

WEATHERSFIELD

at Ferrington Village

Weathersfield Rental Cap Proposal: Points for Homeowners to Consider

June 9, 2022

Dear Weathersfield homeowners:

In March and April of this year, the Board conducted a survey to determine how the community felt about the idea of placing a cap or other restrictions on the ability of owners to rent out houses in Weathersfield. 60% of homeowners responded to the survey and of those, 85% were in favor of restrictions. 79% of respondents favored the approach of capping the percent of houses that could be rented and that a number between 10 and 15% would be best. This in light of the fact that at that time, the percent of rented houses in Weathersfield was 8-9%. That number today is 7% due to the sale of some of the houses that were previously rented.

As a result of the survey returns, rapidly increasing activity in the real estate market and further discussion amongst the Board, the Weathersfield HOA Board decided last month to move forward to work with our HOA attorney to draft a Covenants amendment placing a 12% cap on the number of houses that could be rented. Our intention is to circulate this draft for your consideration mid-September and determine at the November 5 Annual General Meeting if sufficient homeowner signatures can be secured to meet our 75% threshold to enact the amendment.

In preparation for that process, we have assembled a number of points for you to consider in deciding whether you will support that amendment.

1. **We are in a high growth area for real estate.** Our FHA president, Rose Krasnow, summarized the situation well in the June issue of the Belted Gazette. This data comes from her recent interactions with Chatham County and Pittsboro officials.
 - County population increased from 50,000 people in 2000 to 78,000 today, but rate of growth will increase.
 - 2,119 new house lots approved just last year
 - 27,000 new dwelling units approved for Pittsboro (22,000 of which are for Chatham Park)
 - New businesses are moving in to NC within an hour's drive from Ferrington.
 - VinFast (Vietnamese electric car factory) will sit on 2,000 acres and employ 7,500. FedEx will also build a 338,000 ft² facility nearby.
2. **There is high investment company interest in buying up houses across North Carolina for the purposes of long-term rental.** A recent "Security for Sale" article series in the News & Observer and Charlotte Observer found the following.

- Corporations own over 40,000 homes in North Carolina, mostly near Charlotte and in the Triangle and Triad. Complaints that have been filed include delayed response to maintenance requests and charging of excessive fees to renters.
 - Invitation Homes, Tricon Residential and America Homes 4 Rent are some of the large investor groups that have bought these homes, mainly through a series of subsidiaries. Most investors are domestic, but foreign investors are also involved, such as the Japanese firm Yamasa that spent \$49 million to purchase 183 homes around the Triangle.
 - In the current high-demand real estate market, private buyers are frequently out-bid by investment companies with all-cash bids well in excess of the asking price and a short settlement date.
3. **A high proportion of rented houses can limit the ability of a homeowners' association (HOA) to get things done and can reduce homeowner engagement with each other and the maintenance of a community spirit.**
- If investors bought as few as 20 houses in our 104 house community, it would be practically impossible to change covenants, given that 78 yes votes would be required to make any changes to the covenants. That 75% threshold would be quite difficult to achieve even if there were no rented houses.
 - A high percentage of rentals decreases the pool of homeowners willing and able to vote, serve as Board Directors, and serve on committees.
4. **A high proportion of rented houses in a community can negatively affect mortgage interest rates and community property insurance availability and/or premiums.**

Please consider these points and feel free to contact us with your thoughts. Two members of our Board sub-committee for this topic, Nancy Peterson (336-408-8132, nancypeterson500@yahoo.com) and Steve Krasnow (301-254-3250, sjkrasnow@gmail.com) are happy to answer questions and comments regarding this important topic.

Sincerely,

David Spencer

David Spencer, Weathersfield Service Group (WSG) VI Homeowners Association President