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Orlando condo community that nearly was condemned sees sales return



A bankruptcy filing, a rehabilitation process and more transformed Walden Palms from a nearly abandoned site filled with squatters into a community with growing condo values. Here's how.

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By [Alex Soderstrom](#) – Staff Writer, Orlando Business Journal
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Attorney [Matthew Kish](#) once was told a story of how squatters at Orlando condo community Walden Palms used to shoot ducks from their balconies, cook them and eat them.

In 2018, roughly six years after those events allegedly took place, Kish was hired by Walden Palms Condominium Association Inc. Kish, a bankruptcy attorney with Boca Raton-based Shapiro Blasi Wasserman Hermann PA, helped guide the association through a bankruptcy filing, legal settlements and a rehabilitation process that transformed Walden Palms from a nearly abandoned site filled with squatters into a community with strengthening condo values.

A bankruptcy plan was confirmed in December 2020. The result of the case, which Kish told *Orlando Business Journal* was one of the strangest cases he has ever worked, is the saving of a 400-condo community in a popular area near the Mall at Millenia.

“Associations usually don’t file for bankruptcy,” he said. “This typically would have been something to just turn over to the city, and the city would raze it.”

Reversing a downward spiral

When Kish was hired by Walden Palms, the situation was dire. In fact, Walden Palms Board President [Phil Masi](#) told *OBJ* the community "couldn't have been in worse shape in any way.

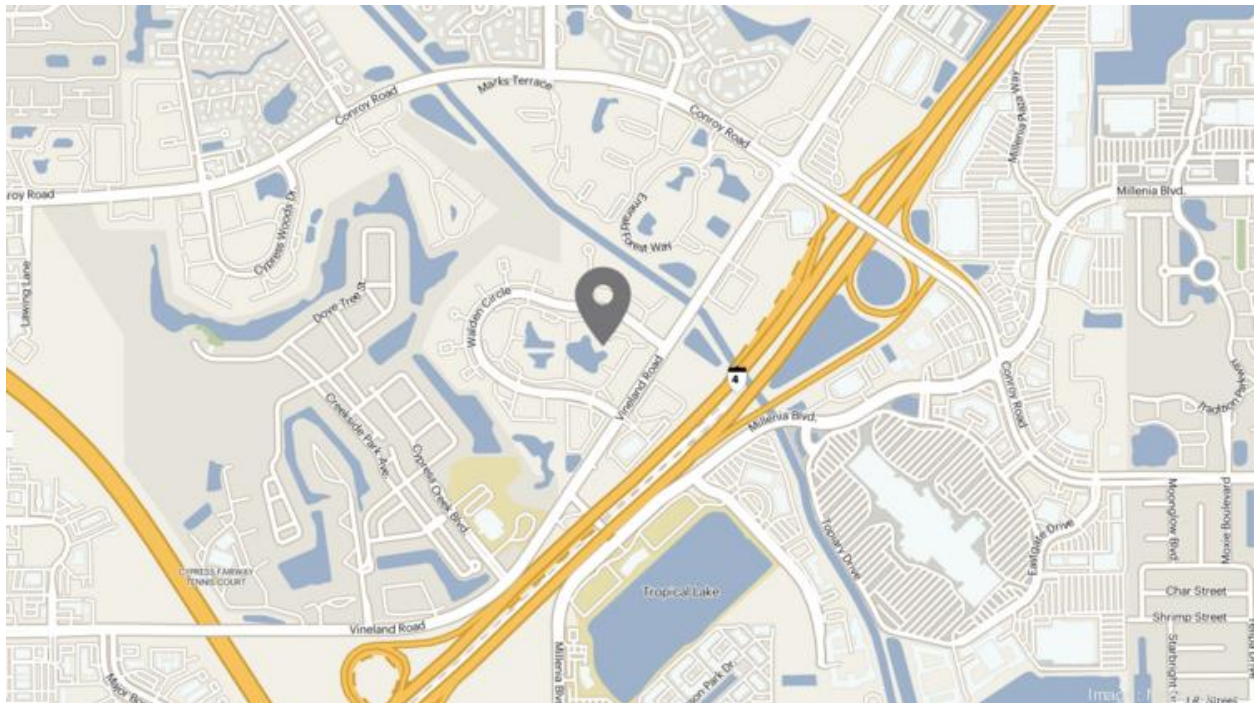
The community owed \$25 million in code violations to the city of Orlando, which threatened to condemn the property, Kish said. The 2008 housing crash led many of the condo owners, several of whom were investors, to abandon the properties. The association was unable to collect dues to cover maintenance costs, the community fell into disrepair and squatters soon moved in.

That was part of what Kish called a “downward spiral” for Walden Palms. An attempt to clean the carpet in one condo went wrong when the crew used a gas-powered generator, since there was no electricity in the unit. This led to the condo owner next door alleging carbon monoxide poisoning and suing Walden Palms. Plus, the association’s board resigned en masse in 2018, leaving one community resident, Masi, as the sole board member.

After hiring Kish, the association overhauled its management team. However, with suits being filed and unpaid code violations piling up, [Walden Palms filed for Chapter 11 bankruptcy protection in December 2018](#). The bankruptcy filing was the "nexus point" for the community's recovery, Masi said. "We were able to take a breath."

Walden Palms hired a new project manager and embarked on a massive rehabilitation across the community’s 19 buildings that cost between \$7 million-\$8 million. Walden Palms raised between \$3 million-\$5 million by suing an insurance company and selling units, Kish said. That led to the association collecting more assessments from new

owners and “rebooted the entire system,” he said. Walden Palms eventually settled with all its creditors, Kish added.



The location of Walden Palms near Interstate 4 and Mall at Millennia

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Bankruptcy a 'strategic tool'

Kish estimated 75% of the units are rehabbed, with the rest expected to be finished by October. When Walden Palms filed for bankruptcy more than two years ago, some condos were valued between \$10,000-\$20,000. Today, they are valued at more than \$100,000, Kish said.

Condos, like virtually all housing units, are a red-hot commodity in Central Florida. In February, [local condo sales were up 12% from February 2020](#), according to the Orlando Regional Realtor Association. Plus, the 32839 ZIP code where Walden Palms stands [saw one of the biggest jumps in home sales of the pandemic](#), with sales up 48% between February 2020-February 2021.

Meanwhile, a report from Zillow Group Inc. makes it clear that condo demand may take off nationwide due to “sky-high housing demand and the enduring affordability of condos for a large pool of buyers eager to get a foot in the door.”

The case also is an example of the value of the “underutilized tool” of bankruptcy, Kish said. “It is something you can not only use in a situation like this, where it’s a last-case scenario. It can be a strategic tool.