preservation

Karen Seddon, Executive Director

NCSHA 2012 Annual Awards for Program Excellence

Achieve Strategic Objectives

The strategic objective of high quality, affordable workforce housing in the urban core of Honolulu, Hawaii, was realized with the acquisition and rehabilitation of Banyan Street Manor. Built in 1976, the four story apartment, consisting of 55 units, was in need of a major overhaul and plagued by active vandalism and a lack of consistent oversight. Deferred maintenance and failing building systems had rendered 25% of the units uninhabitable. Through a public-private partnership guided by a clear vision, the transformation of Banyan Street Manor has set a high standard for affordable rental housing in Hawaii (see attached before and after photos).

Additionally, the objective to stimulate the economy was also achieved. Rehabilitation work on Banyan Street Manor created approximately 26 direct construction and 51 indirect jobs, as well as generating nearly \$4.5 million in state revenues.

Innovative Work Provides an Example of What is Possible in Affordable Housing

In addition to complete interior upgrades, including electrical and plumbing system replacement, new cabinetry, countertops, flooring, fixtures, doors, and Energy Star appliances, Banyan Street Manor residents enjoy design features unlike any seen in public or private housing projects in Hawaii, including the following:

- Beauty and nature in the form of the State's largest living green walls that also cool the building and reduce heat gain. Two 8' x 40' green walls and another 10' x 10' wall combine to create 740 square feet of vertical urban landscaping which creates a pleasing aesthetic for the residents to enjoy. The green walls provide sound dampening benefits in a typically noisy urban setting and improve air quality by removing an estimated 13.75kg of airborne particles from the air annually and producing enough oxygen to sustain 45.8 adult human lives each year. Paired with the rooftop garden described below, the green walls cool the building by up to 10 degrees, thus offsetting energy costs and reducing Banyan Street Manor's carbon footprint.
- A USDA certified organic rooftop garden that provides a source of fresh vegetables, herbs and fruit for residents and serves as a lesson in sustainability. The property's landscaping company installed the garden and donates 40% of its yields to the tenants for free. The balance of the herbs and vegetables are sold to Whole Foods and Foodland to offset their labor expenses. This model eliminates the garden's operating expenses and promotes healthy lifestyles for residents.
- Photovoltaic ("PV") and solar hot water heating systems, both of which are important since Hawaii has the highest per kilowatt electricity costs in the nation. The 15.3 kilowatt PV system offsets the common area expenses by \$7,000 per year and the solar water heating system directly reduces residents' monthly utility expenses.
- A gated urban green space and secure afterschool play area for children. An underutilized loading zone was repurposed to address the lack of a community gathering/recreation space. The asphalt surface is now covered with a padded synthetic grass, creating an ideal surface for children to play, but also one that cars can't damage. Also installed, were a basketball hoop, retractable desks, and a chalkboard wall finished with special paint. Since its installation, there is a stronger sense of

community as residents have held birthday parties in this space, with plans for movie nights and holiday celebrations.

The Achievements are Replicable

Sources of funding for the acquisition and rehabilitation of Banyan Street Manor are shown in the table below:

| | |
|--------------|---|
| \$7,252,844 | Federal and State 9% LIHTCs |
| 6,500,000 | Permanent debt through PNC and FHA 221(d)(4) rehabilitation program |
| 1,508,317 | Transferred project reserves |
| 77,742 | Deferred developer fee |
| \$15,338,903 | Total Sources |

Except for transferred project reserves, the financing model for Banyan Street Manor is replicable for other preservation and rehabilitation rental housing projects.

Building in a management presence is critical and replicable. A vital piece of the Banyan Street Manor renovation plan was the construction of an on-site management office. Previously, recertification and leasing were handled at an office located several miles away with very little daily management presence. A full time resident manager and maintenance engineer now staff the centrally located management office and provide management services, oversight, and control. The on-site office is convenient for tenant recertification meetings and inquiries. The added visibility of management has curtailed after-hours misbehavior and the tenants are now invested in the safety and security of their newly improved home.

