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Press Release

FOR IMMEDIATE RELEASE

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Miami Beach Commission Addresses 'Fractional' Property Ownership

— *The new ordinance regulates management companies* —

Miami Beach, FL – Seeing a possible trend of businesses that facilitate fractional ownership of a single property, the Miami Beach City Commission has taken steps to regulate co-owned housing unit managers in the city.

“We don’t have the ability to prohibit fractional ownership in our city,” explained Miami Beach Commissioner Alex Fernandez, who sponsored the ordinance. “We’re proactively getting ahead of this new trend to protect residents quality of life by making sure that fractional property owners are subject to the same land use regulations as any other homeowner in the city and that we have a way to contact them to address nuisances and emergencies in a timely manner.”

Unlike traditional property ownership, where homes are owned by individuals or families, fractional ownership – through a limited liability company or other corporate entity – may involve many more owners.

San Francisco-based tech startup Pacaso recently announced that it was expanding into the South Florida real estate market with a business model that allows investors to purchase as little as a one-eighth interest in homes. The company reportedly helps investors set up limited liability companies for joint ownership and collects maintenance fees from clients.

Under the new city ordinance, co-owned housing unit managers of properties in districts where short-term rentals are prohibited are now required to sign an affidavit acknowledging that the property may not be rented on a short-term basis. A local contact person, available 24 hours a day, must be identified for each property. The ordinance also establishes a new business tax category for business managers of co-owned housing units. Managers will be required to comply with property maintenance requirements (including landscaping, structural maintenance, paint, repair, and trash collection), and agree to a code of conduct, which will be binding on individual owners.

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