

**First Reading: May 9, 2023**  
**Second Reading: May 16, 2023**  
**Alternate Version**

ORDINANCE NO. 13981

AN ORDINANCE AMENDING CHATTANOOGA CITY CODE, PART II, CHAPTER 11, ARTICLE XX, SHORT TERM VACATION RENTAL CERTIFICATE AND CREATING A NEW CHAPTER 38, ZONING, DIVISION 27, USES REQUIRING SHORT TERM VACATION RENTAL CERTIFICATES.

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BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CHATTANOOGA, TENNESSEE:

SECTION 1. That Chattanooga City Code, Part II, Chapter 11, Article XX, Short Term Vacation Rental Certificate, be amended by deleting same in its entirety and substituting in lieu thereof the following new provisions in Chapter 38, Zoning, Division 27:

**DIVISION 27. USES REQUIRING SHORT TERM VACATION RENTAL CERTIFICATES<sup>1</sup>**

**Sec. 38-431. Intent.**

Unless otherwise identified as of the effective date of this Ordinance, new Non-owner occupied/Absentee properties shall only be allowed throughout the City in the following commercial zones: C-2, C-3, C-4, C-5, UGC, CC, IX, RF, RV, CX-Commercial, and SH zones as defined under the Zoning Ordinance. They shall also be allowed within any parcel of at least twenty (20) acres or more with common ownership that allows for residential uses.

The intent of this ordinance is to provide appropriate opportunities for the development of short-term vacation rentals in the City of Chattanooga. Unless otherwise identified, Owner-occupied, or Homestay, shall be allowed in all zones that residential uses are allowed within the existing overlay district map currently referenced in Section 38-432 and/or in the specified commercial zones listed above.

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<sup>1</sup>Ord. No. 13286 , § 1, adopted March 6, 2018, set out provisions intended for use as art. XVIII, §§ 11-470—11-478. Inasmuch as there were provisions already so designated, at the editor's discretion, these provisions have been deleted and moved as amended to Chapter 38, Zoning, Division 27, Uses Requiring Short Term Vacation Rental Certificates.

**Sec. 38-432. 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.

*Short-term vacation rental:* Any or other structure containing no more than five (5) 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 multi-family dwelling units for rent or lease, as defined in Section 21-67 and/or Section 11-186 and/or Section 38-2. No multi-family dwelling units shall exceed a maximum of 25% of the total units in a given building or structure.

*Short-term vacation rental certificate:* A certificate issued annually by the City of Chattanooga allowing a person or entity to operate a short-term vacation rental.

*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 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 district:* That certain area of the City of Chattanooga as determined by the Chattanooga City Council as the Short-Term Vacation Rental district and incorporated herein as Exhibit A to this Section as amended from time to time.

Editor's note(s)—A copy of the Short-Term Vacation Rental Overlay District Map, referenced above as Exhibit A, is available for inspection in the offices of the City Council Clerk.

*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 (30) consecutive days.

*Short-term vacation rental occupancy.* There shall be two designations regarding the occupancy status of a short-term vacation rental.

- (i) Homestay: A short-term vacation rental property which is the primary residence of the applicant. "Primary" is defined as the residence of the applicant at least 183 days a year.
- (ii) Absentee: A short-term vacation rental property which is not the primary residence of the applicant.

**Sec. 38-433. Location and Number**

- (a) A Homestay short-term vacation rental may be located in any residential zone within the overlay district set forth in Section 38-432 and any commercial or form-based zones that allows any single unit detached or accessory dwelling units that permits two-unit or multi-unit living.
- (b) A short-term vacation rental shall not be permitted to operate in any capacity on property or within structures that are part of an Affordable Housing PILOT Program.
- (c) A short-term vacation rental may include a primary dwelling unit or a secondary (accessory) dwelling unit but not both structures on one lot.

**Sec. 38-434. Certificate required.**

- (a) 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 Development Review and Permitting Division. To obtain a short-term vacation rental certificate, an eligible applicant must submit an application and a Code compliance verification form in compliance with Section 38-435 of this City Code. If approved, a legible copy of the Short-term vacation rental certificate shall be posted within the unit. The City of Chattanooga Development Review and Permitting Division shall establish the information to be included upon the Short-term Vacation Rental Certificate.
- (b) 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 local and state laws.

