

**First Reading: June 27, 2017**  
**Second Reading: July 11, 2017**

ORDINANCE NO. 13194

AN ORDINANCE TO AMEND CHATTANOOGA CITY CODE, PART II, CHAPTER 38, ZONING ORDINANCE, AND CHAPTER 11, BUSINESSES, TRADES, AND OCCUPATIONS, RELATING TO SHORT-TERM VACATION RENTALS WITHIN ANY ZONES ALLOWING RESIDENTIAL USE AND PROVIDING TERMS AND CONDITIONS FOR THE ISSUANCE OF SHORT TERM VACATION RENTAL CERTIFICATES.

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SECTION 1. BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that Chattanooga City Code, Part II, Chapter 38, be amended by adding the following new definitions and provisions:

**Sec. 38-2. - Definitions; use of words and terms.**

*“Short-Term Vacation Rental”*: Any house or other structure containing no more than nine (9) bedrooms within permissible zones which is used, advertised or held out to the public in part or its entirety to be a place where sleeping accommodations are supplied for pay and such accommodations are provided on a daily or weekly basis for not more than thirty (30) days for overnight stay. For the purposes of this definition, any short-term vacation rental on a site located in either the R-1 or R-2 Residential Zones, shall contain no more than five (5) bedrooms, and shall exclude hotels, rooming houses, bed and breakfast, and boarding houses, or other licensed dwelling units for rent or lease, as defined in Section 21-67 and/or Section 11-186 and/or Section 38-2.

**Sec. 38-36. Short Term Vacation Rentals.**

Unless expressly prohibited in the Zoning Regulations provided in this Chapter, Short-Term Vacation Rentals shall be permitted in any zones allowing residential use.

SECTION 2. That Section 38-111 be deleted in its entirety and the following provisions shall be substituted in lieu thereof;

## **DIVISION 8. - R-3 RESIDENTIAL ZONE**

### **Sec. 38-111. - Permitted uses.**

- (1) Single-family dwellings, excluding factory manufactured homes constructed as a single self-contained unit and mounted on a single chassis, except as provided for in Section 38-112.
- (2) Two-family dwellings.
- (3) Boarding Houses, Lodging Houses and Bed and Breakfast.
- (4) Multiple family dwellings.
- (5) Schools.
- (6) Parks, playgrounds and community-owned not-for-profit buildings.
- (7) Golf courses, except driving ranges, miniature courses and other similar commercial operations.
- (8) Fire stations and other publicly-owned buildings.
- (9) Churches.
- (10) Home Occupations.
- (11) Accessory uses and buildings.
- (12) Day care homes.
- (13) Kindergartens operated by government units or by religious organizations.

SECTION 3. That Section 38-121 be deleted in its entirety and the following provisions shall be substituted in lieu thereof;

## **DIVISION 9. - R-4 SPECIAL ZONE**

### **Sec. 38-121. - Permitted uses.**

- (1) Single-family, two-family, and multiple-family dwellings, excluding factory manufactured homes constructed as a single self-contained unit and mounted on a single chassis.
- (2) Lodging Houses, Boarding Houses and Bed and Breakfast.
- (3) Colleges, schools and libraries.
- (4) Churches and including a columbarium and/or mausoleum as an accessory use.
- (5) Dormitories.
- (6) Professional, medical or dental offices and clinics.
- (7) Laboratories and research centers not objectionable because of odor, dust, noise, or vibration.
- (8) Offices.
- (9) Studios.

- (10) Parks and Playgrounds.
- (11) Home occupations.
- (12) Banks and bank branches.
- (13) Accessory uses and buildings.
- (14) Day care homes.
- (15) Kindergartens operated by governmental units or by religious organizations.
- (16) Drug stores or restaurants in office buildings of four (4) or more stories.
- (17) Museums and art galleries with retail sales as an accessory on-site use, except that such accessory use shall require a Special Permit under the terms of Article VIII.
- (18) Radio, television and motion picture production studios, excluding transmission towers.
- (19) Parking lots and garages as an accessory to a permitted use when located on the same lot or an adjacent lot.

