



## MEMORANDUM

**Date:** October 3, 2017  
**To:** Planning Commission  
**From:** Gerald Green, Executive Director  
**Subject:** **Agenda Item # 7, 5-C-17-OA (STR Ordinance)**

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The proposed ordinance establishing standards for the licensing and operation of Short Term Rentals is provided for the Commission's consideration and action at its October 12, 2017 meeting. While drafted as an amendment to Chapter 16 of the City of Knoxville's Code of Ordinances, the proposed ordinance has many land use related provisions that should be considered by the MPC. Additionally, City Council has requested the input and recommendation of the MPC on the proposed ordinance. City of Knoxville and MPC staff have worked for some time on the proposed STR ordinance, providing numerous opportunities for public input during the drafting of the proposed ordinance. During its most recent consideration of the proposed STR ordinance on August 29, 2017, Council provided several comments regarding the proposed ordinance. At this meeting, City Council specifically requested that MPC consider the comments made by Council and provide a recommendation regarding the proposed ordinance. Attached is a report that lists these comments, with MPC staff response and recommendation for each group of comments. The proposed STR ordinance is attached for your review, as is a letter from Crista Cuccaro, Knoxville City Law Department staff attorney, identifying a minor revision recommended by City and MPC staff. This proposed revision addresses the challenge of providing proof of residency of all owners of home used for an STR.

MPC staff recommends approval of the proposed STR ordinance, with the minor revision noted in the October 2, 2017 letter from Ms. Cuccaro.

If you have any questions, please feel free to contact me by email at [gerald.green@knoxmpc.org](mailto:gerald.green@knoxmpc.org) or phone at 215-3758.

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October 2, 2017

Gerald Green, Executive Director  
Knoxville-Knox County Metropolitan Planning Commission  
400 Main Street, Suite 403  
Knoxville, TN 37902

**RE: Requested Change to Short Term Rental Ordinance**

Dear Gerald:

Based on comments received from the public and after consultation with the Administration's policy officials, I would like to propose one minor change to the short-term rental ordinance.

As the ordinance is currently drafted, at Section 2.3.a.iii., a Type 1 Permit requires that "[i]f more than one person is listed as the owner on the deed, proof of residency as required by this Section 2.3. is required for **all owners**." (Emphasis added.)

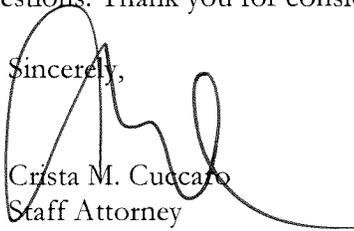
Due to the overlap of homeownership and the complexity of human relationships, this language is likely too restrictive to accommodate common and foreseeable scenarios, such as divorce.

Therefore, I recommend striking the sentence at the end of Section 2.3.a.iii. and replacing it to read as follows:

At least one owner listed on the deed for the Short Term Rental Unit must establish residency at the Short Term Rental Unit according to the criteria set forth in this Section 2.3.

Please let me know if you have any questions. Thank you for considering this amendment.

Sincerely,

  
Crista M. Cuccaro  
Staff Attorney

cc: Dr. Bill Lyons, Chief Policy Officer and Deputy to the Mayor  
Jesse Mayshark, Director of Communications  
David Massey, Director of the Office of Neighborhoods  
Donna Dyer, Revenue Administrator

**Draft Short Term Rental Ordinance  
MPC Staff Comments on Items for Consideration Identified  
by City Council at its August 29, 2017 Meeting**

**INTRODUCTION**

At its public meeting August 29, 2017 the Knoxville City Council considered the draft ordinance establishing regulations for Short Term Rentals (STR). During the development of the draft STR ordinance and prior to the legislative process, three (3) public meetings were held to solicit comments and input, in addition to meetings with neighborhood groups.<sup>1</sup> Also, public comment on the proposed ordinance was received at the Metropolitan Planning Commission's meeting on May 9, 2017 and at five (5) City Council meetings and workshops.<sup>2</sup>

In general, comments from the public can be grouped in one of two (2) ways:

1. Those who want tighter restrictions on STR's located in residential districts.
2. Those who want lesser restrictions on STR's.

In addition to comments that fall into these two (2) general categories, there were comments of support for the draft STR ordinance from individuals and neighborhoods.

During its August 29th discussion of the draft STR ordinance, City Council made a number of comments and identified issues regarding the draft ordinance. These comments and issues are addressed in this report, along with MPC staff comments and recommendations provided as appropriate. The comments and issues are organized into several broad categories to facilitate both the review of the comments and staff responses to the comments. Comments made by Council members are listed first, with MPC staff responses and recommendations following. Due to the schedule desired by City Council for MPC action on this issue, staff comments are based upon readily available information; the schedule does not provide time for research on the various issues identified by City Council. Although MPC staff has attempted to respond to all comments made by City Council at its August 29th meeting, it must be noted that several of the

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1. Public meetings were held on October 18, 2016 and April 4, 2017. Additionally, City staff presented to the City of Knoxville Neighborhood Advisory Council at its public meeting on August 10, 2016. Upon request, City staff also spoke to the Bearden community and the Board of the West Hills Neighborhood Association in the spring of 2017.

2. The ordinance first appeared on City Council's agenda on June 6, 2017; it was postponed in anticipation of a workshop. A workshop on the ordinance was held on June 29, 2017. The item was heard again on July 18, 2017, and City Council heard from various members of the public and postponed the ordinance. On August 1, 2017, City Council took up the matter to adjust the timing of the previous postponement. City Council organized two workshops on August 3 and 10, 2017. On August 29, 2017, City Council discussed the ordinance and again heard public comment. City Council then referred the ordinance back to MPC with a list of items for consideration.

comments are not land use related and therefore are not within the purview of the Metropolitan Planning Commission.

Please note that City Council asked that MPC consideration of the proposed STR ordinance be guided by two goals:

- That MPC consider all the comments and issues identified by City Council during its August 29th meeting, and
- That MPC complete its consideration of the proposed STR ordinance on a schedule that would enable City Council to consider the proposed ordinance in November 2017. In order to accomplish this objective, MPC would have to act on the proposed ordinance at its meeting on October 12, 2017.

## **ISSUES IDENTIFIED BY CITY COUNCIL**

### **1. Treatment of R-1 (Low Density Residential) and R-1E (Low Density Exclusive Residential) Zoning Districts**

#### *a. Comments from City Council:*

- “Short-term rentals not be permitted in the R-1 or R-1E zone.” (Grieve)
- “With regard to the R-1 and R-1E, again, I would support that, but those aren’t the only single family residential zones, and so, again, I would prefer a mapping designation, but if not, I would support the R-1 and R-1E. (Della Volpe)

#### *b. Response from MPC*

These comments were made in support of the proposal to prohibit STR’s in the R-1 and R-1E zoning districts while permitting STR’s (owner-occupied) in the R-1A and R-1EN zoning districts. As proposed, this revision would make distinctions among the City’s low density residential districts. The proposed distinctions, and different treatment, cannot be supported by the zoning code language identifying the general description of these districts. All are described as areas for low density residential uses, with the goals of preserving existing neighborhoods and providing opportunities for the development of new low density residential neighborhoods.

#### *c. MPC Staff Recommendation*

Staff does not support this revision and recommends that the language permitting Type 1 (owner occupied) STR’s in all residential districts be maintained.

### **2. Designation based a Mapped Area (District) for STR’s**

#### *a. Comments from City Council:*

- “Consider drafting a, sort of a regional map for STRs like Chattanooga did where they defined a physical area. For example, in Knoxville, it might be the Downtown and Fort Sanders area. It might include some portion of, whether it’s Old North, or other neighborhoods that have a greater interest in using money for restoration than they do in...in, sort of, freezing the lines and protecting the community, but some consideration by MPC with its map-making ability to define an area where this activity would be permitted.” (Della Volpe)
- “With regard to the R-1 and R-1E, again, I would support that, but those aren’t the only single family residential zones, and so, again, I would prefer a mapping designation, but if not, I would support the R-1 and R-1E.” (Della Volpe)
- “Try to determine a fair and reasonable area in and around the Urban Wilderness because it is unique to South Knoxville.” (Pavlis)
- “Establish a geographic area relating to the location for the STRs.” (Grieve)

b. *Response from MPC*

As noted in the comments, there was consideration of creating an STR district that would permit STR’s in various parts of the community with no consideration of the underlying zoning. Little direction was provided with regard to the mapping of such an area, resulting in numerous questions:

- What are the criteria for the creation of such a district?
- What are the justifications for treating one neighborhood differently than another similar neighborhood or for treating one part of a neighborhood differently than another part of the same neighborhood?
- Would the mapped district have to be contiguous or could it be disconnected, with separate areas throughout the City?
- Could the mapped district be defended in court if challenged?
- What type of public input would be necessary to generate the support needed for acceptance of the mapped STR district?
- Would there be challenges in the administration of an STR district?

c. *MPC Staff Recommendations*

Due to these questions, and the time and effort that would be involved in the mapping of an STR district, MPC staff does not recommend pursuing this option. The approach to permitting STR’s as set forth in the draft ordinance is recommended.

**3. Location of STR’s within the City**

*a. Comments from City Council*

- “I think consideration and discussion ought to be for allowing non-owner occupants of STRs in H-1. It’s as bed and breakfasts are allowed to operate in an H-1, consideration should be discussed in there.” (Wallace)
- “I think that there should be consideration as well for owner-occupied in the R-2 and R-3 zones.” (Wallace)

*b. Response from MPC*

The proposed STR ordinance treats all residential zoning districts equally, permitting Type 1 (owner occupied) STR’s in all residential zoning districts. Owner occupied STR’s are considered a reasonable extension of the residential use of these properties, complying with the residential purpose of these zoning districts. Bed and breakfast establishments, which are permitted in the H-1 overlay zone, must be owner occupied and thus meet the same owner occupancy criterion as that proposed for STR’s located in residential zoning districts. It would be difficult to defend making distinctions between the low density zoning districts (R-1, R-1A, R-1E, and R-1EN) and the higher density zoning districts (R-2 and R-3) that would be the case if a more commercially oriented use (non-owner occupied STR’s) were permitted in the R-2 and R-3 zoning districts.

*c. MPC Staff Recommendation*

The proposed STR ordinance language prohibiting non-owner occupied STR’s in the residential zoning districts is appropriate and MPC staff recommends this distinction.