The annual operating budget includes a part-time Social Service Coordinator ("SSC") position. The SSC provides opportunities for the residents to build life skills. These social events have been well-received and well-attended by the residents. The SSC will soon offer homework assistance and vocational skill training on newly purchased laptop computers. The SSC will also provide intake and referral services to connect residents with social services available in the surrounding community.

Demonstrate Measurable Benefits to HHFDC's Targeted Customers

There is a need for nearly 14,000 affordable rental-housing units. Hawaii has consistently ranked at the top of the National Low Income Housing Coalition's ("NLIHC") list of the worst states for rental affordability. According to NLIHC's "2012 Out of Reach," a household in Hawaii must earn \$31.68/hour to afford a decent 2-bedroom apartment at the HUD estimated fair market rent, while spending no more than 30% of income on housing costs. The average hourly wage in Hawaii is \$13.61/hour, leaving a gap of \$18.07/hour! This does not bode well for the 41% of the Hawaii population that rent housing, especially for the estimated 34% of households in the market directly surrounding Banyan Street Manor with annual incomes that fall below \$24,999.

With its prime location in the urban core of Honolulu, Banyan Street Manor provides very low-income households with safe, decent, and affordable rental housing in an exceptional living environment.

Provide Benefits That Outweigh Costs and Demonstrate Effective Use of Resources

The average cost for new home construction in Hawaii is \$350 per square foot. The units at Banyan Street Manor average 592 square feet. Accordingly, constructing a new similarly sized unit would cost

\$207,000, excluding land, entitlements, impact fees, etc. Vitus was able to renovate this property at a cost of \$56,000 per unit, incorporating high quality solid wood cabinetry, solid surface countertops, and vinyl plank flooring, all of which reduce long-term maintenance costs and unit downtime. The energy-efficiency, sustainability, and community benefits far outweigh the costs to create the living walls, rooftop garden, PV and solar water heating systems, and recreational-community space.

Use of a design-build model and collaboration with the contractor early and regularly, helped Vitus to contain costs. Cost containment practices were so successful that a \$340,000 contingency remained at the end of construction and tenants were the beneficiaries. Together with the tax credit investor, Alliant Capital, they decided to incorporate the following upgrades at Banyan Street Manor: expanded solar water rehabilitation; elevator modernization and new finishes; PV system; Bahama shutters; recreation/play area; and upgraded exterior lighting and additional security cameras.

Have a Proven Track Record of Success in the Marketplace

Banyan Street Manor has been transformed from a "public housing" project in dire need of rehabilitation, with a 25 percent vacancy rate, to a vibrant and desirable rental community. Residents feel blessed for the opportunity to live in the new Banyan Street Manor (see attached articles). Currently, there is a two year waitlist for the project.

Banyan Street Manor won an Honorable Mention in the Charles L. Edson Tax Credit Excellence Awards for 2012 in the category of Public Housing Rehabilitation, was also recognized by Hawaii Congresswoman Hanabusa at an awards ceremony in Washington D.C., and it just won an Award of Honor at the 2012 Betty Crocker Landscape Awards in the Professional Garden Category.

Effectively Employ Partnerships

The achievement of our strategic objectives for high quality, affordable workforce housing in the urban core and to stimulate the economy were realized through a public-private partnership guided by a clear vision shared by all partners.

The public partners provided the opportunity and substantial resources for the acquisition and rehabilitation of Banyan Street Manor. The Hawaii Public Housing Authority (HPHA) leases the underlying land from the City and County of Honolulu. The City issued a new ground lease to the HPHA, which then issued a sub-lease, sold the building, and transferred project reserves to Banyan Housing LP. HHFDC provided LIHTC financing, as well as exemptions from the State's general excise tax and conveyance tax. HUD provided a new 20-year commitment of Section 8 Housing Assistance Payments for the project.

