

From the Pacific Business News:

<https://www.bizjournals.com/pacific/news/2018/06/08/avalon-to-convert-hawaii-kai-rentals-to-condos.html>

Avalon to convert Hawaii Kai rentals to condos

Avalon Development, citing rising interest rates, plans to convert the majority of the 269 rental units at its Hawaii Kai apartment complex to condominiums, and plans to hold on to the project's 56 affordable rentals.

Avalon delivered a 120-day notice of the plans on Friday to tenants who are on month-to-month leases, Avalon President and CEO [Christine Camp](#) told Pacific Business News. Tenants with longer-term leases will be allowed to remain until those leases expire, she said.

"It's just that the interest rates have gone up so much it doesn't work out as a rental any more, so we are selling the units to preserve the affordable units," Camp said. "[The project] was financed by private money. Given that it has a mortgage and interest rates are going up, when we refinance the mortgage, it doesn't pencil out."

The 7000 Hawaii Kai project [opened two years ago](#) with a total of 269 units, including 215 two-, three- and four-bedroom units with market rents ranging from \$2,200 to \$3,700, and 54 affordable units.

The developer began holding back vacant units late last fall in anticipation of offering them for sale, she said. Two tenants also recently gave notice, and Camp



COURTESY AVALON DEVELOPMENT CO. LLC

The 7000 Hawaii Kai rental project is seen in this rendering. The majority of the 269 units in the two buildings, which opened two years ago, will be converted to condominiums under a plan by owner Avalon Development.

said she expects to have about 100 of the 213 units available when sales begin this fall.

Avalon is currently preparing the condominium documents that must be filed with the state Real Estate Commission first.

Existing tenants will be given first rights to buy their units, which will be priced from \$479,000 to \$750,000, and tenants who choose to buy the units they live in will be given 15 percent of the total rent paid toward the purchase price, she said.

The plan is to offer 50 percent of the units first to owner-occupants, then offer the remainder to investors, some of whom may rent back to existing tenants who choose not, or are unable, to buy, she said.

“All the current tenants will have first right of purchase,” she said. “They just have to make sure that they qualify for the units.”

Janis L. Magin

Real Estate Editor

Pacific Business News