**4. Administration and Enforcement Issues**

*a. Comments from City Council*

- “Require that STRs, if allowed, be owner-occupied.” (Grieve)
- “Require that the owner be present.” (Grieve)
- “No more than two bedrooms or four people per unit.” (Grieve)t
- “A clear process for the application process and notification of the neighbors.” (Grieve)
- “A clear procedure for enforcement and a dedicated individual by the City assigned to the application and enforcement of the process.” (Grieve)
- “See if we can require some of the things we’re requiring of these people for long-term rentals – parking, noise.” (Stair)
- “Ensuring that there is adequate parking.” (Saunders)
- “And if we can, ask the applicant to suggest some rules for behavior of guests.” (Saunders)

*b. Response from MPC:*

The proposed STR ordinance already addresses some of these comments. Enforcement is a consideration when all ordinances are drafted and adopted by the City and that has been the case with the proposed ordinance. Ultimately, however, enforcement is not a land use consideration and jurisdiction for issues of enforcement lies with City staff. Nonetheless, the

proposed ordinance provides a clear process for enforcement and enforcement regarding unpermitted operations has been described at several public meetings.

For example, STR's located in residential would be required to be owner-occupied. The proposed ordinance describes a clear application process, with information provided on what information must be provided when applying for a permit to operate an STR. Requirements for parking are set forth in the proposed ordinance. Additionally, the City will be acquiring software to assist in the effective enforcement of the standards proposed. No one individual will be dedicated to the enforcement of the proposed ordinance provisions as that likely would not be an efficient use of resources, but current staff can handle the enforcement of standards proposed in the draft ordinance. It would be very difficult, and probably impossible, for the City to enforce a limit on the number of bedrooms that could be rented in an STR and a limit on the number of guests. The limit indicated in the proposed ordinance can be tracked by the listing for specific properties and mirrors the trend in listings. If the applicant is asked to propose rules for behavior of guests at an STR, it is unlikely that the City could enforce the rules as they would not be identified in the ordinance.

*c. MPC Staff Recommendation:*

To the extent that it is appropriate for MPC staff to weigh in on enforcement issues, the proposed ordinance addresses the administration and enforcement issues well and MPC staff recommends approval of the provisions in the proposed ordinance.

**5. Treatment of Existing STR's**

*a. Comments from City Council*

- "Sunset policy for the non-conformed...non-conforming owner/operators that are operating now, and there's some sunset period for them to unwind that and we would look for a policy with a time...a time from MPC." (Wallace)
- "We have a number of existing short-term rentals right now and to have those grandfathered in, however, when they go to apply for a permit since they are operating illegal, have some type of restitution to the City of Knoxville." (Grieve)

*b. Response from MPC:*

Under Tennessee state law, a use that was legally created and was made non-conforming or illegal by subsequent legislation is entitled generally to continue operations. This is sometimes referred to as "grandfathering". The existing STR's were not established legally and therefore are not eligible for grandfathering rights. Grandfathering, or other favorable treatment of the illegally established STR's, would set a bad precedent that other persons with illegal establishments/activities may want to take advantage of. The owners of those dwelling units being used as an STR have an asset, the dwelling unit, that could be used for residential purposes and thus generate income.

*c. MPC Staff Recommendation:*

The treatment of existing STR's proposed in the draft ordinance is appropriate and staff recommends this approach.

**6. Tax Issues**

*a. Comments from City Council*

- "I think the taxes that are being proposed, the hotel tax, that should be allowed to be collected by the STR webhost and paid directly, as the home...as the owner could as well." (Wallace)

*b. Response from MPC:*

Taxes are not a land use issue and are outside the scope of MPC's purview. It is worth noting, however, that the proposed STR ordinance addresses the occupancy tax in section 4.1. The method for collection of this tax, and other taxes to which the STR may be subject, are set out in the documents related to those taxes. That issue should not be addressed in this ordinance because those taxes and methods of collection are subject to change. The provisions addressing payment of the taxes allows for this approach.

*c. MPC Staff Recommendation*

To the extent that it is appropriate for MPC to weigh in on taxes, the proposed language informing those interested in STR's that the taxes are the responsibility of the STR owner is appropriate and MPC staff recommends approval of the proposed language.

**7. Notification**

*a. Comments from City Council:*

- "Are we going to have public hearings if they want an STR in a neighborhood or area other than the designated, sort of tourist district, if you will? Is it...Chattanooga for example has a procedure whereby you apply, but if any neighbor objects (and you have to post a sign and whatnot), they get to have a hearing on whether it should be there or not." (Della Volpe)
- "Any hearing panel should have at least two people from the general public. There should be some type of hearing panel with people from the public and not just City employees." (Wallace)
- "Consideration ought to be given to notifying the property owner, the adjacent property owners." (Wallace)
- "Notification to the Council district person, require physical inspections from Fire and Building." (Wallace)
- "Notification in process and application should be in person, and not in...and not by affidavit." (Wallace)
- "Notifying neighbors." (Saunders)

- “I don’t want to codify this. I would like this to be part of the application process, so that those questions are asked just like MPC asks (as I understand) when a developer comes to develop something “have you talked to the surrounding neighborhoods.” That’s not enforceable, but it is certainly something that needs to be asked.” (Saunders)

*b. Response from MPC:*

The City has proposed to post the issued permits online, which will give notice to neighbors. The City does not provide any advance notice or opportunity for input for other types of permits it issues, such as food truck permits or business licenses.

*c. MPC Staff Recommendation:*

To the extent that it is appropriate for staff to weigh in on notification for a permit, the proposed process of posting the issued permits online is appropriate. Staff does not recommend any revision to the draft ordinance that would require notification of owners of the application for or issuance of a permit for an STR.

**General Comments**

*a. Comments from City Council*

- “I would like MPC to be considering the notion that we’re here to build neighborhoods, not destroy them. We’re here to keep commercial activity out of bedroom communities, and so, how do we draw on that aspect?” (Della Volpe)
- “Some interpretation as to whether if this is a business, instead of just a different kind of rental, does this open the door for other rental or other business activities. I mean, all of a sudden, we’re going to want to have a barbershop and a...I don’t know, a Moon Pie house, and a coffee shop, and things are going to come in.” (Della Volpe)
- “Let’s start small and build on that, let’s pick...let’s pick a piece of turf that we think this makes the most sense in if we’re going to do this and see how that works for a few months, and then come in and expand or contract or modify what we’re doing.” (Della Volpe)
- “There have been some problems with STR and discrimination against people based on race. It may be covered by federal statute, I don’t know, but to make sure that if we do legalize STRs here in Knoxville, that that is covered.” (Brown)
- “If we had a landlord list and some of these things that are in this Ordinance that we might be able to address some of those problems as well.” (Stair)

*b. Response from MPC*

In response to the first general comment above, the protection of neighborhoods has been identified by the City Administration as an underpinning of the ordinance from the outset. The owner-occupied requirement in residential zoning districts is an appropriate tool to maintain the integrity of neighborhoods. STRs will not be operating in vacant properties, but in homes that are already occupied as a full-time residence.

With regard to the second general comment, legislative authority to change the code always rests with City Council. This proposed ordinance does not open the door. It clarifies the code and provides appropriate protections and enforcement mechanisms, and avoids the City having to construe its existing code awkwardly.

Federal statutes address discrimination and that issue is not within the purview of the proposed STR ordinance.

c. *MPC Staff Recommendation*

To the extent that it is appropriate for staff to weigh in on these issues, the proposed language in the draft ordinance is appropriate. Staff does not recommend any revision to the draft ordinance that would address these issues differently or more fully.

**Short Term Rental Unit Ordinance**  
**Proposed to be added to Chapter 16 as a newly created Article XV**

**Division 1. Generally.**

- 1.1. Purpose.** The city has determined that regulation of Short Term Rental Units is necessary in order to protect the health, safety, and welfare of the public, as well as to promote the public interest by regulating the areas and methods of operation. To meet these ends, the city has determined that all persons or entities that desire to operate Short Tem Rental Units within the city must be issued a permit pursuant to the requirements of this article.
- 1.2. Definitions.** The following words, terms and phrases, when used in this article, shall have the meanings ascribed to them in this section. The word "shall" is always mandatory and not merely advisory.
- a. *Consideration.* The charge, whether or not received, for occupancy in a Short Term Rental Unit valued in money, whether to be received in money, goods, labor, or otherwise, including all receipts, cash, credits, property and services of any kind or nature without any deductions. Nothing in this definition shall be construed to imply that consideration is charged when the Short Term Rental Unit provided to the person is complimentary from the Operator and no consideration is charged to or received from any person.
  - b. *Short Term Rental Unit.* A dwelling unit, a portion of a dwelling unit, or any other structure or space that is occupied or intended or designed for occupancy by Transients for dwelling, lodging, or sleeping and which is offered to Transients for Consideration for a period of up to 30 consecutive calendar days. Short Term Rental Unit shall not include dwelling units owned by the federal government, the state, or any of their agencies or political subdivisions; facilities licensed by the state as health care facilities, including temporary family healthcare structures; hotels, inns, motels, bed and breakfasts properly approved by the City of Knoxville, or campgrounds; or dwelling units rented according to a written, month-to-month lease.
  - c. *Hosting Platform.* A person or entity that facilitates the booking of a Short Term Rental Unit. "Facilitate" includes, but is not limited to, the act of allowing an Operator to offer to list or advertise, typically for a charge or fee, the Short Term Rental Unit on an Internet website, in a print publication, or through another forum provided or maintained by the Hosting Platform.
  - d. *Residential District.* Any zoning district designated in the City of Knoxville where the principal permitted uses in the district include residential uses, including houses, duplexes, garage apartments accessory to a principal dwelling, and multi-dwelling structures. As of the date of the adoption of this article, Residential Districts shall include: all districts identified in the City of Knoxville Code of Ordinances, Appendix B, Article IV, Section 2.1; all planned residential districts (RP-1, 2, and 3); the traditional neighborhood development district (TND-1); and the Old Sevier and Scottish Pike South Waterfront District (SW-1).
  - e. *Non-Residential District.* Any zoning district designated in the City of Knoxville that allows residential uses, but is not a Residential District. Non-Residential Districts explicitly include, but are not limited to, Town Center District (TC-1); all South Waterfront Districts except SW-1; all Cumberland Avenue Corridor Districts; and Central Business District (C-2).

- f. *Occupancy.* The use or possession, or the right to the use or possession, of any room, lodgings, or accommodations in any Short Term Rental Unit.
- g. *Operator.* The person or entity, if applicable, offering a Short Term Rental Unit, whether as the owner, lessee, or otherwise.
- h. *Transient.* Any person who exercises Occupancy or is entitled to Occupancy of any rooms, lodgings, or accommodations in a Short Term Rental Unit for a period of less than thirty (30) consecutive calendar days.

## **Division 2. Permit Types, Application, and Issuance.**

**2.1. Operating Permit Required.** It is unlawful to operate or advertise any Short Term Rental Unit within the City of Knoxville without a Short Term Rental Unit Operating Permit issued under this article.

