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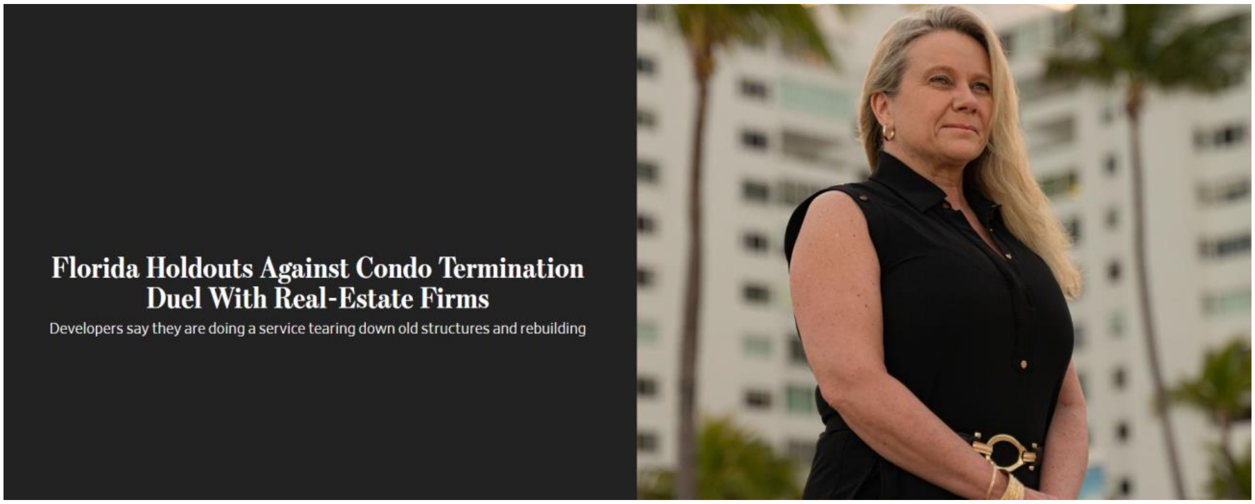

By Deborah Acosta
Follow | Photos by Sydney Walsh for The Wall Street Journal
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When Joe and Janet Dippell bought their oceanfront condo in 2008, they thought they would live there forever. The Bal Harbour, Fla., property featured its own restaurant and the Dippells' 3,300-square-foot apartment boasted water views.

But over the past two years, local developers have been trying to buy each of the Carlton Terrace's 88 units. They plan to knock down the property and build a development where they can charge premium prices for more units.

The Dippells and five other owners declined to sell. But the condo bylaws stated that if 80% of the unit owners vote in favor of selling, then everyone must sell. The Dippells moved out in November. They are now living in a house roughly half the size of their former condo and without the ocean view.

"They did well financially, but they still got kicked out of their home," said their daughter Marjorie Mannix, speaking on behalf of her parents, who signed a nondisclosure agreement as part of their buyout. "They have to start over in their 80s."

This process, known as condo termination, has cropped up across the U.S. But it has been particularly prevalent in Florida, where at least 400 buildings have experienced it over the past decade, according to the Florida Department of Business and Professional Regulation.

The frequency reflects the large stock of aging condo buildings in South Florida and the lack of developable land near the ocean. Some developers are buying out unit owners, tearing down the buildings and constructing new ones in their place. Related Group, Starwood Capital Group and Fortune International Group are among the developers partaking in condo termination.

Developers say that many of these condos are on prime land and that they are performing a useful service, offering owners market-rate prices. By tearing down decades-old properties and building new, they are often removing structurally unsound buildings.

Many unit owners are happy to sell. After a condo collapse in Surfside, Fla., killed 98 people, Florida passed a law that requires most condo buildings over 30 years old to undergo structural inspections. Those are often accompanied by assessments on condo owners that can exceed $100,000. Part-time residents, in particular, can be eager to take a check from a developer rather than come up with the cash to cover the assessment.

But some owners, especially older ones, oppose selling and having to find a new home in one of the country's most expensive states to buy.

In many cases, they have little choice. A Florida statute says that once a developer acquires 80% of the units, it can terminate the building.

Condo documents that govern the building can often contradict the law, leaving much up to legal interpretation. While some condo bylaws require 100% of unit owners to agree to a sale for example, developers can often change those bylaws once they acquire a majority voting stake in the property.

“There’s definitely levers to pull once the prospective developer acquires a critical mass of units,” said Daniel Gielchinsky, a real-estate attorney who represents developers in these cases.

That is what happened to Howard Fellman, the lone holdout in a 176-unit condominium in Boca Raton. The bylaws at his association required a 100% threshold to terminate the condominium, he said. Scully Co., as the majority owner, voted to lower that threshold to 80% in February 2021. The firm then voted to terminate the condominium.

“We did what we’re legally allowed to do,” said Chief Executive Jessica Scully.

Mr. Fellman, 57 years old, took his grievances to court and lost. He is appealing the decision. “I think property ownership is a vested right, not one that can be voted away with a hostile investor-led condo board,” he said.

In Melbourne, Fla., Elfi Morch-Dionysius sold her condo after receiving a letter from the majority owners, she said. The firm paid her $180,000 for the unit, which wasn’t enough to pay for something comparable in the area.

"Anyone who's being bought out will be bought out for a fair market value based on an independent appraisal," said Eric Appleton, the attorney hired by the association's board of directors. Mr. Appleton added that unit owners can seek their own appraisal to contest the amount and go through a dispute-resolution process.

Ms. Morch-Dionysius, 70, said she accepted the offer because the real-estate company wrote that if she stayed another year, it would reduce it by $20,000. She used all of her savings and took out a mortgage to buy a single-family home for $315,000.

"The longer I waited, the less I would get," said Ms. Morch-Dionysius. "Other people got less."

Tracy Doka, who owns a unit in the same complex, is one of six owners who voted against termination. Five of them have hired an attorney.

"It's like a hostile takeover," Ms. Doka said. "Never buy a condo in Florida, that's all I can say."

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