

Proposal to Protect the CHCCA from Over-investment

We would like to propose that the CHCCA consider steps to address two related issues: our increasing vulnerability in the light of the current rash of buy-outs by wealthy parties, which threatens our property; and means to avoid acquisition by buyers and/or their lenders of a controlling interest in the condominium, in order to maintain a fair, shared participation in its governance and maintenance.

The impetus for this proposal stems primarily from the extraordinary period of real estate appreciation in the U.S. and, especially, the Cape over the past few years. Most recently, there is a major trend toward acquisition of properties in highly desirable locations by wealthy individuals and investors, the results of which are literally all around us here on Corn Hill, where we are increasingly surrounded by large and expensive homes. Given that our cottages occupy one of the most desirable properties on the Cape, we are particularly vulnerable.

Measures to avoid controlling interests, such as limits on ownership in condominiums, are not uncommon; for example, many lenders will not make loans on condo properties with more than a small percentage of single/multiple entity ownership. Ownership limits are also often applied by condo associations in order to ensure fairly shared participation in the condo's governance and maintenance.

We feel strongly that now is the time to act on this, while we still have the opportunity. It may seem that the threat is not imminent, but things can change rapidly in unexpected ways. Better to anticipate now than to see our little spot of heaven irrevocably changed after we have lost the power to prevent it.

We propose that a small committee be established and tasked with the following:

1. gathering data that can be used to inform the CHCCA ownership about the threat to our property in the current real estate environment;
2. gathering of information about common practices concerning condominium ownership and governance;
3. consideration of steps to address the problems of over-investment, such as limiting ownership to one unit per entity, pursuing historical status, etc.
4. drawing up a proposal to be presented at next year's meeting for a vote.