**2.2. Application.** Every Operator desiring to operate a Short Term Rental Unit shall submit an application for an Operating Permit to the Business License & Tax Office. Each application shall contain, at the least, all of the following information. In addition to the information required by the application, the Business License & Tax Office may request other information reasonably required. The permit application shall not be considered complete until the Business License & Tax Office has all information as required by the application or otherwise.

- a. *Acknowledgement of Rules.* Written acknowledgement by the Operator that they have read all regulations pertaining to the operation of a Short Term Rental Unit, including this article, the city's business license requirements, the city's occupancy privilege tax requirements, any additional administrative regulations promulgated or imposed by the city to implement this article, and acknowledging responsibility for compliance with the provisions of this article.
- b. *Affidavit of Life Safety Compliance.* During each Short Term Rental Unit Occupancy, each Short Term Rental Unit shall have the following life safety equipment on the premises and installed to manufacturer specifications: (i) a smoke alarm meeting Underwriters Laboratory (UL) 217 standards inside each sleeping room, outside of and within fifteen feet of sleeping rooms, and on each story of the dwelling unit, including basements; (ii) a carbon monoxide detector within 15 feet of all bedrooms; and (iii) and a fire extinguisher. Every smoke and carbon monoxide alarm must function properly with the alarm sounding after pushing the test button and the fire extinguisher must be operational. It shall be unlawful to operate a Short Term Rental Unit without a smoke alarm, carbon monoxide detector, or fire extinguisher as required by this section. An application for an Operating Permit must be accompanied by an affidavit verifying the number, locations, and operation of the required life safety equipment for the Short Term Rental Unit and the equipment will be subject to verification or inspection.
- c. *Lessee Information.* If a lessee is operating a Short Term Rental Unit, the lessee shall provide (i) the full legal name of the owner the Short Term Rental Unit, (ii) the mailing address, email address, and telephone number(s) of the owner, and (iii) a signature of the owner acknowledging the owner's understanding of all City of Knoxville Short Term Rental Unit rules and verifying the owner's agreement that they are legally responsible and liable for compliance by the Operator and all occupants of the Short Term Rental Unit with all provisions of this article and other applicable ordinances of the City of Knoxville.

- d. *Local Contact Person.* A person designated by the Operator, who shall be available twenty-four (24) hours per day, seven (7) days per week for the purpose of: (i) being able to physically respond, as necessary, within forty-five (45) minutes of notification of a complaint regarding the condition, operation, or conduct of occupants of the Short Term Rental Unit, and (ii) taking remedial action necessary to resolve any such complaints. A Local Contact Person may be the owner, the lessee, or the owner's agent.
- e. *Owner Information.* The full legal name, street and mailing addresses, the email address, and the telephone number of the owner of the Short Term Rental Unit and in cases where a business entity or trust is the owner of the property, the individual who has responsibility to oversee the ownership of the property on behalf of the business entity or trust, including the mailing address, the email address, and the telephone number of the individual having such responsibility. If the owner of a Short Term Rental Unit is a business entity, information and documentation is required demonstrating the owner's valid status with the Tennessee Secretary of State.
- f. *Site Plan.* A site plan and floor plan accurately and clearly depicting the size and location of the existing dwelling and the approximate square footage in the dwelling, the number and location of designated off-street parking spaces and the maximum number of vehicles allowed for overnight occupants. The floor plan shall describe the use of each room in the dwelling, the number, location and approximate square footage of all bedrooms, and any accessory buildings, including but not limited to garages and accessory dwelling structures or units.
- g. *Indemnification.* Written acknowledgement and agreement by the Operator that, in the event a permit is approved and issued, the Operator and owner, if the Operator is not the owner, agree to assume all risk and indemnify, defend and hold the city harmless concerning the city's approval of the permit, the operation and maintenance of the Short Term Rental Unit, and any other matter relating to the Short Term Rental Unit.

### **2.3. Short Term Rental Unit Operating Permit Types.**

- a. *Type 1 Operating Permit, Owner Occupied.*
  - i. Generally. A Type 1 Operating Permit is available in Residential Districts upon meeting the criteria in this article. A Type 1 Operating Permit can be issued only to an owner of the Short Term Rental Unit. The property where the Short Term Rental Unit is located must be the owner's principal residence, except in the instance of duplexes as further described in this section. A person can only hold one (1) Type 1 Operating Permit in the City of Knoxville. The Type 1 Operating Permit is available only to natural persons. The owner is not required to remain or be present at the Short Term Rental Unit during the Occupancy.
  - ii. Accessory Structures and Duplexes. If there is an accessory dwelling structure on the property, the Type 1 Operating Permit can be for either the primary dwelling structure or the accessory dwelling structure, but not for both. If a property houses a legal duplex and an owner owns both sides of the duplex, one (1) Type 1 Operating Permit is available to the owner for either side of the duplex so long as the owner's principal residence is one side of the duplex.

iii. Proof of Ownership and Residency. Ownership shall be established by the deed for the property as recorded in the Knox County Register of Deeds. Residency shall be established by at least two of the following documents, which must list the address of the Short Term Rental Unit on the document:

1. The owner's motor vehicle registration;
2. a valid driver's license or TN identification card of the owner;
3. the address of the owner's children's school registration;
4. the owner's voter registration card; or
5. the owner's W-2 mailing.

If more than one person is listed as the owner on the deed, proof of residency as required by this Section 2.3. is required for all owners.

b. *Type 2 Operating Permit, Non-Owner Occupied.* A Type 2 Operating Permit is available in Non-Residential Districts upon meeting the criteria in this article. A Type 2 Operating Permit can be issued to an owner or lessee of the property. A Type 2 Operating Permit is available to a person or an entity. A person or entity can only hold two (2) Type 2 Operating Permits in the City of Knoxville. Upon application for a Type 2 Operating Permit, a lessee must provide the signature of the owner as further described in Section 2.2.

**2.4. Fees.** An application for an Operating Permit under this article shall be accompanied by a fee in the amount of seventy dollars (\$70.00) for a Type 1 Permit and one hundred and twenty dollars (\$120.00) for a Type 2 Permit. The Business License & Tax Office shall collect the permit fee. There shall be no proration of fees. Fees are non-refundable once a permit has been issued by the Business License & Tax Office.

**2.5. Issuance of Permit.** Once the application is considered complete by the Business License & Tax Office, the Business License & Tax Office shall issue or deny the unit permit within fourteen (14) business days. If the Business License & Tax Office is satisfied that the application and the Short Term Rental Unit conforms to the requirements of this article and other pertinent laws and ordinances, a permit shall be issued to the applicant. If the application or Short Term Rental Unit does not conform to the requirements of this article or other pertinent laws or ordinances, the Business License & Tax Office shall not issue the permit, but shall inform the applicant of the denial. Such denial, when requested, shall be in writing and state the reasons for denial. The Operating Permit shall be valid for one (1) calendar year from the date of issuance, unless the Operating Permit is revoked pursuant to this article or terminated by ordinance or otherwise.

**2.6. Permit Renewal.** Every Operating Permit, unless suspended or revoked for a violation of any provision of this article or other rule or of the city, can be renewed annually provided that a renewal fee of fifty dollars (\$50.00) is paid no later than fourteen (14) business days before the Operating Permit's expiration. An application for renewal of a unit permit shall be made through the Business License & Tax Office. After the Operating Permit's expiration, the holder of the Operating Permit forfeits the right to renew and the Operator must reapply for a new Operating Permit. A renewed Operating Permit shall be good for one calendar year from the date of issuance.

**2.7. Prohibitions Against Transfer.**

a. *Generally.* No person or entity holding an Operating Permit shall sell, lend, lease, or in any manner transfer the permit for value.

- b. *Type 1 Operating Permit, Owner Occupied.* The permission to operate a Short Term Rental Unit under a Type 1 Operating Permit shall be personal and limited to the owner to whom the city issued the permit. A Type 1 Operating Permit shall terminate immediately upon the transfer of property covered by the permit, whether such transfer is by deed or otherwise.
- c. *Type 2 Operating Permit, Non-Owner Occupied.* As an exception to 2.7.a., the holder of a Type 2 Operating Permit may transfer the permit as part of the sale of a majority of the stock in a corporation holding such permit, as part of the sale of a majority of the membership interests of a limited liability company holding such permit, or as part of the sale of a business or substantially all of its assets; provided that there shall be no allocated or actual value for the transfer of the permit. Prior to any such transfer permitted by this subsection, the transferor shall notify the Business License & Tax Office in writing and the transferee shall submit a permit application for approval to the Business License & Tax Office pursuant to the process set forth in this section. Any such transfer shall be subject to the terms and conditions of the original permit.
- d. *Transfers Invalid.* Any unauthorized transfer or attempt to transfer a permit shall automatically void such permit. Persons violating this provision, including both the transferor and transferee, may be subject to a citation and fine. Each unauthorized transfer or attempt to transfer of each permit shall constitute a separate violation.

**2.8. No Vested Rights.** Except in instances where constitutional principles or binding state or federal laws otherwise provide, the provisions of this article and any ordinances or other measures concerning Short Term Rental Units are not a grant of vested rights to continue as a Short Term Rental Unit indefinitely. Any Short Term Rental Unit use and permits for Short Term Rental Units are subject to provisions of other ordinances, resolutions, or other city measures concerning Short Term Rental Units that may be enacted or adopted at a later date, even though such ordinances, resolutions, or other city measures may change the terms, conditions, allowance, or duration for Short Term Rental Unit use, including but not limited to those that may terminate some or all Short Term Rental Unit uses, with or without some period of amortization. While this recitation concerning vested rights is implicit in any uses permitted by the city, this explicit recitation is set forth to avoid any uncertainty or confusion.

### **Division 3. Compliance with Laws, Complaints, Remedies, and Permit Revocation.**

- 3.1. Compliance with City and State Laws.** It shall be unlawful to operate a Short Term Rental Unit that does not comply with all applicable city and state laws.
- 3.2. Operation without Permit.** Any Short Term Rental Unit operating or advertising for operation without a valid permit shall be deemed a public safety hazard. The city may issue and the Operator, the owner, or the Local Contact Person may receive a civil citation for operating or advertising for operation without a permit and the penalty for such is fifty dollars (\$50.00) per day.
- 3.3. Public Nuisance.** It is unlawful and a violation of this article, and is hereby declared a public nuisance for any person to commit, cause, or maintain a violation of any provision or to fail to comply with any of the requirements of this article. The operation or maintenance of a Short Term Rental Unit in violation of this article or any other city ordinance may be abated or summarily abated by the city in any manner by this code or otherwise provided by law for the abatement of public nuisances. The city

may issue and the Operator, the owner, the occupants, or the Local Contact Person may receive a civil citation for any violation of this article or any other city ordinance by the Operator, the owner, the Local Contact Person, or the occupants of the Short Term Rental Unit and the penalty for such is fifty dollars (\$50.00) per day.