SECTION 4. BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE, that Chattanooga City Code, Part II, Chapter 11, Article VI, Section 11-186(2) be amended by reflecting the new definition of “Hotel”:

(2) “Hotel” means any structure or space, or any portion thereof, which is occupied or intended or designed for occupancy by transients for dwelling, lodging or sleeping purposes, and includes any hotel, inn, tourist camp, tourist court, tourist cabin, motel, or bed and breakfast.

SECTION 5. BE IT FURTHER ORDAINED that Chattanooga City Code, Part II, Chapter 11, Businesses, Trades, and Occupations, be amended by adding a new Article XVIII, Sections 11-470 through 11-477 as follows:

#### **ARTICLE XVIII. SHORT TERM VACATION RENTAL CERTIFICATE**

##### **Sec. 11-470 - Definitions.**

*“Code Compliance Verification Form”*: A document executed by a short-term vacation owner certifying that the Short-Term Vacation Rental unit complies with applicable zoning, building, health and life safety code provisions. No person shall allow occupancy or possession of any short-term vacation rental unit if the premises are in violation of any applicable laws including, but not limited to, zoning, building, health or life safety code provisions. No person shall be able to possess more than two Short-Term Vacation Rental Certificates for non-owner occupied premises in a multifamily dwelling.

*“Short-Term Vacation Rental”*: Any house or other structure containing no more than nine (9) bedrooms within permissible zones which is used, advertised or held out to the public in part or its entirety to be a place where sleeping accommodations are supplied for pay and such accommodations are provided on a daily or weekly basis for not more than thirty (30) days for overnight stay. For the purposes of this definition, any short-term vacation rental on a site located in either the R-1 or R-2 Residential Zones, shall contain no more than five (5) bedrooms, and shall exclude hotels, rooming houses, bed and breakfast, and boarding houses, or other licensed dwelling units for rent or lease, as defined in Section 21-67 and/or Section 11-186 and/or Section 38-2.

*“Short-Term Vacation Rental Agent”*: A natural person designated to be responsible for daily operations by the owner of a Short-term Vacation Rental on the short-term vacation rental certificate application. Such person shall be available for and responsive to contact at all times and someone who is customarily present at a location within the Hamilton County for purposes of transacting the short term vacation rental business. The Short Term Vacation Rental Agent must meet all other requirements set forth by state law.

*“Short-Term Vacation Rental Occupants”*: Guests, tourists, lessees, vacationers or any other person who, in exchange for compensation, occupy a short term vacation rental dwelling unit for lodging for a period of time not to exceed thirty consecutive days.

*“Short-Term Vacation Rental District”*: That certain area of the City of Chattanooga as determined by the Chattanooga-Hamilton County Regional Regional Planning Agency as the Short-Term Vacation Rental District and incorporated herein as Exhibit A to this Section as amended from time to time.

#### **Sec. 11-471 - Certificate Required.**

No person or entity shall operate a Short-Term Vacation Rental unless a Short-Term Vacation Rental Certificate has been first obtained from the City of Chattanooga Land Development Office. To obtain a Short-Term Vacation Rental Certificate, an eligible applicant must submit an application in compliance with Section 11-473 of this City Code. If approved, a legible copy of the Short-Term Vacation Rental Certificate shall be posted within the unit and include all of the following information:

- (a) The name, address, telephone number and email address of the owner of the Short-Term Vacation Rental unit and the Short-Term Vacation Rental Agent, if applicable;
- (b) The Business License Number;
- (c) The maximum occupancy of the unit; and
- (d) The maximum number of vehicles that may be parked at the unit;

- (e) The Short-Term Vacation Rental Certificate number.

Short-Term Vacation Rentals must be properly maintained and regularly inspected by the owner to ensure continued compliance with applicable zoning, building, health and life safety code provisions.

Any properties currently zoned R-3 or R-4 Residential Zone at the effective of this ordinance shall not be required to meet the obligations of Sections 11-472 or 11-473; however, the owners of such properties shall obtain a Short-Term Vacation Rental Certificate number and meet the obligations of Section 11-474(a) regarding the display of said number on any materials or platforms used to advertise the Short-Term Vacation Rental.

