

Proposed condo law could force sale

By Vickie Ong
Advertiser Staff Writer

About a week before Kiichi Sakata's father, Charles Sakata, died, he reminded his family of something very important to him.

"He always talked to us about land, land, never sell your land. He worked so hard and struggled to get this land," said Kiichi's 70-year-old wife, Elsie.

She said: "I thought to myself we really better do what he asked us to do. But at the time we never thought we'd be like this."

By "this," Elsie means the situation the Sakatas now find themselves in.

Kiichi Sakata, 70, a retired Meadow Gold Dairies processing worker, and his wife are now the owners of the 12,173 square feet of land on Citron Street, just over half of the property under the 88-unit Parkside Tower, a high-rise leasehold condominium built in 1980. They are battling an effort by lessees (not necessarily those in their building) to get the 1991 state Legislature to pass a bill that would force landowners to sell their land in fee to apartment owners.

"I don't want to lose this property," said Kiichi. "I want to hang on to this property for my children and their children."

The Sakatas' family includes daughter Sharon Kato, 36, son-in-law Raymond Kato, 39, and their daughters, Kristin, 6½, and Heather, 3.

Kiichi and Elsie Sakata still live on their land. They reside on the 20th floor of the condo.

Kiichi was 6 years old when his father bought the Citron Street property in 1926, a time when much of McCully was duck pond land.

Elsie said her father-in-law worked double shifts at the Dairymen's Association (forerunner of Meadow Gold), making home deliveries of milk, then working another shift at the dairy plant.

"He always used to talk about when he had to work two jobs just to make the \$35 monthly payment for the land," Elsie said. "He got only \$75 a month."

Charles Sakata built his three-bedroom home in the back, put up a four-unit apartment in the front and had a duplex in the middle. Kiichi's sister's family lived in one of the duplex units and the cousins played in the yard.

After his father died in 1970, Kiichi inherited the property.

The Sakatas, who did all the painting and repair work themselves, rented their apartments for less than \$100 a month.

In 1978, when a developer told them to hurry and build a condominium before a temporary moratorium on high-rise apartments went into effect, the Sakatas agreed to combine their land



Advertiser photo by T. Umeda

Kiichi and Elsie Sakata and their granddaughter, Kristin Kato, stand in front of their condo on Citron Street.

with their neighbor's 10,000 square feet and become a lessor.

The 70-year lease, which started in 1980, sets a fixed lease rent for 10 years and provides for higher but fixed amounts for the next 10, 10 and five years. The rent is subject to negotiation in the 35th year.

From the developer, the Sakatas got two units in the building — one for themselves, one for their daughter to live in. And they get just over half of the lease rent collected from the apartment owners — about \$35 to \$40 per unit in the first 10 years.

"Some people think the landowner makes a lot of money. Actually, we're not," Elsie said.

"Our monthly fee (from lease rent) for 10 years was \$1,775 a month. That's not big money for 88 units," she said. Now that they're in the second 10-year period, the couple gets \$500 a month more. It'll stay at this level until the year 2000.

The income supplements Kiichi's small retirement pay and Social Security.

They are amazed at what the apartment owners have made buying and selling units over the past decade. The units, all two-bedrooms, originally sold for \$86,850 to \$93,550 in 1979. Now they're going for \$265,000 and up.

Because the lease is long and the rents are fixed, "so far in this building, nobody is making noise" about buying the land in fee, Elsie said. But she fears that if legislation is passed making fee conversion available to all owners, they will think, "Why not?" and press for the fee.

If the Sakatas are forced to sell the condominium land to the apartment owners, the only Citron Street property remaining in the family will be "where I'm living and Sharon's unit," said Elsie.

She drew two one-inch blocks on the table with her fingers, and then shook her head.

Owners hope to keep family land

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By Vickie Ong
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Theresa Miyamoto proudly shows off the work her husband, Irvin, has done in the kitchen of their three-bedroom, 1½-bath townhouse in Pearlridge.

He installed storage cabinets above her kitchen cupboards, put in a display shelf, added a brick finish to the walls, built a recessed pantry and telephone nook and gave her a sliding door to close off the kitchen.

"It is OUR home," said Theresa, 42, a homemaker.

Although their Ridgeway C townhouse sits on land leased from Bishop Estate, it is home for the Miyamotos — Theresa, who formerly worked as a nurse at The Queen's Medical Center; Irvin, 41, a Hewlett-Packard Co. customer engineer; and their children, Jennifer, 14, and Steven 12.

Theresa has joined other lessees who want more security for their homes. Some are lobbying hard for legislation that would force landowners to sell their land in fee to apartment, co-op and townhouse owners. Others, worried that ground lease rents due to be renegotiated in the next 10 years will be sky-high, are working for rent caps.