- 3.4. Complaints.** If a complaint is filed with the City of Knoxville alleging that an Operator has violated the provisions of this article, the City of Knoxville shall provide written notification of the complaint by regular mail to the Operator at the Operator's address listed on the application, and the City of Knoxville shall investigate the complaint. Within thirty (30) days of date that the notification was sent to the Operator, the Operator may respond to the complaint, present evidence, and respond to evidence produced by the investigation. If the City of Knoxville, after reviewing all relevant material, finds the complaint to be supported by a preponderance of the evidence, the City of Knoxville may revoke the unit permit or take or cause to be taken other enforcement action as provided in the Knoxville City Code.
- 3.5. Revocation of Permit.** The City of Knoxville may revoke an Operating Permit if the City discovers that (i) an applicant obtained the permit by knowingly providing false information on the application; (ii) the continuation of the Short Term Rental Unit presents a threat to public health or safety; or (iii) the Operator or Short Term Rental Unit violates regulations of this article or any other city ordinance.
- 3.6. Appeal of Revocation.** If a permit is revoked, the City Business License & Tax Office shall state the specific reasons for the revocation. Any Operator whose Operating Permit has been revoked may appeal such denial by submitting a written request for a hearing submitted to the revenue administrator of the Business License & Tax Office within ten (10) days of revocation. A hearing shall be conducted within thirty (30) days of the revenue administrator's receipt of said appeal by a panel comprised of the zoning chief, the neighborhood coordinator, and the revenue administrator of the city. The panel shall consider whether the revocation was justified and whether good cause exists to reinstate the permit. The panel shall issue its decision on the appeal in a written opinion within ten (10) business days; the written opinion will be sent via first class mail to the Operator at the address listed on the application. The decision resulting therefrom shall be final and subject only to judicial review pursuant to state law. Following the revocation of a permit, an Operator must wait six (6) months before reapplying for a new permit. Upon reapplication, the Operator must pay the full permit fee.
- 3.7. Additional Remedies.** The remedies provided in this section are not exclusive, and nothing in this section shall preclude the use or application of any other remedies, penalties or procedures established by law.
- 3.8. City Shall Not Enforce Private Agreements.** The city shall not have any obligation or be responsible for making a determination regarding whether the issuance of an Operating Permit or the use of a dwelling as a Short Term Rental Unit is permitted under any private agreements or any covenants, conditions, and restrictions or any of the regulations or rules of the homeowners' association or maintenance organization having jurisdiction in connection with the Short Term Rental Unit, and the city shall have no enforcement obligations in connection with such private agreements or covenants, conditions and restrictions or such regulations or rules. If the Short Term Rental Unit Operator is a lessee, the owner of the Short Term Rental Unit shall provide written acknowledgement and agreement to the Short Term Rental Unit, but the city shall not have any obligation or be responsible for verifying the ownership information.

#### **Division 4. Operational Requirements**

- 4.1. Taxes.** All Short Term Rental Unit Operators are responsible for applicable taxes, including, but not limited to, Hotel Occupancy Privilege Tax to the City of Knoxville, sales tax to the State of Tennessee, and gross receipts tax to the State of Tennessee. An Operator may be required to obtain a City of Knoxville and a Knox County business license for the purposes of gross receipts tax.
- 4.2. Advertising.** It shall be unlawful to advertise any Short Term Rental Unit without the Operating Permit number clearly displayed on the advertisement. For the purposes of this section, the terms "advertise," "advertising" or "advertisement" mean the act of drawing the public's attention to a Short Term Rental Unit in any forum, whether electronic or non-electronic, in order to promote the availability of the Short Term Rental Unit.
- 4.3. Maximum Occupancy.** The number of Transients in a Short Term Rental Unit shall not exceed the sum of two (2) Transients per bedroom plus two (2) additional Transients; provided, however, that the maximum occupancy of the Short Term Rental Unit shall not exceed 12 persons, including Transients and any other individuals residing in or otherwise using the Short Term Rental Unit.

#### **Division 5. Miscellaneous Provisions**

- 5.1. Severability.** The City Council of the City of Knoxville hereby declares that should any section, paragraph, sentence, phrase, term or word of this ordinance be declared for any reason to be invalid, it is the intent of the City Council that it would have adopted all other portions of this ordinance independent of the elimination of any such portion as may be declared invalid. If any section, subdivision, paragraph, sentence, clause or phrase of this Ordinance is for any reason held to be invalid or unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance.



Betty Jo Mahan <bettyjo.mahan@knoxmpc.org>

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## [MPC Comment] STR rights in Knoxville

1 message

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'Dylan' via Commission <commission@knoxmpc.org>  
Reply-To: dylan.robinson20@yahoo.com  
To: commission@knoxmpc.org

Wed, Sep 13, 2017 at 9:36 AM

To whom it may concern,

I am very much against the proposed ordinance for STRs in Knoxville and ask that you modify it to allow homeowners to rent their homes in R1 areas if the live there or not. This proposed legislation is an infringement on our private property rights. If I own a house, the government, my neighbor, nor any neighborhood associations have the right to tell me I can't have people stay there.

My neighbor has tons of random people come and go from his house. They hang out outside with their shirts off and decorate there front yard with what I would consider junk, along with plenty of other things I find annoying. Honestly, I would prefer they not be there, but that doesn't give me the right to pass a law to restrict their rights. They own the property. It is their right to have whoever they want over at their house and to have a shirt off outside if they want. Just as I have no rights as far as my neighbor's property is concerned, neighborhood associations have no rights to choose what I do with my house.

It seems like the biggest concern I hear from people against Airbnb in residential areas is that they are afraid of people coming in and out of their neighborhoods that they don't know. This is ridiculous. They don't know who's coming into their neighborhoods right now outside of STRs, and I'd be willing to bet most people couldn't give you 5 of their neighbors names let alone all of the people that are in and out of their neighborhoods outside of STRs. This is a scare tactic the hotel industry has propagated and gullible people have bought hook line and sinker. I'm allowed to have anybody I want into my house as a guest, and I have had people from multiple places around the world stay in my house. I'm referring to friends that have stayed with me for free, completely outside of Airbnb. This is my right because this is my property. My neighbors don't know who I have coming in and out of the neighborhood and honestly it's none of their business. My neighbors nor the city has the right to tell me who I can have in my house for money or for free.

The idea that Airbnb's are hotels and should be treated as such is another one of the hotel industry's attempts to kill their competitors. Airbnb's are not hotels. They are houses that are being rented out, thus making them rental houses, and they should be treated as such. It would be different if we were build 50 unit complexes in the middle of neighborhoods (hotels), but we are not.

As far as whether or not Airbnb is good for the city (although this really doesn't matter), my family, and many others have greatly benefited financially. I make \$35,000 a year working for FedEx and our Airbnb's have allowed my wife to stay home with our newborn twins and are helping us move forward with adopting a sibling set from India. Apart from Airbnb this would not be possible and we would really be struggling financially. This proposal limits the ability of people in lower social classes to leverage their assets to provide for their family.

In conclusion I ask that you all vote to protect the private property rights of your citizens and not restrict STRs (aka private property) in any way.

Thank you for your time,

Dylan Robinson  
3115 Bellevue St  
Knoxville TN 37917

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Betty Jo Mahan <bettyjo.mahan@knoxmpc.org>

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## [MPC Comment] STRs in leased spaces

1 message

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'Dylan' via Commission <commission@knoxmpc.org>

Mon, Sep 18, 2017 at 4:24 PM

Reply-To: dylan.robinson20@yahoo.com

To: commission@knoxmpc.org

- Lessee Information. If a lessee is operating a Short Term Rental Unit, the lessee shall provide (i) the full legal name of the owner the Short Term Rental Unit, (ii) the mailing address, email address, and telephone number(s) of the owner, and (iii) a signature of the owner acknowledging the owner's understanding of all City of Knoxville Short Term Rental Unit rules and verifying the owner's agreement that they are legally responsible and liable for compliance by the Operator and all occupants of the Short Term Rental Unit with all provisions of this article and other applicable ordinances of the City of Knoxville.

Under point 2.2 paragraph C of the ordinance, shown above, it makes building owners acknowledge that they are "responsible and liable" for the operators of STRs that they lease to. I don't understand why this is necessary. If the operator (lessee) has a permit and therefore is liable for operating under the law and has the building owners permission to operate a STR, why do you also need to make the building owner liable? This seems to be written in a way to intentionally deter building owners from allowing tenants to operate STRs. There are already few building owners in Knoxville that will allow you to rent a space to use as an STR, and this part of the ordinance will probably eliminate them.. I run two Airbnb's in leased units with the building owners permission, but if I was to ask him to sign something making him legally responsible he probably wouldn't be comfortable with that risk. So I am asking that this part of the ordinance be changed to only require the building owners permission. Thanks for your time.

Dylan Robinson

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This message was directed to [commission@knoxmpc.org](mailto:commission@knoxmpc.org)

The following organizations' Boards of Directors have adopted similar Resolutions to date:

Alice Bell/Spring Hill  
Forest Heights  
Fountain City Town Hall  
Kingston Pike-Sequoyah Hills Association  
Pond Gap  
Tazewell Pike-Beverly Station Neighborhood  
Wesley Neighbors Community Association  
West Hills Community Association

There are many reasons why SHORT-TERM RENTALS ARE NOT APPROPRIATE IN THE R-1 AND R-1E RESIDENTIAL DISTRICTS:

- R-1 and R-1E districts are made up of low density, single-family detached homes.
- R-1 and R-1E districts do **not allow** uses similar to Short-Term Rentals. Unlike other residential zoning districts, **R-1 and R-1E zoning districts do not allow apartments, bed and breakfasts, or rooming and boarding houses.**
- R-1 and R-1E neighborhoods are primarily the older, traditional, single-family detached, suburban development areas of our city. Their location, narrow roads, and development design, have deemed them to be inappropriate zones for uses similar to Short-Term Rentals, such as bed and breakfasts, rooming and boarding houses and apartments. Likewise, R-1 and R-1E are **not** appropriate zoning districts for Short-Term Rentals.
- Short-Term Rentals are a commercial use. Why should this one commercial use be allowed in **all** residential zoning districts, including the residential districts that do not allow similar uses under the existing zoning Ordinance? This Ordinance would set a precedent for allowing other inappropriate uses in R-1 and R-1E zoning districts.
- Like all uses that are incompatible with the character of existing development, Short-Term Rentals will have a significant negative impact on R-1 and R-1E neighborhoods, and more importantly, on the quality of life of the homeowners living in these neighborhoods.
- Short-Term Rentals increase the general activity level in the area.
- Short-Term Rentals increase noise.
- Short-Term Rentals increase both on-street and off-street parking demands.
- The proposed ordinance states that the maximum occupancy, "**...shall not exceed two (2) transients per bedroom plus two (2) additional transients;...the maximum occupancy of the STR shall not exceed 12 persons...**" including all persons. A typical 3-bedroom home could have eight (8) people staying in the home. **Compare that number to the 2.39 average number of persons per household, 2011 to 2015, in Knox County.** (U.S. Census Quick Facts.)
- Short-Term Rentals increase safety issues in neighborhoods.