#### **Sec. 11-472 - Minimum Standards for Short-Term Vacation Rentals.**

- (a) A Short-Term Vacation Rental, may include a primary dwelling unit and/or a secondary dwelling unit, but cannot include uninhabitable structures such as garages, barns or sheds.
- (b) Dwelling unit must have functioning smoke detectors as determined by the Fire Marshal and other life safety equipment as required by local, state, and federal law.
- (c) Dwelling unit must meet all applicable laws related to zoning, building, health or life safety.
- (d) No on-site signage shall be permitted except for those Short Term Vacation Rentals that are at least five (5) acres and have a dwelling unit that is not visible from the public right of way, can have directional signs placed on the parcel that shall be at least 50 feet from the public right of way. No off-site signage except for designated parking spaces to be used by occupants of the Short-Term Vacation Rental. Such spaces shall not be larger than 432 square inches.
- (e) There shall be no more than nine (9) sleeping rooms made available for rental. There shall be no more than five (5) sleeping rooms made available for a site located in the R-1 Residential Zone.
- (f) Maximum Occupancy: The maximum occupancy shall be determined by the total of
  - (i) Two (2) persons per bedroom up to 140 square feet.
  - (ii) For bedrooms over 140 square feet the occupant load will be determined by the area of the room divided by 70 square feet.
  - (iii) The occupancy maximum shall be conspicuously posted within the Short-Term Vacation Rental Unit.

- (g) The Short-Term Vacation Rental Owner shall not receive any compensation or remuneration to permit occupancy of a Short-Term Vacation Rental property for a period of less than twenty-four (24) hours.
- (h) The Short-Term Vacation Rental Certificate holder shall be responsible for collecting and remitting all applicable room, occupancy, and sales taxes required by state law and the City Code of the City of Chattanooga.
- (i) Adequate on-site parking shall be provided, as determined by the City after considering proposed number of guests, frequency of operations, and availability of on-street parking. As a general rule, parking shall not be allowed on any vegetated area of the premises on which the Short-Term Vacation Rental is located.
- (j) All occupants shall abide by all applicable noise restrictions and all applicable waste management provisions of the City Code of the City of Chattanooga.
- (k) The name and telephone number of the owner of the Short-Term Vacation Rental or the Short-Term Vacation Rental Agent shall be conspicuously posted within the Short-Term Vacation Rental.
- (l) The premises on which the Short-Term Vacation Rental has not been found to be in violation of any City Code provision within the six (6) months prior to submitting an application for a Short Term Vacation Rental Certificate.
- (m) The Short-Term Vacation Rental shall only be located within the Short-Term Vacation Rental District.

**Sec. 11-473 - Certificate Application; Action on Certificate Application; Certificate Approval or Appeals to City Council.**

- (a) **Certificate Applications.** Applicants for a Short-Term Vacation Rental Certificate shall submit an application to the Land Development Office. The application shall be furnished under oath on a form specified by the Land Development Office. Such application should include:
  - (i) The name, address, telephone number and email address of the owner of the Short-Term Vacation Rental unit and the Short-Term Vacation Rental Agent, if applicable;
  - (ii) Documentation that applicant is the owner or the Short-Term Vacation Rental Agent;
  - (iii) The Business License Number;
  - (iv) A site plan, drawn to scale, indicating the subject property, the building(s) on the site intended for Short-Term Vacation Rental, proposed parking and guest access;

- (v) A narrative with the following:
  - (1) A description of the area available for Short-Term Vacation Rental, (i.e. the entire property and house, a guest cottage, a portion of the house, etc.);
  - (2) A description of the number of bedrooms proposed for rental;
  - (3) The maximum number of guests to be accommodated at one time;
  - (4) The days of operation (all year, just holidays, weekends/weeknights, etc.);
  - (5) How trash will be handled, and the method for informing occupants about method of disposal of trash; and
- (vi) A copy of the Code Verification Form.
- (vii) Proof of insurance on the dwelling unit.
- (b) **Application Fee.**
  - (i) The application fee for owner-occupied Short-Term Vacation Rentals shall be \$75.00.
  - (ii) The application fee for all other non-owner-occupied Short-Term Vacations Rentals shall be \$125.00.
- (c) **Application Review.**
  - (i) Owner occupied dwelling applying for a Short-Term Vacation Rental Certificate:
    - (A) Upon application for Short Term Vacation Rental, the Land Development Office (“LDO”) shall review the application and provide comment where necessary.
  - (ii) Non-owner occupied dwellings applying for a Short-Term Vacation Rental Certificate:
    - (A) Upon application for Short Term Vacation Rental, the Land Development Office (“LDO”) shall review the application and provide comment where necessary. At the same time, letters are mailed to any property owner (“adjacent property owner”) who owns land within 300 feet of the subject property. Adjacent property owners shall have thirty (30) days from the date of the letter to respond, in writing, with any concerns or objections about the application.

