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betterneighborsla.org

October 6, 2023

**VIA EMAIL**

California Coastal Commission  
45 Fremont Street #2000  
San Francisco, CA 94105  
[SouthCoast@coastal.ca.gov](mailto:SouthCoast@coastal.ca.gov)

RE: Public Comment on October 12, 2023 Thursday Agenda Item 15.a. City of Newport Beach LCP Amendment (“LCPA”) Request No. LCP-5-NPB-23-0020-2 (Fractional Ownership & Time Share)

Dear Honorable Chair Brownsey and Commissioners,

Better Neighbors is a coalition of hosts, tenants, housing activists, hotel workers and community members. We conduct data analysis and research on the short-term rental industry, including the industry’s impact on coastal communities. In addition, Better Neighbors works to promote short-term rental policies that foster true home-sharing, which ensures persons of low to moderate income can access both affordable overnight accommodations and housing in the Coastal Zone. We would like to express our support for staff recommendation for the City of Newport Beach Amendment Number LCP-5-NPB-23-0020-2 (“LCPA”) and urge the Commission to approve it as submitted. Fractional ownership properties in the City of Newport Beach have been reported to have similar issues as short-term rentals, including causing nuisances and impacting community character.<sup>1</sup> Like short-term rentals (“STRs”), fractional ownership properties likely result in similar impacts on housing accessibility and affordability that we have seen STRs cause in other California cities while note increasing coastal access for the general public.

First, fractional ownership properties do not preserve existing housing and remove housing from the market. In effect, fractional ownership properties can be compared to unhosted short-term rentals that do not have a primary residency requirement. Unlike hosted STRs where a host lives onsite, unhosted STRs do not function as housing. The same can be said of fractional ownership properties in which no owner is able to be present for more than a few weeks per year. In addition, fractional ownership properties arguably remove housing stock from the market during the state’s ongoing housing crisis. According to the California Department of Housing and

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<sup>1</sup> <https://www.latimes.com/california/story/2023-03-29/newport-beach-battles-a-new-breed-of-luxury-party-houses>

Community Development's 6<sup>th</sup> Cycle Housing Element Report, Newport Beach must produce 4,845 units, more than 30% of which must be for the very low-income level and 29% must be for above moderate income.<sup>2</sup> Better Neighbors views this LCPA as a piece of the puzzle needed to preserve existing housing stock in the City as it attempts to meet its RHNA goals by 2029.

Second, fractional ownership properties can cause ripple effects on housing costs throughout the region. With a growth in the number of homes owned as fractional ownership properties, less homes may be available on the market for full-time residents. In addition, the corporatization of the fractional ownership market makes it even more difficult for single homeowners to afford to purchase housing.<sup>3</sup> Better Neighbors has seen this impact in the City of Los Angeles. According to a 2022 report authored by David Wachsmuth of McGill University, 2,500 homes have been taken off the market as a result of commercial STRs, and STRS have raised rents citywide \$810 per year.<sup>4</sup> In Newport Beach, according to the National Low Income Housing Coalition, the fair market rent for a one-bedroom unit in Newport Beach is \$3,170, and \$3,810 for a two-bedroom unit.<sup>5</sup> Should a similar situation occur as a result of the growth in fractional ownership properties, rents may become even more expensive in the City of Newport Beach.

In conclusion, Better Neighbors is pleased to see the Commission take another step towards safeguarding housing in the City of Newport Beach. For these reasons, Better Neighbors urges the Commission to approve the LCPA as submitted. Should you have any questions, please contact [rebecca@betterneighborla.org](mailto:rebecca@betterneighborla.org).

Sincerely,

/s/ Randy Renick

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<sup>2</sup> 6<sup>th</sup> Cycle Housing Element Implementation and Annual Progress Report Dashboard: <https://www.hcd.ca.gov/planning-and-community-development/housing-open-data-tools/housing-element-implementation-and-apr-dashboard>

<sup>3</sup> <https://www.latimes.com/california/story/2023-03-29/newport-beach-battles-a-new-breed-of-luxury-party-houses>

<sup>4</sup> [http://upgo.lab.mcgill.ca/publication/strs-in-los-angeles-2022/Wachsmuth\\_LA\\_2022.pdf](http://upgo.lab.mcgill.ca/publication/strs-in-los-angeles-2022/Wachsmuth_LA_2022.pdf)

<sup>5</sup> Available data for zip code 92625: <https://nlihc.org/oor/zip?code=92625>