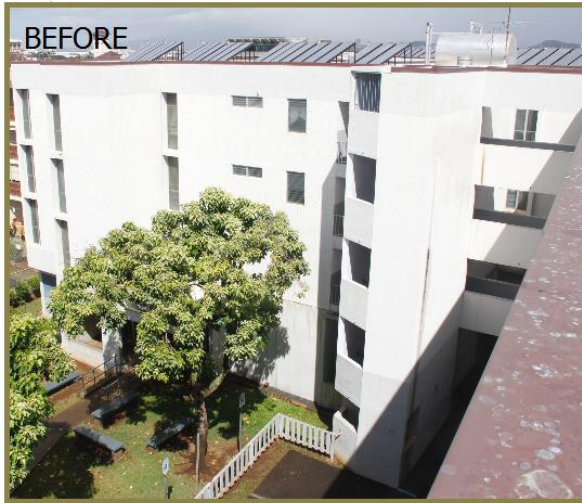
The private partners utilized their financing, development, and management expertise for revitalization and preservation. Exceptional design features and quality construction and materials enable residents who earn 50% and below the HUD area median income to afford and enjoy quality living in the urban core of Honolulu.

The resident partners shared their insights on the project throughout the rehabilitation phase and were flexible and patient. They now serve as the guardians of Banyan Street Manor.

Hawaii Housing Finance and Development Corporation
Banyan Street Manor Preservation