- The experience with Short-Term Rentals in many cities has been increased noise and nuisance complaints. Some of the complaints are due to large, loud parties, and some are due to increased automobile-related noise and activity.
- The proposed Ordinance does not contain an enforcement plan, and its provisions are generally not enforceable.
- The City has said that they fear the TN State Legislature will remove all meaningful local control of Short-Term Rentals if local governments "prohibit" Short-Term Rentals. We are **not** requesting a prohibition. We are simply requesting that Short-term Rentals not be allowed in two residential zoning districts, R-1 and R-1E, -- districts which do not allow similar uses. There are many residential zoning districts in Knoxville that allow uses similar to Short-Term Rentals, e.g., bed and breakfasts, rooming and boarding houses, apartments, etc. The Community Forum and other neighborhood associations across the State are prepared to contact the State Legislature again next year to work to maintain local control of Short-Term Rentals.

Thank you for your consideration.

Sincerely,

Ms. Sue Mauer, Chairperson, Community Forum, 690-0269

Larry Silverstein, Secretary-Treasurer, Community Forum, 693-1256, larrys55@aol.com



Betty Jo Mahan <bettyjo.mahan@knoxmpc.org>

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[MPC Comment] Fwd: Hello WED, September 20, 2017 Re: Community Forum Re: Short-Term Rentals Proposed Ordinance

1 message

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Gerald Green <gerald.green@knoxmpc.org>  
Reply-To: gerald.green@knoxmpc.org  
To: Planning Commissioners <commission@knoxmpc.org>

Wed, Sep 20, 2017 at 2:11 PM

For your review as you consider the proposed STR ordinance.

Gerald

Gerald Green AICP  
Executive Director  
Knoxville-Knox County  
Metropolitan Planning Commission  
400 Main Street, Suite 403  
Knoxville, TN 37902  
[865.215.3758](tel:865.215.3758)  
[gerald.green@knoxmpc.org](mailto:gerald.green@knoxmpc.org)

----- Forwarded message -----

From: <larrys55@aol.com>  
Date: Wed, Sep 20, 2017 at 10:43 AM  
Subject: Hello WED, September 20, 2017 Re: Community Forum Re: Short-Term Rentals Proposed Ordinance  
To: [gerald.green@knoxmpc.org](mailto:gerald.green@knoxmpc.org)

Dear Gerald;

Community Forum has been very concerned about the City's proposed Short-Term Rentals Ordinance for over a year now. Our members have attended and spoken at several public meetings on this issue, including City Council meetings and workshops and MPC meetings. We have also discussed this issue with quite a few other community and neighborhood groups.

Community Forum sent a letter dated June 26, 2017, directly to City Council members, not to the City's email address for comments about the Ordinance. Therefore, our letter was not included in the Agenda package. That letter is attached here for your consideration as MPC is now working on this issue. As part of that letter was a list of neighborhood organizations which had approved Resolutions similar to the Community Forum Resolution. These Resolutions all specifically requested that Short-Term Rentals not be allowed in R-1 and R-1E zoning districts. After that letter was submitted, the Westmoreland Hills Homeowners Association also approved a Resolution. It is possible that other groups have approved Resolutions since June.

Also attached are the remarks that I made on behalf of Community Forum at the City Council Workshop on June 29, 2017. Several other Community Forum members spoke at that workshop and other public meetings.

I, and other members of Community Forum, would be happy to discuss this very important issue with you at any time.

Sincerely,

Larry Silverstein  
Secretary-Treasurer  
Community Forum

7808 Sheffield Dr.

To: Knoxville City Council  
From: Community Forum  
Date: June 26, 2017  
Re: Proposed Ordinance on Short-Term Rentals

The Community Forum is an Organization with representatives from many City and County Neighborhoods.

For almost a year, Community Forum has been very concerned about the issue of Short-Term Rentals. Our members have attended all of the public forums and have examined closely the two drafts of the proposed Ordinance. We have discussed the issues with City Council members, City administration officials, as well as residents of our own neighborhoods.

We have concluded that Short-Term Rentals are a real threat to the character and integrity of our R-1 and R-1E neighborhoods for the specific reasons listed below. We respectfully request that City Council amend the proposed Ordinance so that Short-Term Rentals not be allowed in R-1 and R-1E zoning districts.

Community Forum recently adopted the following Resolution:

**Be it Resolved, that Community Forum, an organization with members from many neighborhoods in the City of Knoxville and Knox County, is opposed to allowing Short-Term Rentals (STR) in Residential Zoning Districts R-1 and R-1E in the City of Knoxville, as proposed in an Ordinance which will be considered by City Council in the near future.**

**This Resolution was approved at a meeting of Community Forum on May 10, 2017.**

**Sue Mauer, Chairperson, Community Forum  
8824 Farmington Dr.  
Knoxville, TN 37923 690-0269**

**Larry Silverstein, Secretary-Treasurer, Community Forum  
7808 Sheffield Dr.  
Knoxville, TN 37909 693-1256**

**Remarks by Larry Silverstein at City Council Workshop re: Short-Term Rentals Proposed Ordinance  
June 29, 2017.**

My name is Larry Silverstein, 7808 Sheffield Dr. Knoxville, TN. 37909

My remarks today are on behalf of Community Forum, an Organization founded in 1985, with representatives from many City and County neighborhoods.

Since its inception, the members of Community Forum have focused their attention on working to protect and strengthen their neighborhoods. We have worked on many planning and zoning issues and have frequently provided our input on proposed Ordinances to MPC, City Council, and County Commission. Our participation in issues such as the one before you today, has made a big difference in improving Ordinances so that uses allowed in our neighborhoods, are consistent with the character and integrity of our neighborhoods.

We are advocates for neighborhoods, and particularly for people whose home is often their biggest investment, most prized possession, and valuable asset, often located in R-1 and R-1E neighborhoods located throughout the City of Knoxville, and often in what is considered the suburbs. These homes in many instances were built many years ago in some of Knoxville's oldest, largest, and most established and stable neighborhoods such as Sequoyah Hills, West Hills, Fountain City, and Bearden.

People purchased and improved, and often increased their investment in their homes based on an understanding of the rules governing R-1 and R-1E zoning, and with the understanding and reasonable belief that these rules would not ever dramatically change. Neighborhood groups and individuals have invested much time and money over the years to protect their neighborhoods from attempts to change the character and integrity of their neighborhoods. Even though the City is not amending the Zoning Ordinance, this is really an important zoning issue to the people whose lives may be impacted by this Ordinance.

Our Zoning Ordinance contains a wide variety of restrictions regarding what developments are allowed or prohibited in our many zoning districts. Certain entities are allowed in some areas and not in others, and for many good reasons.

Community Forum and its members, along with other groups and individuals in the community, have recently communicated with City Council about our concerns about allowing Short-Term Rentals in R-1 and R-1E neighborhoods. We have detailed many reasons why Short-Term Rentals are not appropriate for these areas. Requiring Short-Term Rentals to be owner-occupied does not provide adequate protection for R-1 and R-1E districts, especially when the owner does not have to be staying on the property, or even be in the City during a rental. An owner-occupied requirement does not address our many concerns regarding safety, noise, and parking arising from Short-Term Rentals in close proximity to our homes. We are also very concerned that there is not a realistic enforcement plan contained in the Ordinance.

We want to make clear that we are not advocating a total prohibition of Short-Term Rentals. They do not belong in R-1 and R-1E districts, which under our Zoning Ordinance, do not allow similar uses such as bed and breakfasts, rooming and boarding houses and apartments. This Ordinance would set a bad precedent for allowing other inappropriate uses in R-1 and R-1E zoning districts, and would create much uncertainty for property owners who would worry that a future Short-Term Rental could negatively impact their future enjoyment of their property.

Thank you for your consideration of our position on this issue of great importance to our R-1 and R-1E neighborhoods.



Betty Jo Mahan <bettyjo.mahan@knoxmpc.org>

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## [MPC Comment] Short Term Rentals

1 message

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rmstair@bellsouth.net <rmstair@bellsouth.net>  
Reply-To: rmstair@bellsouth.net  
To: "commission@knoxmpc.org" <commission@knoxmpc.org>

Wed, May 10, 2017 at 7:46 PM

Please be advised that we are opposed to allowing Short Term Rentals in Residential Zoning Districts R-1 and R-2 in the City of Knoxville as proposed in an ordinance to be considered by MPC on May 11, 2017, and, thereafter, by City Council. In our opinion Short Term Rentals will serve to commercialize and, therefore, devalue property long zoned exclusively as residential. Recent appraisals have increased previous residential property values and assessments by an average of 11%. In our case, the current appraisal and assessment increases previous amounts by 43%. We purchased our Forest Brook home in West Knoxville in 1970 secure in the knowledge that no commercial enterprise could intrude in the neighborhood. To now allow short term rentals provides the potential to destroy the character of this and similarly situated residential subdivisions. Simply stated, we ask you to protect and preserve the integrity of our residential neighborhoods.

Thank you.

Richard S. Stair and Mary W. Stair

Sent from [Mail](#) for Windows 10

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This message was directed to [commission@knoxmpc.org](mailto:commission@knoxmpc.org)



Betty Jo Mahan <bettyjo.mahan@knoxmpc.org>

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**[MPC Comment] Short Term Leasing**

1 message

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'Donna Brunson' via Commission <commission@knoxmpc.org>  
Reply-To: molegirl@aol.com  
To: "commission@knoxmpc.org" <commission@knoxmpc.org>

Tue, May 9, 2017 at 1:28 PM

I am asking that the board vote against short term leasing in areas zoned R-1 and R-1E.

Donna Brunson  
900 Kingsford Way  
Knoxville, TN. 37919  
Sent from [Mail](#) for Windows 10



Virus-free. [www.avast.com](http://www.avast.com)

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This message was directed to [commission@knoxmpc.org](mailto:commission@knoxmpc.org)



Betty Jo Mahan &lt;bettyjo.mahan@knoxmpc.org&gt;

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**[MPC Comment] STR Ordinance**

1 message

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Chuck Powell <chuckp@mbiarch.com>  
Reply-To: chuckp@mbiarch.com  
To: commission@knoxmpc.org

Tue, May 9, 2017 at 2:57 PM

I live in Westmoreland Estates on Lawford Road. I would like to express my opposition to this ordinance. Thanks.....