- (B) RPA shall by mail or e-mail submit a copy of the application for Short Term Vacation Rental to both the neighborhood association, if applicable, and the Council member representing the district in which the Short-Term Vacation Rental is located.
- (C) For those Short-Term Vacation Rental Units requiring inspection, the Land Development Office shall notify the Fire Marshal and a City Building Inspector to ensure compliance with state and local laws.
- (D) A sign furnished by the Land Development Office shall be prominently posted by the applicant on the site of the proposed Short-Term Vacation Rental that is the subject of the application of the Short-Term Vacation Rental. The sign shall be displayed for at least fifteen (15) consecutive days between the application and thirty (30) days thereafter.

The sign shall meet the following requirements:

1. Sign(s) shall be posted at the right-of-way of primary street or road on which the property fronts, in the main entrance area in case of condominium buildings, and additional areas if required by the LDO.  
  
Sign may be mounted on flat hard surface to prevent curling or bending of sign.
3. Sign may be nailed or tied to a tree or mounted on stakes and shall be visually free from obstruction to said primary road.
4. Signs improperly displayed may be ruled as a violation to the Short-Term Vacation Rental Application procedure and may result in deferral of any action by LDO or the City Council.
5. The applicant is responsible for replacing any sign which is damaged or lost.
6. The applicant is responsible for removing the sign after the final governmental action.
7. Failure of the applicant to remove the sign within thirty (30) days of either being granted or denied the Short-Term Vacation Rental Certificate shall be subject to a daily fine not to exceed fifty dollars (\$50.00).

- (E) If no objections are received, and the applications meet all of the required set forth in this Chapter, the Land Development Office shall recommend to the Land Development Office to issue, and the Land Development shall issue, to the applicant, a Short-Term Vacation Rental Certificate.
- (F) If objections or appeals are made to the issuance of the Short-Term Vacation Rental Certificate, the Land Development Office shall request that the application be forwarded to the City Council for its consideration on appeal. The City Council will have a public hearing on the matter in a manner that it proscribes and shall determine whether to grant or deny the Short-Term Vacation Rental Certificate based upon the minimum standards for review as set forth in Section 11-472, and any health, safety and nuisance concerns of any owner or agent of the short-term vacation rental. Such hearing shall take place not later one-hundred twenty (120) days after the application has been submitted to the Land Development Office.

#### **Sec. 11-474 - Certificate Approval, Transferability, Conditions, and Revocation:**

- (a) **Certificate Approval.** The Certificate shall be issued for the specific site location and/or address of the proposed Short-Term Vacation Rental provided in the application as set forth in Section 11-473 of this City Code. The Land Development Office reserves the right to condition the approval to a certain number of rooms, operating days/hours, signage, or other restrictions as may be deemed necessary to address impacts to bordering properties or to ensure safe operation of the property. Said conditions will be based on the recommendation of the Land Development Office.

Upon receipt of a Short-Term Vacation Rental Certificate number, the applicant must display said number on any materials or platforms used to advertise the Short-Term Vacation Rental.

- (b) **Grant or Denial of Application.** Review of an application shall be conducted in accordance with due process principles and shall be granted unless the applicant fails to meet the conditions and requirements of this Chapter, or otherwise fails to demonstrate the ability to comply with local, state or federal law. Any false statements or information provided in the application are grounds for revocation, suspension and/or imposition of penalties, including denial of future applications.
- (c) **Transferability.** The Certificate is non-transferable to another site, property, location or owner.
- (d) **Revocation.** The City reserves the right to revoke a granted Short-Term Vacation Rental Certificate at any time upon notice to the owner or the Short-Term Vacation Rental Certificate Agent and after a public hearing once the property has two (2) documented City Code or state violations within a 12 month period. Such violations shall be

evidenced by a finding of guilt or fault by court or an administrative officer or body designated by the City Council.