BANYAN STREET MANOR APARTMENTS – HONOLULU, HI



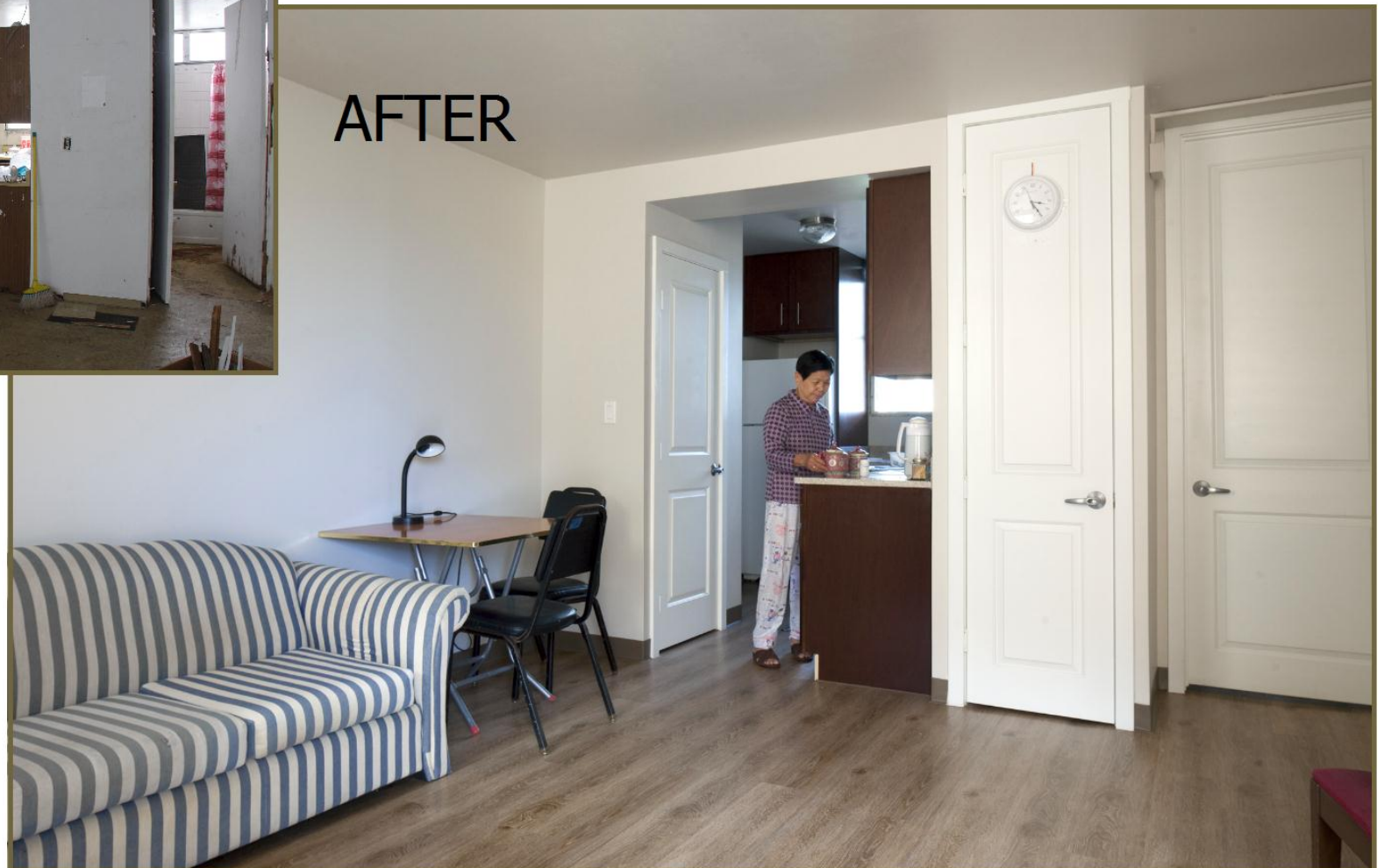
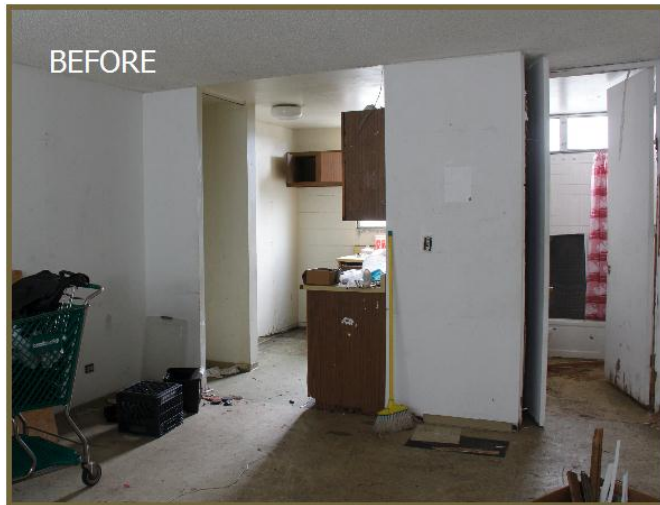
INTERIOR COURTYARD RENOVATIONS: management office, bahama shutters for energy efficiency, three green walls, paint throughout, trellis, grill, and seating areas; asphalt parking area resealed and striped



