

ORDINANCE NO. 23-O- 2877

AN ORDINANCE OF THE CITY OF BEVERLY HILLS  
ESTABLISHING PROHIBITIONS ON FRACTIONAL  
OWNERSHIP OF RESIDENTIAL AND COMMERCIAL  
PROPERTY AND AMENDING NOTICING REQUIREMENTS

THE CITY COUNCIL OF THE CITY OF BEVERLY HILLS HEREBY ORDAINS AS  
FOLLOWS:

**Section 1.** On July 15, 2021, the City Council adopted Interim Urgency Ordinance No. 21-O-2841 (the “Interim Ordinance”), which enacted a moratorium on the fractional ownership of residential and commercial property in the city. The City Council subsequently adopted Ordinances Nos. 21-O-2842 and 22-O-2862 to further extend the effective period of the Interim Ordinance.

**Section 2.** On February 9, 2023, and on March 9, 2023, the Planning Commission held duly noticed public hearings to review a draft ordinance that would prohibit, on a permanent basis, the fractional ownership of residential and commercial property. Thereafter the Planning Commission adopted Resolution No. 2019 recommending that the City Council adopt the draft ordinance to prohibit fractional ownership models from operating in the city (collectively, the “Amendments”). On May 16, 2023, the City Council held a duly noticed public hearing, received public testimony, and thereafter introduced this Ordinance.

**Section 3.** This Ordinance and the Amendments were assessed in accordance with the authority and criteria contained in the California Environmental Quality Act (CEQA), the State CEQA Guidelines, and the environmental regulations of the City. The City Council finds that adoption of the Amendments is exempt from CEQA pursuant to Section 15305 of Title 14 of the

California Code of Regulations because the average slope of the City is less than 20 percent and the Amendments represent a minor alteration in land use limitations and do not result in any changes in land use or density. In addition, the City Council finds that the adoption of the Amendments will not have a significant environmental impact and is exempt from CEQA pursuant to Section 15061(b)(3) of Title 14 of the California Code of Regulations, which states that CEQA applies only to projects which have the potential for causing a significant effect on the environment. This exemption is applicable because the Amendments would not result in physical changes to any properties, since it does not authorize construction, and imposes further restrictions on the use of certain properties in order to protect the public health, safety, and general welfare. Therefore, it can be seen with certainty that the draft ordinance has no potential to cause a significant effect on the environment.

**Section 4.** The Amendments are consistent with the objectives, principles, and standards of the General Plan. General Plan Goal LU 1 – Long-Term Stability calls for land uses that enhance and maintain the long-term durability and stability of the community, as well as preserve the distinct characteristics of the community. These characteristics include the pride of its residents and businesses, as reflected in overall concern for the welfare of the community and wide-ranging commitments to participation in community affairs. Similarly, General Plan Policy LU 3 – Managed Change encourages change that respects and complements the qualities that distinguish the City as a community that provides for the needs of existing and future residents and businesses, and ensures the effective and efficient use of land and infrastructure. General Plan Goal LU 4 – Land Use Distribution and Urban Form also calls for enhancing the distinguishing qualities of the City, and the livability of neighborhoods, while preserving environmental resources and the well-being and health of the City’s residents, employees, and visitors. General Plan Policy

LU 5.1 – Neighborhood Conservation further requires that the densities, character, amenities, and quality of the City’s residential neighborhoods are conserved. General Plan Policy LU 5.8 – Encroachment of Incompatible Land Uses also calls for the protection of residential neighborhoods from incompatible nonresidential uses, by ensuring that zoning reviews address compatibility issues. Amending sections of the Beverly Hills Municipal Code to prohibit fractional ownership of residential and commercial properties will protect the character of the City’s residential neighborhoods, as it will prevent adverse impacts that could result from fractional ownership models, such as noise, lack of community buy-in, and potential issues with privacy and property maintenance. In addition, the proposed Amendments will help to ensure that the character of residential neighborhoods is preserved, while also protecting homeownership opportunities and preventing further exacerbation of the regional and state housing crisis. For the foregoing reasons, the public interest, health, safety, morals, peace, comfort, convenience, or general welfare requires the code amendments.

