

Council bill to limit fee-simple conversion fails

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A bill that would have limited the number of Oahu condominium lessees eligible for mandatory fee-simple conversion was voted down almost as quickly as it appeared.

The bill, introduced by Councilman John DeSoto and three colleagues last week, would have made it more difficult for condominium lessees to petition for fee conversion.

The measure died yesterday during its first reading when the five Council members who did not sponsor it voted against it.

Under the city's lease-to-fee conversion law, 25 lessees or a majority of owner-occupants living in a condominium can seek to have the landowner sell them the fee interest.

If a landowner refuses to sell or the two sides disagree on price, the issue can taken to the Council, where condemnation proceedings would begin.

The matter is ultimately determined by a jury in Circuit Court. The proposal would have changed the rules to say:

A majority of all owners, occupants or otherwise, would be required to petition the city. The ordinance now requires that a majority of owner-occupants is needed.

No lessee owning real property in the United States would be eligible. Currently, a lessee cannot own other property on the island.

Members of the Small Landowners Association, who oppose mandatory conversion, were in favor of the bill.

Association member Phyllis Zerbe said the law was always intended to have a majority of all units signing up for conversion before the process kicked in.

Realtor Michael Pang, who assists lessees in the conversion process, said the current rules already exclude 30 percent of the owner-occupants on the island from moving toward conversion.

Up to 70 percent or 80 percent would be excluded if the bill passed, Pang said.

A five-member majority, in the end, agreed that it was too early to tinker with the current rules since the first conversion, involving the Kuapa Isle townhouse complex, had not yet gone through the process.

Those voting against the bill were Duke Bainum, John Henry Felix, Steve Holmes, Andy Mirikitani and Jon Yoshimura.

Joining DeSoto in support were Mufi Hannemann, Donna Mercado Kim and Rene Mansho.

In related news, the Council gave its approval to petitions by the lessees of the Kahala Beach and the Wailana at Waikiki to begin eminent domain proceedings against the their respective landowners.

Those are the second and third condominiums to move toward mandatory conversion.