Chuck Powell  
Electrical Engineer  
Principal  
Michael Brady Inc.  
299 N. Weisgarber Rd  
Knoxville, Tn 37919  
(p): (865) 584-0999  
(f): (865) 584-5213  
[www.michaelbradyinc.com](http://www.michaelbradyinc.com)

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This message was directed to [commission@knoxmpc.org](mailto:commission@knoxmpc.org)



Betty Jo Mahan &lt;bettyjo.mahan@knoxmpc.org&gt;

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**[MPC Comment] Fourth & Gill | Short Term Rentals**

1 message

Jenny Wright &lt;jmatthewswright@gmail.com&gt;

Tue, May 9, 2017 at 12:31 PM

Reply-To: jmatthewswright@gmail.com

To: commission@knoxmpc.org, anders01@comcast.net, eason.mpc@gmail.com, mgoodwin.mpc@gmail.com, jtocher.mpc@gmail.com, Gerald Green &lt;gerald.green@knoxmpc.org&gt;, Charles Thomas &lt;thomas.law@juno.com&gt;

Cc: Jenny Wright . □ &lt;jmatthewswright@gmail.com&gt;

Dear Members of the Metropolitan Planning Commission,

Attached to this email you will find a letter detailing Fourth & Gill's position on the proposed short term rental ordinance. I hope you will carefully consider our concerns and will vote to approve the ordinance as drafted.

Very sincerely,

Jenny Wright

Historic Fourth &amp; Gill

Neighborhood Organization President

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jenny m. wright[jmatthewswright@gmail.com](mailto:jmatthewswright@gmail.com)

865-386-1170

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This message was directed to [commission@knoxmpc.org](mailto:commission@knoxmpc.org)

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Fourth & Gill Short Term Rental - 05-09-2017.pdf  
68K

Historic Fourth & Gill  
Neighborhood Organization  
% Jenny Wright  
140 E. Glenwood Avenue, Unit 110  
Knoxville, Tennessee 37917  
865-386-1170 | jmatthewswright@gmail.com



May 9, 2017

*sent via email*

Dear Metropolitan Planning Commission,

I write to you on behalf of the Historic Fourth & Gill Neighborhood Organization regarding the proposed ordinance establishing standards for short-term rental units (STR). During our last neighborhood board meeting, we voted unanimously to express our support of the ordinance as drafted and to be presented to you on May 11<sup>th</sup>. We recognize the value that STRs bring to homeowners, to the city, and to the tourism industry, but we firmly believe that STRs must be regulated. Specifically, we find the provision detailed in §2.2(e) *Owner Information* and §2.3(a) *Type 1 Operating Permit, Owner-Occupied* to be an essential component of Knoxville's STR ordinance.

Absent such provision, our historic, residential neighborhood would face a threat of commercial encroachment. Additionally, the heart of our neighborhood—our neighbors and tight-knit community—would suffer. Strong relationships among Fourth & Gill residents are a defining characteristic of our neighborhood. The presence of non-owner-occupied STRs would jeopardize the neighborly, residential nature of our community and would be contrary to Fourth & Gill's R-1A low density residential district zoning classification.

We find the owner-occupied requirement to be a necessary and reasonable element that recognizes and fulfills the interests of neighborhood residents and STR operators. Accordingly, the Historic Fourth & Gill Neighborhood Organization requests that you vote to approve the STR ordinance as drafted.

Thank you for your consideration.

Very sincerely,

Jenny Wright  
President, Historic Fourth & Gill  
Neighborhood Organization

Dear MPC Commissioners:

Thank you for your service on MPC. Please consider my comments as you consider The City of Knoxville's proposed Short Term Rental Unit Ordinance. I am generally not supportive and I think it needs work.

1. STRs provide assistance during peak-demand times such as UT football games and music festivals. The City needs to encourage, not discourage this market-based response to peak-demand. I do not think this ordinance does that. It will have the effect of taking STRs out of the market in the areas where the peaks occur such as downtown or the near-in neighborhoods.
2. It is clear, in my reading, that the City of Knoxville wants to squash STRs like they did Bed and Breakfasts in the 1990s. The proposed ordinance is overly onerous and will discourage people from providing STRs as nice places for visitors to stay. Not everyone wants to stay in a hotel. If the city is after the tax money, then they just need to focus on that without all this other regulatory burden.
3. It seems that the City of Knoxville is proposing to regulate a few short-term rentals more heavily than they do long-term rentals under the guise of safety. Are short-term guests really at greater risk? They should focus on true safety hazards.
4. The process of proving that a unit is owner occupied is more onerous than someone who owns 100 rental houses throughout the city. Is this really a well-placed level of effort? I don't believe so.
5. A site plan is unnecessary. This is an unnecessary expense that is not required of other rental units.
6. What about this situation where a parent is helping a child buy a home? If the child needs help buying a house and the parent helps by putting the title of the home in their name but the parents don't live there. The ordinance needs to better reflect that residential property ownership is structured in a number of ways – trusts, LLCs, etc. What about lease to own arrangements?
7. Courts have ruled that corporations are persons. Can a corporation be a resident? This is a way to skirt the limits in residential zones.
8. This ordinance discriminates against renters who can't afford to own and may have approval from their landlords to operate an STR and who need the income to boost their family income.
9. Renters in Type 2 Units have an unfair advantage over Renters in Type 1 Residential districts. The city's proposal could keep those trying to pull themselves up from poverty, such as those renting in residential zones, from having another source of income in their own home.
10. The documents required to establish residency discriminate against those who do not drive a car, vote, or have children or are self employed and do not receive a W-2. More documents should be allowed such as KUB bills, library cards, bank statements, etc.
11. The requirement to get a business license is too onerous. Someone who owns a rental house does not even need to get a business license. This is a misplaced regulatory burden.

12. The appeal board should have a majority of citizens on it.
13. I am supportive of the City figuring out a way to collect the proper taxes without all the other regulatory burden.

Thank you for your service on MPC. Feel free to call me if you have questions.

Sincerely,

Wes Goddard  
1511 Laurel Avenue  
865-809-4135



Betty Jo Mahan <bettyjo.mahan@knoxmpc.org>

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**[MPC Comment] Re: Short Term Rentals**

1 message

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TERESA FAULKNER <terryfaulk@bellsouth.net>  
Reply-To: terryfaulk@bellsouth.net  
To: Planning Commissioners <commission@knoxmpc.org>

Wed, May 10, 2017 at 1:22 AM

Dear MPC Commissioner,

It is my hope that upon consideration of the STR ordinance prepared by the City of Knoxville at your May 11, 2017 meeting, that you will vote to amend the ordinance, deleting the R-1 and R-1E zones from the ordinance. I believe that including these single-family residential zones is, in fact, introducing businesses into these zones and would be detrimental to neighborhood stability.

Thank you for your consideration of this matter.

Terry Faulkner;  
Forest Heights Neighborhood

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This message was directed to [commission@knoxmpc.org](mailto:commission@knoxmpc.org)

May 8, 2017

MPC Members  
City-County Building  
Knoxville, TN

Dear Members:

The proposed Short-Term Rental Code has garnered a great many proponents, opponents, and concerned citizens. I identify myself as a concerned citizen, recognizing the merits of the proposal while alarmed over some unintended consequences. At present the City has three permit categories for persons who wish to use their homes to make additional income. All of these categories have regulations and criteria that ensure the safety of the customer and compatibility with the well-being of the neighborhood. The proposed Short Term Rental Code fails to fully address customer safety and neighborhood well-being.

1. Similar Permit Categories

The proposed code defines short term rentals as *"...a dwelling unit, a portion of a dwelling unit, ...occupancy by Transients for dwelling, lodging, or sleeping and which is offered to Transient for Consideration for a period up to 30 consecutive calendar days.* There are three permit categories in Knoxville City that are similar to Short-Term Rental and these are: Home Occupations, Bed and Breakfasts, and Rooming and Boarding Houses.

Short-Term Rentals could be considered a **Home Occupation** which is *"...gainful occupation conducted in a dwelling unit or residence."* Home occupations require MPC approval as a Use on Review and must meet several standards including (1) being compatible with the character of the neighborhood and (2) not significantly injuring the value of adjacent properties. Note that "Tourist Homes" (a term which I could not find defined) is specifically prohibited as a Home Occupation.

Short-Term Rentals can also be similar to a **Bed and Breakfast Establishment**. Such establishments, when providing between four and twelve rooms, are regulated by Chapter 1200-23-2, Tennessee Department of Health Division of Food and General Sanitation. A Bed and Breakfast Establishment is defined as *"...a private home, inn, or other unique residential facility offering bed and breakfast accommodations and only one daily meal and having four (4) but not more than twelve (12) guest rooms furnished for pay, with guest staying not more than fourteen (14) days, and where the innkeeper resides on the premises or property or immediately adjacent to it. Guest rooms shall be established and maintained distinct and separate from the innkeeper's quarters."* Regulations cover areas such as:

- sanitary facilities (water, plumbing, sewage, garbage disposal, insect and rodent control),
- fire safety,
- cleanliness of bathrooms,
- lighting,
- ventilation,
- beds/linens/furniture,
- and a slew of regulations on food

Short-Term Rentals seem very like a **Rooming and Boarding House** which is defined as: *"A house with*

*an owner-occupant, or a resident manager, where for compensation, lodging with or without meals is provided for not more than twelve (12) persons”*. Regulations include: screen off-street parking, locate off-street parking to the side or rear, and the building must be on an arterial or collector street.

## 2. Proponents

Proponents state a Short-Term Rental is similar to inviting a guest or guests into your home, that it provides revenue for the Owner or Operator, and meets a demand for transient lodging outside of hotels and motels. Providing additional income and meeting an unmet demand have value. The analogy that the impact is similar to having a guest(s) is misleading as the tenants are strangers, money is exchanged, and the frequency of use can be much greater than normal hospitality would incur. The additional purported benefits of improved property maintenance and thoroughly vetting tenants are valid only if the proposed Code requires these standards, which as currently drafted, it does not. A launder mat bulletin board meets the definition of Hosting Platform. Vetting tenants is not mentioned.

## 3. Opponents

Concerns often expressed regarding Short-Term Rentals include: the preservation of neighborhood community, neighborhood safety, tenant safety, safeguarding the supply of affordable housing, and economic equity between the regulations and investment expense of Short-Term Rentals when compared to other lodging such as Bed and Breakfast, Room and Board facilities, hotels, and motels. models, such as hotels and B&Bs.