**Section 5.** The City Council hereby amends Section 10-3-100 (Definitions) of Article 3 of Chapter 3 of Title 10 of the Beverly Hills Municipal Code to add a definition of “Fractional Ownership”, after “Floor Area Ratio”, and before “Game Court”, to read as follows:

“FRACTIONAL OWNERSHIP: The shared ownership of real property, entitlement to ownership rights of real property, entitlement to use of real property, or possession of real property through any of the following means:

a. Direct ownership of the property;

- b. Indirect ownership of the property through a membership, stake, interest, share, association, or similar device in the owner of the property or a subsidiary or parent of the owner of the property; or
- c. A membership, stake, interest, share, association, or similar device in an entity, group, association or similar device which by virtue of such membership, stake, interest, share, association or similar device grants entitlement to ownership rights or the use or possession of the property.”

**Section 6.** The City Council hereby adds a new Section 10-3-307 to Article 3 of Chapter 3 of Title 10 of the Beverly Hills Municipal Code to read as follows:

“10-3-307: Prohibition on Fractional Ownership; Request for Hearing; Exemption.

A. Fractional Ownership with Time-Based Occupancy Restriction: Unless approved by a specific plan, the fractional ownership of any real property located in the City shall be prohibited if such ownership includes any arrangement, schedule, plan, scheme, or similar device, whether by agreement, sale, lease, deed, license, right to use agreement, or by any other means, whereby an owner of the property or a fraction thereof, receives ownership rights in, or the right to occupy, inhabit, or otherwise use, the property for a period of time less than a full year. Fractional ownership arrangements meeting the foregoing criteria are referred to herein as “Prohibited Fractional Ownership Arrangements.”

B. Request for City Council Hearing: (1) Any person with a fractional ownership of real property in the City who is threatened with enforcement of the prohibition on Prohibited Fractional Ownership Arrangements or to whom a compliance letter from Community Preservation is issued pursuant to this section

may apply to the City Council for a hearing to review the time-based occupancy restrictions as applied against the real property with such fractional ownership.

(2) Any person who believes that the prohibition on Prohibited Fractional Ownership Arrangements is not intended to apply to a specific type of fractional ownership arrangement at any time may apply to the City Council for a hearing to review the time-based occupancy restrictions contemplated by that specific existing or contemplated fractional ownership arrangement.

(3) Any application for a City Council hearing shall be in writing and shall be received by the Community Development Department along with a processing fee as set by resolution of the City Council. Any hearing application filed pursuant to paragraph (1) of this section as a result of the issuance of a compliance letter from the City's Community Preservation division shall be received by the Community Development Department within thirty (30) days after the date of the compliance letter. Notice of any hearing held pursuant to this section shall be completed in accordance with article 2.5 of this chapter and the City's public notice guidelines.

C. Required Finding for Exemption from Time-Based Occupancy Restrictions for Fractionally Owned Real Property: The prohibition on fractional ownership of real property with a time-based occupancy restriction shall not apply to the real property if the City Council makes the following findings after a hearing as provided in the foregoing paragraph B. above:

1. The fractional ownership of the real property is not the type of fractional ownership arrangement that the City Council intended to prohibit based on the specific facts and circumstances of the arrangement; and,

2. The fractional ownership arrangement will not disturb the stability of a residential neighborhood or residential building and will not adversely impact existing or future development, redevelopment, safety, and proper maintenance of the real property.”