**Sec. 38-435. Minimum standards for short-term vacation rentals.**

- (a) A short-term vacation rental cannot include uninhabitable structures such as garages, barns or sheds.
- (b) Any dwelling unit for short-term vacation rentals 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 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 fifty (50) feet from the public right-of-way. No off-site signage except for any designated city required signage and signage for designated parking spaces to be used by occupants of the Short-Term Vacation Rental. Such signs shall not be larger than three (3) square feet.
- (e) There shall be no more than five (5) bedrooms made available for rental in one dwelling unit. There shall be no more than five (5) sleeping rooms made available for a site located in the R-1 or R-2 Residential Zones.
- (f) Maximum Occupancy: The maximum occupancy shall be determined by the total of:

- (i) Two (2) persons per bedroom up to two hundred ten (210) square feet plus an additional two (2) persons.
- (ii) For bedrooms over two hundred ten (210) square feet the occupant load will be determined by the area of the room divided by seventy (70) square feet plus an additional two (2) persons.
- (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. All occupants shall comply with City Code Section 25-69.
- (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 by City Court within the six (6) months prior to submitting an application for a short-term vacation rental certificate.
- (m) Ownership information and contact information for the short-term vacation rental agent shall be posted on a public website or as determined appropriate by the City of Chattanooga.

**Sec. 38-436. Certificate application; action on certificate application; certificate approval or denial; appeals to the Short-Term Vacation Rental Board of Zoning Appeals.**

- (a) *Certificate applications.* Any person or entity wishing to operate a Short-term Vacation Rental within the limits of the City of Chattanooga shall be required to submit, under oath, a Short-term vacation rental certificate application to the Development Review and Permitting Division for review. The City of Chattanooga Development Review and Permitting Division shall establish the information present on the Short-term vacation rental certificate application and the Code compliance verification form as well as what information is required for the completion of said application.
- (b) *Application fee.* The non-refundable application fee for all Short-term Vacation Rentals shall be as follows in addition to any applicable transaction related fees:

Absentee STVRs:

Initial application fee: \$500

Renewal fee: \$500

Homestay STVRs:

Initial application fee: \$250

Renewal fee: \$250

This application fee shall be paid in full before any application is reviewed by the Development Review and Permitting Division.

(c) *Application review.*

(i) The City of Chattanooga Development Review and Permitting Division shall review all applications for Homestay and Absentee short-term vacation rentals and provide comment where necessary. If additional materials are found to be required, a designated representative of the City may ask for them at any time. Upon completion of application requirements as set forth in this Chapter, and upon tendering of the requisite application fee, the certificate shall be issued.

(ii) Homestay dwellings applying for a short-term vacation rental certificate:

(A) For Homestay dwellings, the applicant/owner must be a natural person or a business entity (*i.e.*, a Tennessee LLC, corporation, partnership etc.) whose business entity applicant lives on premises and can establish proof of ownership annually.

(B) Residency of all applicants must be proved annually during renewal with driver's license number, business records, or other documentation acceptable to the Development Review and Permitting Division.

(iii) Absentee dwellings applying for a short-term vacation rental certificate:

(A) For Absentee dwellings, the Development Review and Permitting Division shall notify the Fire Marshal and a City Building Inspector and request that inspections be conducted to ensure that the property and any associated structures on the property are in compliance with state and local laws.

(B) When the application for an absentee Short term vacation rental meets all of the requirements set forth in this Chapter, and passes all inspections required pursuant to Section 38-435, the Development Review and Permitting Division shall issue to the applicant, a Short-term vacation rental certificate.

The Development Review and Permitting Division does not send notification letters of applications for short-term vacation rentals nor is the applicant required to post a notification sign.

(iv) Homestay and Absentee for a short-term vacation rental certificate:

(A) If the Development Review and Permitting Division denies an application for a Homestay or an Absentee short-term vacation rental certificate, the applicant has the right to appeal the denial from the Development Review and Permitting Division to the Board of Zoning Appeals. The applicant also has the right to appeal

a denial from the Board of Zoning Appeals to Chancery Court. Any appeal must be made within sixty (60) days of the date of denial or revocation of any permit.

- (B) The applicant must be present at the appeal hearing before the Board of Zoning Appeals, regardless of whether the appeal is initiated by the Development Review and Permitting Division or the applicant. Any applicant not present at the appeal hearing shall result in an automatic denial of the Short-Term Vacation Rental Certificate by the Board of Zoning Appeals.
  - (C) If the certificate is still denied after the appeal hearing, the applicant must wait twelve (12) months before reapplying for a Short-term vacation rental certificate.
  - (D) If a property owner or applicant requests to be rezoned to R-2, R-3MD, R-3, R-4 or any commercial zone that permits residential uses or any Form-based Code Zone that permits two-unit or multi-unit living, such request is granted, the owner or applicant may not apply for an absentee short term vacation rental certificate within eighteen (18) months of the effective date of rezoning.
- (v) *Application lifetime.* An application shall be valid for a period of sixty (60) days from the date of application submission. After sixty (60) days, an application that has not received a certificate may be discarded.