## 4. Suggestions

- the draft regulations are very weak when addressing transient tenant safety (see B & B lodging regulations),
- there are no criteria regarding impact on the neighborhood (see Home Occupation criteria). Limiting the number of Short-Term Rentals on a residential block and the number of rooms to 3 or fewer would lessen the impact on a neighborhood (see MPC Staff presentation power point to the Neighborhood Advisory Committee);
- require the Owner/Operator to remain on the premises for tenant safety, contact for the neighborhood, and to maintain harmony with the neighborhood;
- address whether food is provided, how it's preparation is regulated, and whether 4 or more rooms kicks the Short-Term Rental into a Bed and Breakfast category;
- clarify the confusion between Owner and Operator (see definition of Operator vs Section 2.3.a and 2.7.a “Owner Occupied”... I think that Operator Occupied is the intent;
- what is a “natural person” per 2.3.a as no definition is provided;
- establish a minimum rental period so the rooms are not rented by the hour.

Thank you for your consideration and discussion on the points raised in this letter. I am unable to attend the MPC hearing May 11, 2017 and hope that there will be an additional hearing for future discussion.

Regards,

Sandra Korbelik, AICP  
5212 Daphne Drive  
Knoxville, TN 37914  
803 522 3950



Betty Jo Mahan &lt;bettyjo.mahan@knoxmpc.org&gt;

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**[MPC Comment] Fwd: West Hills Community Resolution Re: Short-Term Rentals**

1 message

RPelot3 via Commission &lt;commission@knoxmpc.org&gt;

Mon, May 8, 2017 at 2:29 PM

Reply-To: rpelot3@aol.com

To: commission@knoxmpc.org

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**From:** RPelot3@aol.com**To:** [commission@mpc.org](mailto:commission@mpc.org), [npavlis@comcast.net](mailto:npavlis@comcast.net), [dgrieve@knoxvilletn.gov](mailto:dgrieve@knoxvilletn.gov), [bpalmer@knoxvilletn.gov](mailto:bpalmer@knoxvilletn.gov), [ndellavolpe@knoxvilletn.gov](mailto:ndellavolpe@knoxvilletn.gov), [mcampen@knoxvilletn.gov](mailto:mcampen@knoxvilletn.gov), [dbrown@knoxvilletn.gov](mailto:dbrown@knoxvilletn.gov), [gwallace@knoxvilletn.gov](mailto:gwallace@knoxvilletn.gov), [marshallstair@knoxvilletn.gov](mailto:marshallstair@knoxvilletn.gov), [fsaunders@knoxvilletn.gov](mailto:fsaunders@knoxvilletn.gov)**Sent:** 5/8/2017 10:23:53 A.M. Eastern Daylight Time**Subj:** West Hills Community Resolution Re: Short-Term Rentals

Be it resolved, that the Executive Committee of the West Hills Community Association is opposed to allowing Short-Term Rentals (STR's) in Residential Zoning Districts R-1 and R-1E in the City of Knoxville, as proposed in an Ordinance which will be considered at MPC on May 11, 2017, and by City Council in the near future.

This Resolution was approved at a meeting of the Executive Committee on April 17, 2017.

Dr. Reuben Pelot, President, West Hills Community Association  
And/or Secretary, West Hills Community Association

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This message was directed to [commission@knoxmpc.org](mailto:commission@knoxmpc.org)

# REGULATING SHORT TERM RENTALS

Metropolitan Planning Commission Agenda Review  
Small Assembly Room, City County Building  
May 9, 2017

Jesse Mayshark, Director of Communications  
Crista Cuccaro, Staff Attorney



## PRESENTATION OVERVIEW

- Background and Data
- Policy Considerations
- The Knoxville Approach:  
Proposed Ordinance Provisions
- Questions



## SHARING HOMES

- Short Term Rentals fall into several categories, ranging from the rental of a single bedroom to several bedrooms to an entire home.
- Typically, the period of time is 30 days or less.
- Growing industry, with approximately 200-300 operating in City of Knoxville currently.



## POLICY CONSIDERATIONS

- There is no singular way to regulate this business model—every city has different needs and thus needs a different ordinance.
- Common reasons for regulating STR include:
  - neighborhood preservation
  - public safety
  - enabling citizens to fill income gaps
  - protecting affordable housing
  - economic equity between STR and other lodging models, such as hotels and B&Bs
- The General Assembly has also proposed measures to regulate STR, which the City has been monitoring. Today, an amended **HB 1020/SB 1086** goes to the floor of the House of Representatives for a vote. It also has to be decided upon by the Senate Finance, Ways, & Means Committee before a vote by the entire Senate.



## CITY OF KNOXVILLE: Current Ordinance

Current ordinance does not provide for STR. Complaints are handled individually, and enforcement usually involves informing operators that they are operating a motel in violation of the City's Zoning Code.

- *Motel*
- *Hotel*
- *Bed and breakfast inn*
- *Rooming and boarding house*



## PUBLIC INPUT

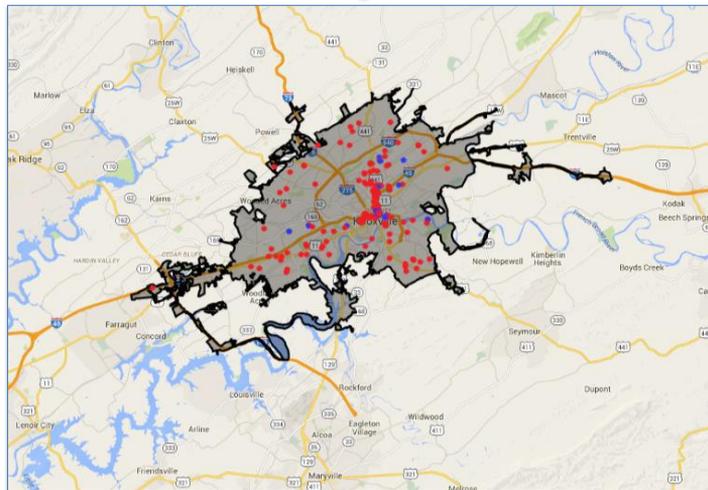
- Neighborhood Advisory Council; August 10, 2016
- Draft Framework Released
- [Public Meeting; October 18, 2016](#)
- Email Established & Public Comment Period Open
- Draft Ordinance Released; March 2017
- [Public Meeting; April 4, 2017](#)
- Final Ordinance Proposal Released; April 2017
- Additional Neighborhood Outreach and Meetings
- Planning Commission; May 11, 2017



# CITY OF KNOXVILLE: By the Numbers



# CITY OF KNOXVILLE: Geographical Distribution



## PROPOSED PROVISIONS

### Overview of Regulations

- Ordinance will be added to Chapter 16 of the City of Knoxville Code of Ordinances, which is where miscellaneous licenses and business regulations are found
  - State law requirements for zoning, T.C.A. § 13-7-201
  - Zoning as “substantial interference” with land use
  - See *Cherokee Country Club v. City of Knoxville*
  - But see [\*Metro Nashville v. BZA of Nashville and Davidson County, et al.\*](#)



## PROPOSED PROVISIONS

### Overview of Regulations

- A permit will be required for the operation of any Short Term Rental in the City of Knoxville; operation without a permit is illegal
- Cost is \$70 for a Type 1 Permit, \$120 for a Type 2 Permit; Annual renewals of \$50
- Permits will be issued through the Business License & Tax Office
- Private agreements (HOA rules, for example) are not within the scope of the City’s authority for regulation



## PROPOSED PROVISIONS

### ***Who can obtain a STR permit and where are they allowed?***

- **Type 1 Permit: Occupant Owner in Residentially Zoned Districts**
  - Limits Occupant Owner to one STR in residentially zoned districts
  - Occupant Owner does not have to be present during the rental, but must nominate a local agent who is available at all times
  - Criteria for determining residency and ownership
- **Type 2 Permit: Owner in Non-Residentially Zoned Districts**
  - Not restricted to Owners who are also Residents
  - Limit of two permits per Owner
  - Also available to lessees with signature of Owner



CITY OF KNOXVILLE

## PROPOSED PROVISIONS

### ***What are the minimum safety requirements?***

Affidavit verifying installation of smoke alarms, fire extinguishers, and carbon monoxide detectors. The number required depends on the configuration of the Short Term Rental.

### ***What information will be required for the application?***

Site plan showing parking; Floor plan; Proof of lodging, sales, and other relevant taxes; Local contact person; Owner and lessee information, if applicable; Indemnification; Fees; and more.



CITY OF KNOXVILLE

## PROPOSED PROVISIONS

### ***How many transients can be in a Short Term Rental Unit?***

- The number of occupants in a Short Term Rental Unit shall not exceed the sum of two (2) people per bedroom plus two (2) additional people.
- Due to state law regarding fire safety, the maximum occupancy of any Short Term Rental Unit, regardless of the number of bedrooms, shall not exceed 12 people at one time, including any transients renting the unit and anyone who resides or is otherwise staying at the Unit.



## PROPOSED PROVISIONS

### ***How will the City collect taxes?***

- Tax collection includes hotel occupancy tax, sales tax, and gross receipts tax
- **ALL** permit holders are required to remit **hotel occupancy taxes** to the City of Knoxville. The hotel occupancy tax rate is 3%.
- **Sales tax** is collected by the **State of Tennessee**. The sales tax rate is set by the State of Tennessee.
- **Gross receipts tax** is collected by the State of Tennessee, but tracked using local **business licenses** (City of Knoxville and Knox County); the requirement to obtain business licenses depends on the income produced per the chart below. The business tax rate is set by the State of Tennessee.

Annual Gross Income	Business License Required	Return Filed/Taxes Paid
\$0 to \$2,999	None	None
\$3,000 to \$9,999	Minimal Activity, \$15/yr*	None
\$10,000 +	Business License, \$15/yr*	File with TN Dept. of Revenue/Pay Taxes

\*per jurisdiction



## PROPOSED PROVISIONS

### *How will the City deal with violations?*

This depends on whether the violation is operating without a permit, a violation of the ordinance by a permit holder, or a violation of other City Codes.

- Operating without a permit will be handled through citations and other legal means, as needed. The City may employ enforcement software to aid in tracking unpermitted STRs.
- A permit holder will receive notification of complaints and the City will investigate those complaints. Violations may result in revocation of the permit. Any STR Operator who has a permit revoked is prohibited from making a new application for a STR permit for 6 months.
- For immediate issues, a local contact person is expected to respond and City of Knoxville officials will respond, as needed.



## NEXT STEPS

- Adoption of Ordinance
  - MPC on May 11
  - City Council in June
  - Effective date as determined by City Council
  - State legislation?



Thursday, October 5, 2017

To the MPC Commissioners:

I am writing to ask, respectfully, that you reject the proposed Ordinance relating to Short Term Rentals in the City of Knoxville, as presently written, and, instead, start the process anew, and consider alternatives that are more consistent with property rights, the appropriate amendment process for the Zoning Ordinance, transparency and the rule of law.