**Section 7.** The City Council hereby amends Section 10-3-253 (Notification Requirements) of Article 2.5 of Chapter 3 of Title 10 of the Beverly Hills Municipal Code, to read as follows:

**“10-3-253: NOTIFICATION REQUIREMENTS:**

The following methods of notice are required for each planning application:

A. Standard Requirements:

<b>Public Notice Requirements For Development Applications</b>	<b>On-Site Posted Notice</b>	<b>Newspaper Notice</b>	<b>Mailed Notice</b>	Mailed Notice of Application within 45 Days of Filing <sup>1</sup>
Architectural review:				
Director: Director level projects can be processed administratively and include: minor landscape approvals, some commercial signs, and minor exterior changes to multi-family and commercial buildings (paint color changes, replacing like for like elements). These permits are generally processed at the planning counter.	None	None	None	
Commission: Commission level projects must be reviewed by the City's Architectural Commission (AC) and	Only projects in multi-family residential zones	None	None	

include: sign accommodations, most commercial signs, facade remodels for commercial and multifamily buildings, new construction of commercial and multifamily buildings, and landscaping for commercial and multifamily projects.				
Cultural heritage:				
Director: Director level projects can be processed administratively and include Certificate of Review for District Non-Contributor and Director's determination of ineligibility.	Certificate of appropriateness for designated landmarks and contributing properties: See section <u>10-3-3219</u> of this chapter			
Commission: Commission level applications include projects that are reviewed by the City's Cultural Heritage Commission (CHC). The CHC recommends to the City Council on landmark or historic district designation <sup>1</sup> nominations and Mills Act contracts. The CHC acts on Certificates of Appropriateness for Designated Landmarks and Contributing Properties, certificates of ineligibility, and certificates of economic hardship.	Certificate of ineligibility: See section <u>10-3-3221</u> of this chapter  Landmark or historic district designation: See section <u>10-3-3215</u> of this chapter  Certificate of economic hardship: See section <u>10-3-3220</u> of this chapter			
Design review:				
Director: Director level projects can be processed administratively and	None	None	Owner/applicant	

include single family home remodels and new homes in the Central Area of the City that are determined to be "track 1".				
Commission: Commission level applications include projects that are reviewed by the City's Design Review Commission (DRC) including single family home facade remodels and new homes in the Central Area of the City that are determined to be "track 2".	Yes	None	Central area: 100 foot radius + block-face	
Planning review:				
Director: Director level includes applications that can be reviewed and approved by staff.	Yes	No	Hillside and Trousedale: 300 foot radius  Central Area: 100 foot radius + block-face	
Commission/Council Level	On-site posted notice of pending planning commission application required for projects located in multi-family and commercial - residential transition zones	Required for:  Amendments (General Plan, Streets Master Plan, Specific Plan, zone text, Zoning Code)  Conditional use permit	Notice of Public Hearing:  Central Area: 500 foot radius + block-face	Notice of Pending Planning Commission Application:  Central Area: 500 foot radius + block face
Commission/Council Level (cont.)	On-site posted notice of public hearing required for	Maps (tentative, and parcel)  Specific Plan	Hillside Area: 1,000 foot radius, plus notice to either all properties in	Hillside Area: 1,000 foot radius, plus notice to either all properties in Hillside Zone 1 or Hillside Zone 2



	all commission level projects	Variance	Hillside Zone 1 or Hillside Zone 2  Trousdale Estates Area: 1,000 foot radius	Trousdale Estates Area: 1,000 foot radius  Adjacent Neighbor Mailed Notice: Required only for projects in single-family residential zones
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Notes:

1. The date of filing shall be either: the date of receipt of the application by the City and the payment of fees for an entitlement that requires review and approval by the Planning Commission, or the date of determination that the application shall be referred by the Planning Commission.

B. Special Notice Requirements: The following types of planning applications have special public notice requirements, and do not require any public notice except as specified in this section. Notwithstanding, public notices in this section shall comply with the standards for notices set forth in subsections 10-3-252 B.4. and 10-3-252 B.5. of this chapter.