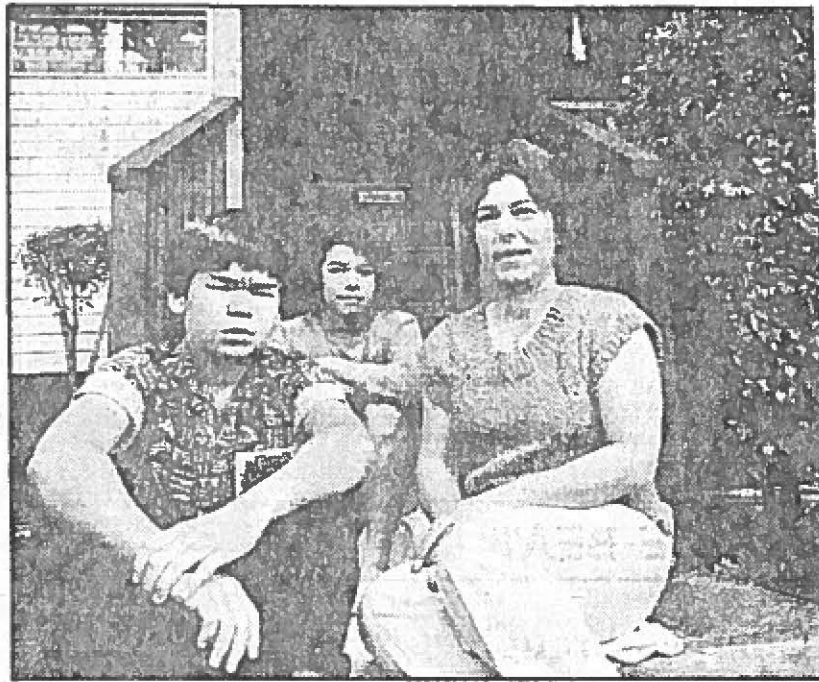
And some lessees urgently want to abolish surrender clauses in lease contracts that would return all buildings and improvements to the landowner at the end of the lease.

Explaining her perspective, Theresa said: "I would not hold a gun to anyone's head and say, 'You must sell me your land.'

"We would very much like to own our land, but if that does not seem possible, we're more than willing to pay lease rent at a fair and reasonable rate, but we all agree that the surrender clause must be done away with."

The first new rents that Bishop Estate has renegotiated on its condominium properties have come in more than 10 times higher than the old rents of \$20 to \$30 a month.

"Ten times would be excessive," Theresa said. "Five or six (times higher) would be fair. That's five or six times what they were getting before.



Advertiser photo by Bruce Asato

Theresa Miyamoto (right) and her children, Steven and Jennifer, sit on the steps leading to their Pearlridge townhouse.

That's reasonable."

Theresa said that before she and Irvin married in 1974, they looked at houses, but prices were "so far out of reach." Houses then were going for about \$70,000.

They found the Pearlridge townhouse, just two years old, and bought it in 1974 for \$54,000.

They have a 55-year lease, with the rent fixed at \$18.75 a month for the first 25 years and subject to renegotiation in 2002 for the remaining period of the lease.

The Miyamotos thought "maybe we'll stay four or five years until we start a family, then get the house with the yard, but that turned out to be ridiculous," Theresa said.

In six months, the townhouses were selling for \$60,000; over the next three years, prices jumped to \$90,000. But the prices for single-family homes in fee simple were escalating even faster.

The couple had their children in 1976 and 1978 and made a crucial decision.

"I didn't want to go into hock for \$180,000 and try to raise our children. We decided we'd stay here for the rest of our lives, retire, sell everything and travel on the Orient Express," Theresa said laughing.

Instead of buying a new

house, they decided to make "the inside ours." They enclosed the lanai as a play area for the children, made the kitchen improvements, recarpeted, redid the bathroom.

It was startling for the Miyamotos — and thousands of other lessees — to learn about the surrender clause in the early 1980s.

"It never occurred to me that at the end of the lease, you have to give up your home. I said, 'Oh, that's very interesting...' and that's when I became very involved," Theresa recalled.

Theresa said she can support legislation restricting conversion to owner-occupants or imposing shared equity with the landowner on sales occurring in five years.

And she feels strongly that at the end of the lease, the lessee should be compensated at fair market value for the building.

To lessors who say lessees like the Miyamotos could sell their townhouse for \$250,000 and buy in fee somewhere else, Theresa replies:

"Where am I supposed to go? My house is worth more emotionally and intellectually than financially. This is where my children were born. This housing shortage is so critical — where are these people going to go?"

Home with personal touch
would be hard to surrender