**Sec. 38-437. 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 applicant provided in the application as set forth in Section 38-435 of this City Code. The Development Review and Permitting Division 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 Development Review and Permitting Division.
- (b) Upon issuance of a short-term vacation rental certificate, the Development Review and Permitting Division will also issue a certificate number. The certificate number shall be displayed on any materials or platforms used to advertise the short-term vacation rental.
- (c) *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 denial of an application for a Short-term vacation rental, revocation or suspension of an existing Short-term vacation rental certificate and/or imposition of penalties, including denial of future applications. After sixty (60) days, an application that has not received a certificate may be discarded, unless delay has been the result of delay of action by the Development Review and Permitting Division or other City department as determined by the Director of the Development Review and Permitting Division.

- (d) *Transferability.* The certificate is non-transferable to another site, property, or location. Any change of ownership for the short-term vacation rental unit is allowed as long as the transferring owner or operator and the prior owners of the unit have not subject to revocation for at least one (1) year prior to the transfer.
- (e) *Revocation.* The City reserves the right to revoke a granted short-term vacation rental certificate at any time upon notice to the owner and the short-term vacation rental certificate Agent and after a public hearing once the property has three (3) documented violations of City Code or State Law as a direct result of the operation of the short-term vacation rental unit and no appeal rights of those violations remain. 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 from applying for a new certificate or short-term vacation rental on the same property or part thereof for a period of one (1) year from the date of revocation. Prior to any revocation, the owner or the short-term vacation rental agent shall be cited to the Administrative Hearing Officer, or a body designated by the City Council, for a hearing to establish proof of violations.

**Sec. 38-438. Short-term vacation rental annual renewal and fee.**

- (a) A short-term vacation rental certificate must be renewed annually by any applicant to legally operate as a short-term vacation rental within the City of Chattanooga.
- (b) A certificate may only be renewed if:
  - (i) A renewal application is submitted to the Development Review and Permitting Division not less than thirty (30) days prior to the certificate's expiration date;
  - (ii) All information provided in and relating to the original short-term vacation rental application has not changed within the previous certification period; and
  - (iii) The property requesting to be renewed as a Short-term vacation rental has not had more than two (2) documented violations of City Code or Tennessee law as a direct result of the operation of the short term vacation rental within the previous certification period.
- (c) If a property requesting to be renewed as a Short-term vacation rental has had three (3) or more documented violations of City Code or Tennessee law as a direct result of the operation of the short-term vacation rental during the previous certificate period, the Development Review and Permitting Division shall deny the renewal certificate. Certificates denied on this basis may be appealed to the Administrative Hearing Officer as set forth in Section 21-232.
- (d) The Development Review and Permitting Division reserves the right to deny a renewal Certificate, within its discretion, even if the property requesting to be renewed as a Short-term vacation rental has had only one (1) or two (2) documented violations of City Code or Tennessee law. Certificates denied on this basis may be appealed to the Administrative Hearing Officer as set forth in Section 21-232.

- (e) There shall be a short-term vacation rental certificate renewal fee to be paid annually to the Development Review & Permitting Division upon renewal pursuant to Section 38-436(b) in addition to any applicable transaction related fees and any taxes required by the State of Tennessee related to the operation of a short-term vacation rental. This fee shall be remitted to the City Treasurer within thirty (30) days after occupancy occurs within the rental units.
- (f) A certification more than thirty (30) days beyond its expiration date shall not be renewed.

**Sec. 38-439. 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 or resident of a unit owned by a corporation 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 eighteen (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 available twenty-four (24) hours a day, seven (7) days a week to respond to telephone calls from law enforcement, first responders, and/or City designees;
  - (ii) Appear on the premises of any short-term vacation rental unit within two (2) 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 (2) 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.
    - (a) An owner may change his or her designation of a short-term vacation rental agent temporarily or permanently; however there shall only be one (1) such agent for a property at any given time. To change the designated agent, the owner shall notify the Development Review and Permitting Division 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. 38-440. 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.

**Sec. 38-441. Annual Review.**

The Development Review and Permitting Division will conduct at a minimum an initial annual review of the provisions of this Article. The Board of Zoning Appeals and/or its departmental designee, shall conduct an annual review of the appeals before that body and suggest any text amendments that may be appropriate to the City Council.

**Secs. 38-442—38-450. Reserved.**

SECTION 2. BE IT FURTHER ORDAINED, That this Ordinance shall take effect two (2) weeks from and after its passage.

Passed on second and final reading: May 16, 2023

  
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CHAIRPERSON

APPROVED:  DISAPPROVED:

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\_\_\_\_\_  
MAYOR

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