

# Climate Assessment

## Office of Legislative Oversight

### Bill 6-23: Housing – Sharing Economy Rental

#### SUMMARY

The Office of Legislative Oversight (OLO) anticipates Bill 6-23 will have little to no impact on the County's contribution to addressing climate change as there is not enough evidence to suggest that the sector of the sharing economy targeted by legislation has significant impacts on reducing greenhouse gases or increasing community resilience.

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#### BACKGROUND AND PURPOSE OF BILL 6-23

The Sharing Economy (SE) has many definitions and remains contested. Nevertheless, the SE is commonly understood as an economic model based on the exchange of underused goods or services, for a fee or for free, between individuals and entities, typically by means of the internet.<sup>1</sup> Well-known SE platforms include Airbnb and Uber.

Introduced in conjunction with Zoning Text Amendment 23-01, Bill 6-23 is intended to address SE activity in the County, specifically, constituents renting their private property on an hourly basis through online platforms. Under current law, this commercial activity is not allowed in the County. The goal of the Bill is to authorize and regulate the hourly rental of private property by establishing a regulatory framework for license applications, renewals, suspension, and revocation for these rentals.

Bill 6-23 proposes the following changes to County law:

- Defining the scope of law to Sharing Economy Rental—that is, “the rental of any portion of a dwelling or the property on which it sits for a fee where both property and the dwelling are privately-owned by the same person or entity and where the rental period is less than 12 continuous hours”;
- Requiring persons to attain a license issued by the Department of Health and Human Services (DHHS) to operate a Sharing Economy Rental;
- Establishing the certifications required for license applications and renewals by applicants;
- Establishing the fee, inspection, and other conditions the County must meet to approve and renew licenses; and
- Outlining the conditions and processes for: (a) a challenge to any required certification; (b) any license suspension, revocation, or appeal; and (c) investigating complaints.

Bill 6-23, Housing – Sharing Economy Rental, was introduced by the Council on January 31, 2023.

## ANTICIPATED IMPACTS

There are few systematic studies on the environmental impact of the Sharing Economy (SE) and associated digital platforms. Further, most of these studies focus on ridesharing, nightly accommodations, and renting out small goods such as tools.<sup>2</sup> As the digital platforms that rent out portions of private property by the hour are relatively new, there is little research on the environmental and climate impacts that specifically focus on this sector of the SE. The websites of the digital platforms mentioned in Bill 6-23 were also reviewed and there was no mention of environmental impacts or sustainability on their websites.<sup>3</sup>

After reviewing literature on the SE, OLO notes there is mixed evidence to suggest the SE, both in general and the sector targeted by Bill 6-23, has a positive or negative impact on climate change, such as the reduction of greenhouse gases or increasing community resilience.<sup>4</sup> There is also a lack of available data to measure impacts, as digital platforms in the SE have been restrictive in granting researchers access to data, citing privacy and competition concerns.<sup>5</sup>

OLO anticipates Bill 6-23 will have little to no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

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## RECOMMENDED AMENDMENTS

The Climate Assessment Act requires OLO to offer recommendations, such as amendments or other measures to mitigate any anticipated negative climate impacts.<sup>6</sup> OLO does not offer recommendations or amendments as Bill 6-23 is likely to have little to no impact on the County's contribution to addressing climate change, including the reduction and/or sequestration of greenhouse gas emissions, community resilience, and adaptative capacity.

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## CAVEATS

OLO notes two caveats to this climate assessment. First, predicting the impacts of legislation upon climate change is a challenging analytical endeavor due to data limitations, uncertainty, and the broad, global nature of climate change. Second, the analysis performed here is intended to inform the legislative process, not determine whether the Council should enact legislation. Thus, any conclusion made in this statement does not represent OLO's endorsement of, or objection to, the bill under consideration.

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## PURPOSE OF CLIMATE ASSESSMENTS

The purpose of the Climate Assessments is to evaluate the anticipated impact of legislation on the County's contribution to addressing climate change. These climate assessments will provide the Council with a more thorough understanding of the potential climate impacts and implications of proposed legislation, at the County level. The scope of the Climate Assessments is limited to the County's contribution to addressing climate change, specifically upon the County's contribution to greenhouse gas emissions and how actions suggested by legislation could help improve the County's adaptative capacity to climate change, and therefore, increase community resilience.

While co-benefits such as health and cost savings may be discussed, the focus is on how proposed County bills may impact GHG emissions and community resilience.

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## CONTRIBUTIONS

OLO staffer Kaitlyn Simmons drafted this assessment.

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<sup>1</sup> ["Sharing Economy: A Systematic Review of Definitions, Drivers, Applications, Industry status and Business Models", Haggani, A. A. H., Elomri, A., and Kerbach, L., 10/26/22](#)

<sup>2</sup> ["Political Economies and Environmental Futures for the Sharing Economy", Frenken, Koen, 5/1/2017, "A Decade of the Sharing Economy: Concepts, Users, Business, and Governance Perspectives", Mont, O., Palgan, Y. V., Bradley, K., and Zvolska, L., 10/1/2020](#)

<sup>3</sup> [Sniffspot Homepage, Accessed 2/8/23, Swimply Homepage, Accessed 2/8/23](#)

<sup>4</sup> ["Environmental Impacts and Potential of the Sharing Economy", Skjelvik, J., Erlandsen A. M., and Haavardsholm, O., 10/19/17, "Putting the Sharing Economy into Perspective", Frenken, K. and Schor, J., 1/22/17, "The Sharing Economy Promotes Sustainable Societies", Mi, Z. and Coffman, D., 3/14/2019.](#)

["A Decade of the Sharing Economy: Concepts, Users, Business, and Governance Perspectives", Mont, O., Palgan, Y. V., Bradley, K., and Zvolska, L., 10/1/2020](#)

<sup>5</sup> ["Putting the Sharing Economy into Perspective", Frenken, K. and Schor, J., 1/22/17](#)

<sup>6</sup> Bill 3-22, Legislative Branch – Climate Assessments – Required, Montgomery County Council, Effective date October 24, 2022