A Short-Term Vacation Rental Certificate which is revoked shall prevent its certificate holder and specific property from applying for a new Certificate for Short-Term Vacation Rental for a period of one (1) year from date of revocation. Prior to any revocation, the owner or the Short-Term Vacation Rental Agent shall be cited to City Court, or a body designated by the City Council, for a hearing to establish proof of violations by the City Court Judge.

**Sec. 11-475. Short-Term Vacation Rental Annual Fee.**

There shall be a Short-Term Vacation Rental Certificate renewal fee to be paid annually in the amount of \$50.00

**Sec. 11-476. Short-Term Vacation Rental Agent.**

- (a) The owner of a Short-Term Vacation Rental shall designate a Short-Term Vacation Rental Agent on its application for a Certificate for a Short-Term Vacation Rental. A property owner may serve as the Short Term Vacation Rental Agent. Alternatively, the owner may designate a person as his or her agent who is over age 18 and meets all local and state regulatory requirements to fulfill the duties of a Short Term Vacation Rental Agent.
- (b) The duties of the Short-Term Vacation Rental Agent are to:
  - (i) Be reasonably available to handle any problems arising from use of the short-term vacation rental unit;
  - (ii) Appear on the premises of any Short-Term Vacation Rental unit within two hours following notification from the City of issues related to the use or occupancy of the premises. This includes, but is not limited to, notification that occupants of the short-term vacation rental unit have created unreasonable noise or disturbances, engaged in disorderly conduct or committed violations of the City Code or other applicable law pertaining to noise, disorderly conduct, overcrowding, consumption of alcohol, or use of illegal drugs. Failure of the agent to timely appear to two or more complaints regarding violations may be grounds for penalties as set forth in this Chapter. This is not intended to impose a duty to act as a peace officer or otherwise require the agent to place himself or herself in a perilous situation;
  - (iii) Receive and accept service of any notice of violation or notice of hearing related to the Short-Term Vacation Rental; and
  - (iv) Monitor the Short-Term Vacation Rental for compliance with laws.

- (c) An owner may change his or her designation of a Short-Term Vacation Rental Agent temporarily or permanently; however there shall only be one such agent for a property at any given time. To change the designated agent, the owner shall notify the Land Development Officer in writing of the new agent's identity, together with all information regarding such person as required by the applicable provisions of this Chapter.

**Sec. 11-477. Failure to obtain Certificate; Penalties.**

Any violation of this Article, including failure to obtain a Certificate, shall be punishable by a fine of not less than twenty five dollars (\$25.00) or more than fifty dollars (\$50.00) per violation. Each day that the violation continues shall be a separate offense. There shall be a rebuttable presumption a person or entity is in violation of this Chapter if they list or hold out a property as a Short-Term Vacation Rental without first obtaining a Short-Term Vacation Rental Certificate. This rebuttable presumption also applies to those dwellings featured on websites whose primary purpose is business related to Short-Term Vacation Rental reservations.

**Sec. 11-478. Invalidity of Part; Private Agreements and Covenants.**

Should any court of competent jurisdiction declare any section, clause, or provision of this Article to be unconstitutional, such decision shall affect only such section, clause, or provision so declared unconstitutional, and shall not affect any other section, clause or provision of this Article. Additionally, this Chapter shall in no way be used to supersede any privately created agreements or covenants by any homeowner associations or developers restricting certain uses.

SECTION 6. BE IT FURTHER ORDAINED, That upon passage of second reading, this Ordinance shall take effect on October 1, 2017.

SECTION 7. BE IT FURTHER ORDAINED, The City of Chattanooga shall allow review the impact of this Ordinance after one (1) year.

Passed on second and final reading: July 11, 2017

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CHAIRPERSON

APPROVED:\_\_\_\_\_ DISAPPROVED:\_\_\_\_\_

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MAYOR

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