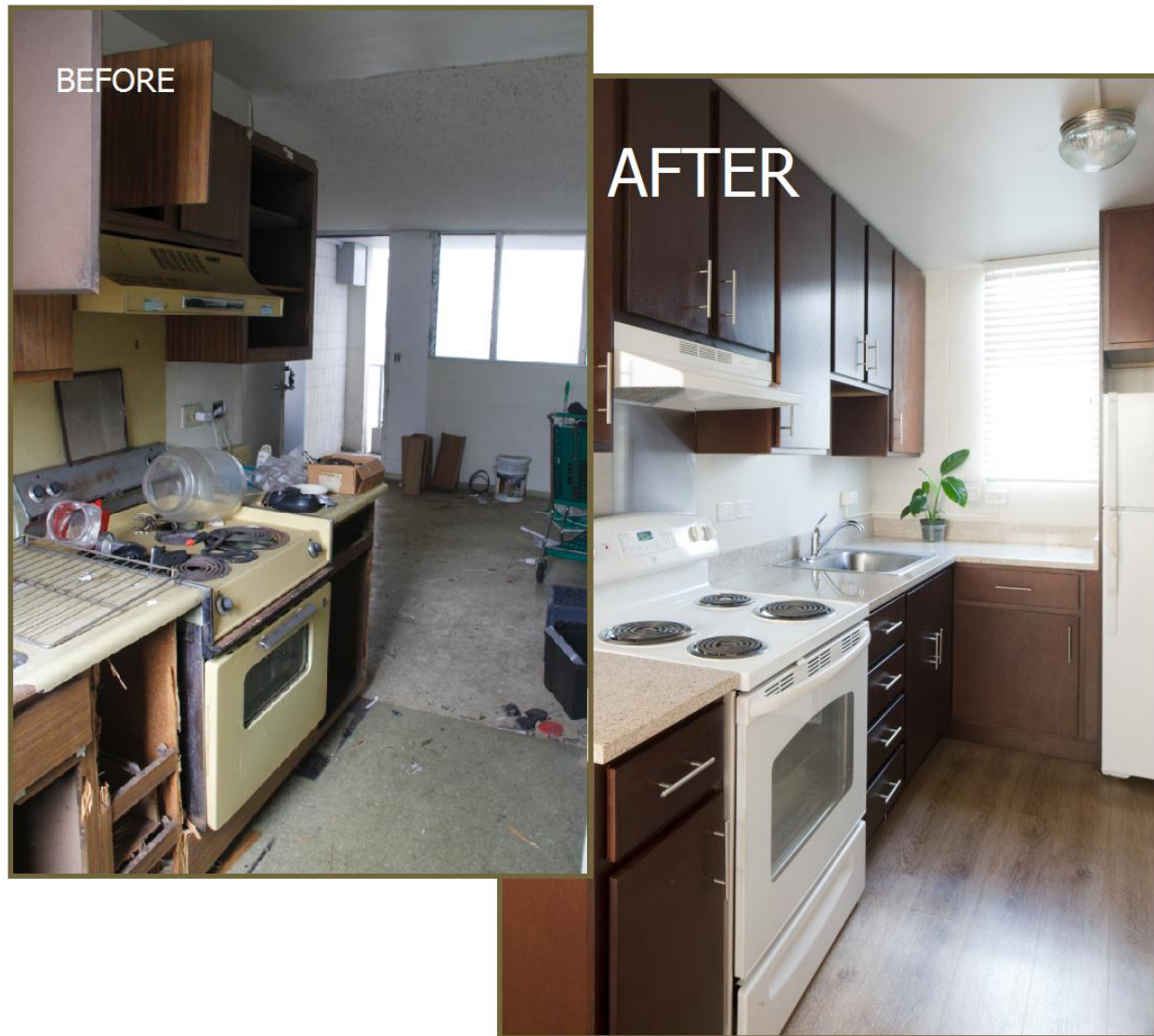
RENOVATIONS TO INTERIOR OF BUILDING: common area lighting, entry doors, and unit signage; intercom system and electronic roll-down gates added to secure interior of premises



LOBBY RENOVATIONS: storefront doors, tile, furnishings, artwork, mailboxes, elevator, and plants



INTERIOR RENOVATIONS: electrical upgrades, commercial-grade vinyl plank flooring throughout, interior doors, paint, window treatments, and removal of acoustical ceiling



KITCHEN RENOVATIONS: formaldehyde-free plywood cabinets, granite countertops, stainless steel backsplash and sinks, Delta faucets, InstaHot water heaters, garbage disposals, refrigerators, stoves, and range hoods



BATHROOM RENOVATIONS: bathtubs, ceramic tile tub surrounds, low-flow toilets, sinks, granite vanity tops, cabinetry, Delta showerheads and faucets, towel racks, and light fixtures; wastewater stacks replaced



BEDROOM RENOVATIONS: wire shelving in closets and mirrored bypass closet doors



GREEN WALLS: Hawaii's largest green walls were installed to improve air quality, create a pleasing aesthetic, reduce stress, dampen sound in urban setting, and keep building and surrounding area cool.