Development Application	Special Public Notice Requirements
The following applications have unique noticing requirements:	
Common interest development	With regard to all forms of common interest development conversions, the property owner shall be responsible to give each tenant and each prospective tenant all applicable notices as required by this Code and State law. 1. Notice Of Intent: A notice of intent to convert shall be delivered by the subdivider to each tenant at least 60 days prior to submitting an application for the tentative map in accordance with California Government Code section 66427.1(a) or any successor statute. The written notices to tenants required by this section shall be deemed satisfied if such notices comply with the legal requirements for service by mail. For the purposes of

	<p>this article, the "legal requirements for service by mail" shall mean the requirements set forth in California Code of Civil Procedure sections 1012 and 1013a, or any successor statutes. The form of the notice shall be in the form outlined in Government Code section 66452.9 and shall inform the tenants of all rights provided under this Code and State law.</p> <p>2. Notice Of Public Report: In accordance with the provisions of California Government Code section 66427.1(a) or any successor statute, the subdivider shall provide each tenant 10 days' advance written notice that an application for a public report will be or has been submitted to the State Department of Real Estate, and that said report will be available for review in the Department of Community Development once the report is released by the Department of Real Estate. The written notices to tenants required by this section shall be deemed satisfied if such notices comply with the legal requirements for service by mail.</p> <p>3. Notice Of Final Map Approval: In accordance with the provisions of California Government Code section 66427.1(b) or any successor statute, the subdivider shall provide each tenant written notification within 10 days of approval of a final map for the proposed conversion. The written notices to tenants required by this section shall be deemed satisfied if such notices comply with the legal requirements for service by mail.</p> <p>4. Additional Notice To Terminate Tenancy: In accordance with the provisions of California Government Code section 66427.1(c) or any successor statute, the subdivider shall provide to each tenant written notice of the intent to convert at least 180 days prior to the termination of tenancy due to the proposed conversion. The written notices to tenants required by this section shall be deemed satisfied if such notices comply with the legal requirements for service by mail.</p> <p>5. Notice Of Public Hearing On Tentative Map: In addition to any other notice required by law, at least 20 days prior to the public hearing before the Planning Commission on the tentative map, the subdivider shall provide each tenant written notice of the public hearing. Said notice shall be in the form prescribed by the Director of Community Development or his or her designee and shall contain, as a minimum, the following information:</p> <ul style="list-style-type: none"> <li>a. An estimate as to the length of time before the conversion, if approved, would result in the tenant's eviction;</li> <li>b. An explanation of the tenant's rights and benefits if the conversion is approved; and</li> </ul>
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	<p>c. The grounds upon which the Planning Commission can deny the request for conversion.</p> <p>6. Affidavit Required: In connection with an application for a tentative map to convert an existing multi-family residential apartment building or a common interest development previously created prior to January 1, 2006, to a common interest development, the subdivider shall submit an affidavit in a form prescribed by the Director of Community Development attesting to compliance with the noticing requirements prescribed by subsection A of this section. Said affidavit shall be signed by the subdivider under penalty of perjury and shall include copies of the proof of service on each tenant in the building to be converted.</p>
Extension to Time for Exercise of Rights	A request to extend the time for exercise of rights pursuant to section <u>10-3-207</u> of this chapter shall be noticed in accordance with the notification requirements in effect at the time of filing the application for the appropriate level of review.
Fractional Ownership Hearing	At least twenty (20) days prior to a Fractional Ownership hearing, the City shall mail notice to the owners of each property within a 300-foot radius of the property that is the subject of the hearing. The applicant shall provide to the City: 1) a notification list pursuant to section 10-3-252 B.5. for the owners of each property within a 300-foot radius, measured from the exterior boundaries of the property that is the subject of the hearing, 2) a signed mailing list affidavit form, and 3) pre-paid mailing labels and envelopes for a courier mailing service with tracking ability for each recipient on the notification list.
Large family daycare permit	Not less than 20 days prior to the date on which the Director shall review the application, notice of the application shall be mailed, by United States mail, postage prepaid, to all owners shown on the last equalized assessment roll as owning real property within 100 feet of the exterior boundaries of the subject site area.
Reasonable accommodation	At least 20 calendar days before issuing a written determination on the application, the Director shall mail notice to the applicant and adjacent property owners that the City will be considering the application, advising of the standards for issuing an accommodation, and inviting written comments on the requested accommodation. Written notice of a hearing to consider the application shall be mailed 20 calendar days prior to the meeting to the applicant and adjacent property owners.

