

# **Bishop Estate's Hawaii Kai land values slashed**

## **Arbitrators value Koko Head Villa land at 60% of the asking price**

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Carol Baker, a resident of Koko Head Villa in Hawaii Kai for 24 years, was elated yesterday after learning that an arbitration panel had set the value of the Kamehameha Schools/Bishop Estate land under her apartment at just 60 percent of the estate's asking price for fee-simple sales.

The ruling could impact thousands of other lessees in the Hawaii Kai area who have balked at the prices set by the estate, or whose leases will be renegotiated in the next few years. "You can fight Goliath and win," said Baker, who hopes the victory encourages other lessees not to give up.

Baker and six other owners joined together last year after deciding they couldn't afford to purchase their land in fee and instead set out to renegotiate reasonable lease rents.

The land value set by the arbitrators translates into a new monthly lease rent of \$286 per apartment, far higher than the \$10 a month they had been paying but substantially less than what owners feared they would have to pay.

The new lease rent is fixed for 25 years.

"If we had done nothing, the lease rent would have been based on the \$96,300 asking price set by Bishop Estate, or about \$500 a month rent," Baker said.

"I didn't expect them to give me the land, but I did expect a fair price," Baker said. "It's real scary to think that you might have to move out of your home because you can't afford the lease rent."

Another villa owner, Tom Yang, faulted Bishop Estate for forcing a long, expensive legal process instead of voluntarily negotiating a mutually agreeable rent.

"We made an offer to them in early 1997, but they never responded," Yang said. "They kept delaying, ignoring us. In the end, they never gave us any offer. Finally, we had to trigger this arbitration.

"We wanted to live here, and we had no choice. We were forced into this situation," he said.

Bishop Estate spokesman Kekoa Paulson said the estate does not believe the ruling will affect lease-to-fee prices.

"The new lease rent actually gives our lessees at Koko Head Villa a clearer idea of the choices they have," he said.

"They can continue in leasehold and pay the new rent, or become fee-simple owners at the prices

we've offered."

He said that of the last five arbitrations or evaluation trials, "this is the only one to come in below the levels we were asking."

Michael Pang, owner of Monarch Properties and the lessees' representative in the arbitration process, called the panel's ruling "another indicator that KS/BE's prices can't be supported by appraisal."

Pang noted that the estate's own appraiser in the arbitration process came up with a land value of \$73,500, well below the \$96,300 sales price set by the estate for the project. An appraisal done on behalf of the lessees had pegged the value at \$47,000, while the three-person arbitration panel finally set it at \$57,292, Pang said.

"What's interesting is that a number of major projects, especially the older townhouse projects, come up for renegotiation in the next few years," Pang said.

He predicted the ruling and the looming renegotiations will eventually lead the estate to drop its asking price for fee sales 30 percent to 50 percent below current prices.