MANAGEMENT OFFICE ADDITION: Zoning variance obtained to construct new 300 sq ft office space which reorients project and provides a centralized space for leasing, security operations, and social service coordination.



PLAY AREA INNOVATION: When not in use, designated loading zone doubles as secure children's afterschool activity area and urban green space. Gate-enclosed area repurposes dead space for urban functionality.

**ROOFTOP GARDEN
PRODUCE:**

Hot House Tomatoes
Beefstake Tomatoes
Grape Tomatoes
Eggplant
Green Beans
Red Leaf Lettuce
Watermelon
Strawberries
Zucchini
Yellow Squash
Cucumber
Snap Peas
Leeks
Green Peppers
Hot Pepper Varieties
Various Herbs
Beets
Mustard Greens
Spinach
Kale
Swiss Chard
Radishes



USDA CERTIFIED ORGANIC ROOFTOP GARDEN: Garden is first of its kind in Hawaii and provides fresh vegetables and herbs to tenants, thus offsetting food expenses and promoting healthy living.

Industry News

04/28/2012 11:07:53 AM EDT -- Honolulu Star-Advertiser (HI)

Low-income housing looks like model homes

Organic vegetables and herbs grow on the roof alongside photovoltaic and solar water heating panels. Kitchen and bathroom countertops are solid granite. Closed-circuit TV monitors children playing on a shaded and grassy "tot lot."

Sound like a nice place to live?

Welcome to the low-income rental apartment building Banyan Street Manor in Palama where average rent is \$384 a month.

The amenities in this four-story complex were added in the past year after private developer Vitus Group bought the nearly 40-year-old building from the state.

"It's beautiful," said Henry Kealoha, a 75-year-old who lives mostly on Social Security at the Banyan. "It's a big change - right in front of you. It was like magic."

Kealoha has lived at the complex, about a block mauka of Tamashiro Market, for 15 years, and the recent improvements have been uplifting and stunning.

Before the privatization and renovation, a quarter of the Banyan's 55 one- and two-bedroom apartments were uninhabitable because they weren't properly maintained. In some cases, interior parts of some apartments were cannibalized for use in other state affordable housing projects. During the last fiscal year of state ownership, costs outstripped income from the Banyan by about \$360,000.

Today, the Banyan is fully occupied and there's a waiting list of people interested in living there. Rents are unchanged. And numerous upgrades were added.

Among renovations made to apartment interiors were new flooring, appliances, cabinets, countertops, lighting, window shades, doors, bathtubs and paint.

Improvements for the building included electrical upgrades, the solar water and photovoltaic panels, new plumbing, a new elevator, paint and security gates and cameras.

Landscaping was added not only on the grounds but also on strips down the sides of the building where colorful plants create mosaic-like wall accents.

"It's not what you think of for affordable housing," said Makani Maeva, director of the local office of Seattle-based Vitus.

The "tot lot" was made from what was once a loading zone by adding a gate, artificial grass and a basketball hoop. Part of a wall was converted to a chalkboard. Another section serves as a screen for showing movies.

The rooftop garden is being operated by 1st Look Exteriors, which is growing a variety of foods - including tomatoes, lettuce, peppers, eggplant, basil, green beans and strawberries - in raised organic beds. The company will sell 60 percent of harvest to Whole Foods Market and Foodland. The rest will go to Banyan residents for free.

Daniel Ham has lived at the Banyan for 32 years, and he says he now is proud to call it home. "I love the new improvements," he said in a statement.

Project officials and government leaders are holding a blessing and rededication ceremony at the building today, celebrating completion of the overhaul and touting it as a potential model for rehabilitating other dilapidated affordable housing projects owned by the state and city.