My reasons for making this request are as follows:

- 1) The proposed Ordinance effectively amends the Zoning Ordinance of the City, without going through the process of actually amending the Zoning Ordinance, consistent with State Law;
- 2) The proposed Ordinance dismisses the protection presently, and historically, afforded those City residents who reside in, and have invested in, homes within R-1 and R-1E residential zoning districts, through dismissal of due process, removal of transparency, introduction of commercial uses within the R-1 and R-1E zoning districts, lack of commitment to enforcement, and eliminating any role for the general public during the proposed appeal process;
- 3) The total number of housing units in Knoxville (2016) is approximately 84,981;
- 4) The current estimated number of extralegal short term rental units is estimated to be approximately 300-350, which represents approximately .0058 percent of the total dwelling units;
- 5) The proposed Ordinance affects, however, 100 percent of the housing units in the City;
- 6) Even if a "demand" for short term rental units reaches 1,500, that would represent only 2.4 percent of the total dwelling units in the City;
- 7) The term "transient" is used in the existing Knoxville Zoning Ordinance, a term that is defined as: "not lasting, enduring, or permanent; transitory";

**this definition is not consistent with the intent of the R-1 and R-1E residential zoning districts; “transient” is neither consistent with, nor the same as, “stable”;**

**An additional definition within the existing Zoning Ordinance is that of Rooming and Boarding Houses: “A house with an owner-occupant, or a resident manager, where for compensation, lodging with or without meals is provided for not more than twelve (12) persons”;**

**Another definition in the current Zoning Ordinance is “Resort”: “A facility for transient guests where the primary attraction is generally recreational features or activities”;**

**Each of these uses is reflective of the concept of “transient” housing – “temporary, of short duration” – inconsistent with single family neighborhoods.**

- 8) The opportunity exists, within the present Knoxville Zoning Ordinance, to utilize the Use Permitted on Review process as a means, within Residential zoning districts other than R-1 and R-1E, to allow, on a case by case basis, short term rentals; the Use on Review process is described in the Ordinance, and is a commonly used land use regulatory approach; The Use on Review involves public notice of an application, public notice via the media and posted on the subject property, a public hearing before the Metropolitan Planning Commission, and the same opportunity of a public hearing before City Council – in short, transparency;**
- 9) The proposed Ordinance explicitly states that the permitting of a Short Term Rental does NOT constitute a vested right; the City Law Department and senior Administration officials have acknowledged that this provision was very intentionally included in the proposed Ordinance;**

**There is no right way to do a wrong thing.**

**Proceeding with the currently proposed Ordinance would be an irrevocable breach of trust with the citizens of Knoxville.**

**Thousands of Knoxville citizens have relied for decades upon the protection afforded them through Zoning and other related land use regulations, enacted pursuant to State enabling legislation. A procedure which amends the Zoning Ordinance without following established procedures consistent with State enabling legislation is a fatally flawed approach, and represents a precedent inconsistent with transparency and the rule of law.**

**Respectfully,**

**Donald H. Parnell  
1214 Craig Road  
Knoxville, Tennessee 37919**

**SOME ISSUES RELATED TO THE CONSIDERATION OF APPROVING SHORT TERM RENTALS AS A PERMITTED USE IN ALL RESIDENTIAL ZONING DISTRICTS IN THE CITY OF KNOXVILLE**

**Premise:**

The Knoxville Zoning Ordinance does not presently allow, as a Use Permitted by Right, a commercial use of single-family residential property for commercial use on an intermittent, or “short-term” basis.

**Proposed Action by the City of Knoxville:**

The City of Knoxville proposes to adopt a free-standing Ordinance (i.e., not an Amendment to the existing Zoning Ordinance) that would allow, as a Use Permitted by Right, a commercial use of single-family (and other) residential units for commercial use on an intermittent, or “short-term” basis, for the housing of “transients”.

**Background:**

The accepted definition of “transient” is:

1. Not lasting, enduring, or permanent; transitory
2. Lasting only a short time; existing briefly; temporary
3. Staying only a short time

[Source: Random House College Dictionary]

The current (October, 2017) Knoxville Zoning Ordinance also includes the following definitions:

**Transient Lodging:** directs reader to “Motel” definition

**Motel:** “A building or group of buildings used for the temporary residence of motorist or travelers”

**Rooming and Boarding Houses:** “A house with an owner-occupant, or a resident manager, where for compensation, lodging with or without meals is provided for not more than twelve (12) persons”

**Resort:** “A facility for transient guests where the primary attraction is generally recreational features or activities”

**Neither Motels, Rooming and Boarding Houses, nor Resorts are presently identified as permitted uses within the single-family residential districts in Knoxville.**

**Definitions: (Proposed Ordinance)**

**Short Term Rental Unit.** A dwelling unit, a portion of a dwelling unit, or any other structure or space that is occupied or intended or designed for occupancy by Transients for dwelling, lodging, or sleeping and which is offered to Transients for Consideration for a period of up to 30 consecutive calendar days.

**Transient:** Any person who exercises Occupancy or is entitled to Occupancy of any rooms, lodgings, or accommodations in a Short Term Rental Unit for a period of less than thirty (30) consecutive calendar days.

**Comment:** The concept of “transient” uses is the antithesis of what is contemplated in stable residential districts. The Zoning Ordinance is intended to provide for stability and permanence, and the expectation of privacy and protection of property rights within residential districts.

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**The Typical Process for Amending Land Use Regulations**

Land uses are regulated by separating them by “districts”. General types of land uses (e.g., residential, commercial, industrial, office, etc.) are typically categorized, and within each zoning category a list of permitted uses is included.

Amendments to the list of uses, the density of those uses, and relevant characteristics, are, from time to time, amended by local government, via a public process that includes the Planning Commission and the local legislative body, and specifically changes the provisions as previously presented within the land use regulations.

The City’s Proposed Ordinance regarding Short Term Rentals (proposed to be added to Chapter 16 as a newly created Article XV) is a free-standing Ordinance that results in the amendment of the Zoning Ordinance, by adding a Permitted Use (Short Term Rentals) within all Residential Zoning Districts.

The City of Knoxville requires that amendments to the zoning regulations be consistent with the One Year, Five Year, and Fifteen Year Development Plans, adopted regularly by the City Council.

There is no reference within these Plans to the inclusion of Short Term Rentals in the City Zoning Ordinance within all residential zoning districts.

## **SHORT TERM RENTALS**

### **BACKGROUND, AND ALTERNATIVE REGULATORY APPROACHES**

**August 7, 2017**

- 1. Has the City of Knoxville determined (a) how many short term rental units exist within the City, and (b) where they are located?**

**Assuming the answer to this question is “No”, the following is proposed to secure a reliable answer to those questions.**

- a) Require that all current (“pre-existing”) short term rental owner(s) submit(s) that information to the City Law Department, to include:**
  - Address of subject property**
  - Number of bedrooms, bathrooms (that were designed for, and serve as such) at the subject property**
  - Ingress / egress for subject property**
  - Parking designated for that use at subject property**
  - Period of time during which the subject property has been listed with any STR rental company, and/or has served as a STR property in the absence of affiliation with AirBNB or other comparable company**
- b) The owner(s) shall not be eligible for future consideration as a Permittee for short term rental status in the City of Knoxville, until and unless the information has been submitted to, and officially acknowledged by, the City of Knoxville Law Department**
- c) All owners of “pre-existing” illegal short term rental properties must pay a \$125 fine, per short term rental unit, to the City of Knoxville when they report the existence of that / those operations to the City. Failure to submit the information, and failure to pay the required fine, per owned short term rental unit, shall result in the forfeiture of any opportunity, for a period of twelve months, to secure a City permit.**

If, during the twelve month period, the owner(s) shall submit the required information, and the required fines, they will establish their eligibility (though not certainty of approval), at the end of the referenced twelve month period.

2. As to the question of location, it is recommended that the City not proceed with a final determination on a “map” approach versus a “all residential and commercial zoning districts which permit residential uses” approach until and unless a map has been prepared which clearly illustrates the location of each “pre-existing” (illegal) short term rental unit within the City.

The premise is that, without knowing the scope and scale (location, type of residential unit, and the zoning district(s) within which the “pre-existing” units are located, the solution is very unlikely to be as relevant, directed, or effective as it will otherwise be with such information in hand.

### 3. Permits

The applicant(s) for a Permit to operate a short term rental unit must meet all the requirements identified by the City for eligibility to apply. Those applicants who have previously operated a “pre-existing” (illegal) short term rental unit, in order to be considered for a Permit, must have paid the required fine for each short term rental unit which they own, and which they (or their Agent) leased as a short term rental unit.

The Permit process shall be structured to be consistent with the Metropolitan Planning Commission process for Uses Permitted on Review, whereby:

- a) The Owner must apply for a Use Permitted on Review, which use shall be described specifically as a “Short Term Rental Unit”;

- b) The subject property shall be identified, and a sign shall be posted on the subject property, identifying the place and hearing date for MPC, which shall be the forum for consideration of a Permit for an STR;
- c) The matter shall be heard in a public forum, either as part of the regular MPC Agenda, or at a separate meeting (to be held each month) which shall consider only the STR Permit request(s);
- d) All permits shall be issued for a period not to exceed three (3) years from the date of the initial granting of a Permit.

Ninety (90) days prior to the expiration of the valid Permit, the Applicant shall petition the MPC for a renewal of the Permit.

The new Permit Application shall be placed on the MPC Consent Agenda, and approved as same, unless there is/are parties who object to the approval on Consent. If there are objecting parties, the matter shall be heard as a regular Agenda item, and the process shall continue as originally described (i.e., MPC decision, which may be appealed by any Party to the City Council)

**4. Delineation of geographic areas within which short term rental units ("STR's") have previously existed within the City of Knoxville**

Following the preparation of a map which illustrates the location of all pre-existing short term rental units, (based upon the self-reporting process previously described in this document) the City shall prepare a written and graphic Summary of that location information.

The Summary shall describe, and be made available to the public prior to any final decision by City Council or the Administration on approach to delineating geographic areas, the following:

Total number of residential units which have heretofore operated as short term rental units;

Number of such residential units which exist within each Census Tract / Traffic Zone / Councilmanic District / Small Area (as designated by MPC), with

**an accompanying graphic which indicates the number of short term rental units within each of the several existing residential zoning districts (as described in the City of Knoxville Zoning Regulations)**

**5. Process for establishing location(s) within which short term rental units may be permitted**

**The City Council may, after all pre-existing short term rental unit locations have been fully identified (as described above), and after all owners of pre-existing short term rental units have submitted the requisite information, and paid the applicable fines, establish the process by which a determination of location may be considered.**

**Any process must recognize, explicitly, the information provided as to location of “pre-existing” short term rental units, and establish specific geographic and related criteria by which applications must be considered.**

**The process must result in written criteria being established, which criteria may, from time to time, be amended by City Council, with explicit consultation with the Metropolitan Planning Commission.**