Renewal of Active Entitlement	If renewal of an active entitlement is required per the conditions of approval for such entitlement, a request for renewal shall be noticed in accordance with the notification requirements in effect at the time of filing the application for the appropriate level of review, unless specific notification requirements are outlined as a condition of approval for such entitlement.
Resolution of public convenience or necessity	Notice of a public hearing shall be mailed to property owners and occupants within 300 feet of the premises for which a determination is requested. At least 20 days prior to the public hearing a written notice shall be published in the newspaper, and an on site posted notice shall be posted at the premises in accordance with subsection <u>10-3-252A</u> of this chapter and the public notice guidelines.
Tree removal permit	Notice of any hearing on such a permit before the Planning Commission shall be mailed to any adjacent property owners whose property rights may be substantially affected by the approval of the requested permit.
View restoration	<ol style="list-style-type: none"> <li>1. Adjacent Neighbor Mailed Notice: Notice shall be prepared in accordance with the standards in this chapter and mailed within forty-five (45) days of the receipt of an application and the payment of fees for a View Restoration Permit.</li> <li>2. Notice to Foliage Owner(s): Notice that a formal request for a View Restoration Permit hearing has been filed with the City, attaching a copy of the application, a copy of the View Restoration Guidelines, and an authorization form that would allow staff and the Planning Commission to visit the Foliage Owner's property shall be mailed in a timely manner after the application for a View Restoration Permit has been deemed complete.</li> <li>3. Public Hearing Notice: Notice of any hearing held pursuant to this section shall be mailed at least 30 days prior to such hearing by United States mail, postage paid, to the applicant and to all owners who are identified as foliage owners in the view restoration permit application, as shown on the latest equalized assessment roll, as well as residential occupants of the foliage owners' properties.</li> <li>4. Notice Of Decision: Within 5 days after the issuance of a decision by the reviewing authority, the Director of Community Development shall cause a copy of the decision to be mailed through the United States mail, postage prepaid, to each of the following persons: <ol style="list-style-type: none"> <li>a. The view owner, using the mailing address set forth in the application;</li> <li>b. Each foliage owner that is named on the application, as listed on a current Tax Assessor's roll and to the occupant of the</li> </ol> </li> </ol>

	<p>foliage owner's property if the foliage owner's address is different than the property on which the foliage is located.</p> <p>The failure of the person addressed to receive a copy of the decision shall not affect the validity or effectiveness of any decision."</p>
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**Section 8.** Severability. If any section, subsection, subdivision, sentence, clause, phrase, or portion of this Ordinance or the application thereof to any person or place, is for any reason held to be invalid or unconstitutional by the final decision of any court of competent jurisdiction, the remainder of this Ordinance shall be and remain in full force and effect.

**Section 9.** Publication. The City Clerk shall cause this Ordinance to be published at least once in a newspaper of general circulation published and circulated in the City within fifteen (15) days after its passage in accordance with Section 36933 of the Government Code, shall certify to the adoption of this Ordinance, and shall cause this Ordinance and her certification, together with proof of publication, to be entered in the Book of Ordinances of the Council of this City.

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**Section 10.** Effective Date. This Ordinance shall go into effect and be in full force and effect at 12:01 a.m. on the thirty-first (31st) day after its passage.

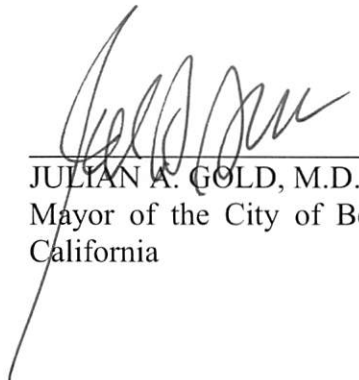
Adopted: June 6, 2023

Effective: July 7, 2023


ATTEST:

  
HUMA AHMED  
City Clerk

(SEAL)

  
JULIAN A. GOLD, M.D.  
Mayor of the City of Beverly Hills,  
California

APPROVED AS TO FORM:

  
LAURENCE S. WIENER  
City Attorney

APPROVED AS TO CONTENT:

  
NANCY HUNT-COFFEY  
City Manager