"This project is a perfect example of what's possible when private and public agencies work together to revitalize our communities," Maeva said.

The Hawaii Public Housing Authority had owned the Banyan, which was built in 1976 on city land.

Because of difficulty operating the project even with Section 8 rental subsidies provided by the U.S. Department of Housing and Urban Development, the Housing Authority decided in 2009 to sell the building.

Vitus was selected as the buyer, paying \$8.5 million. Renovations cost another \$3.1 million.

As part of the deal, the city keeps ownership of the land. Vitus, for 61 years, will keep rents affordable for tenants earning no more than 50 percent of Honolulu's annual median income, which equates to \$41,200 for two people.

HUD committed to providing Section 8 assistance payments to Vitus for 20 years as a way to help limit rent to no more than 30 percent of tenant incomes.

Monthly rent, which ranges from nothing to \$1,283, isn't increasing under Vitus ownership. In fact, Maeva said electricity costs are going to decrease because of the photovoltaic and solar water heating systems.

"The result of this partnership is the preservation of affordable apartments in Oahu's tight housing market," she said.

Vitus is pursuing other purchases of affordable housing in Hawaii from the city, state and private owners with a goal of improving the properties and a sense of pride and community among residents.

The firm bought its first Hawaii property, Kekaha Plantation Elderly Housing on Kauai, in 2005.

That was followed by Whitmore Circle Apartments in Wahiawa.

Vitus is also a partner with New Jersey-based Michaels Development Co. on the \$135 million renovation of the state's largest public housing project, Kuhio Park Terrace and Kuhio Park Homes.

Credit: Andrew Gomes

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Vitus Group finishes work on Banyan Street Manor Apartments

Pacific Business News

Date: Wednesday, April 25, 2012, 11:58am HST

[Vitus Group Inc.](#) said Wednesday that it has completed more than \$3.1 million in improvements to the Banyan Street Manor Apartments in the Kalihi section of Honolulu.

Vitus Group, which purchased the 55-unit low-income rental project from the **Hawaii Public Housing Authority** last May, said the project including installing a photovoltaic system on the roof, solar hot water heaters, a rooftop farm and a "living wall" that is the largest in Hawaii.

Two-fifths of the produce grown on the roof will be given to residents for free, Vitus Group said in a statement.

Low income housing converted into "green" house

Reported by: [Manolo Morales](#)

Email: mmorales@khon2.com

Published: 4/26 5:03 pm



The Banyan Street Manor was built more than 30 years ago, but it has the look of a modern apartment complex. The roof has a two thousand square foot organic garden. All 55 units have new flooring plumbing, cabinetry, making some residents just plain giddy.

"It's like in my bathroom my vanity mirror makes me feel like I have a part of Hollywood in my home," said resident Oceana Falaniko.

Security has also stepped in with video cameras all around, giving residents peace of mind and an overall sense of pride.

"I, for one, and I'm gonna encourage my neighbors to actively take part in taking care of what we have, cause we've been surely blessed," Falaniko said.

All this for a monthly rent of \$3-400. A private developer called Vitus Group bought the building and spent more than \$3 million renovating it. It added new features like green walls that help cool

the building and solar panels to keep the cost of electricity down. As for that organic garden, some of the herbs and produce will be given to the residents come harvest time.

"So that is an expense that our tenant may not otherwise be able to afford, but we're able to offer them the opportunity and the experience of these fresh vegetables," said Makani Maeva, of Vitus Group.

A blessing and rededication ceremony was held to celebrate the improvements. Maeva says renovating rather than building from the ground up is a more efficient way to provide affordable housing.

"We're doing it less expensively than we would have otherwise. We're keeping the construction debris out of landfills, we are creating jobs now and we are offering housing," Maeva said.

<http://www.khon2.com/news/local/story/Low-income-housing-converted-into-green-house/27eKF8rdFkGpiffPpPGm5sg.csp>