

Appraised Home Values & Proximity to STVRs

Short-Term Vacation Rental Ad Hoc Committee
November 1, 2022

Housing Prices and Proximity to STVR Properties

The following results are estimates of the impact proximity to STVR properties and other factors have on the appraised residential property values within the STVR overlay. Controlling for a number of factors that have a potential impact on property values, it does seem clear that STVRs have a (statistically) significant spillover effect on nearby property values, but STVRs themselves do not, on average, show a significant difference in the appraised value compared to non-STVR properties in the current overlay.

- **STVR Proximity:** Each STVR located within the proximities listed below are associated with an increase in the appraised value of a residential property:
 - Each STVR within a 200-foot buffer is associated with a \$9,999 increase in the appraised value.
 - Each STVR within a 500-foot buffer is associated with a \$5,846 increase in the appraised value.
 - Each STVR within a 1,000-foot buffer is associated with a \$3,268 increase in the appraised value.
- **Square Feet:** Each 100 square feet of a residential property is associated with an average increase in the appraised value between \$11,438–\$11,613.
- **Age of Home:** Each year a residential property was constructed prior to 2022 is associated with an average decrease in the appraised value between \$642–\$680.
- **Number of Bathrooms:** Each bathroom contained in a residential property is associated with an average increase in the appraised value between \$29,249–\$32,171.
- **School Success Rate:** Each percentage point increase in the elementary school success rate¹ is associated with an increase in the appraised value of a residential property within a respective school zone between \$2,402–\$2,696.
- **STVR Property:** All else being equal, a residential property being used as a STVR is *not* a significant predictor of the appraised value within the STVR overlay.
- **Property Crime² (3-year average):** Each property crime within a residential property’s Census block group (used as a proxy for neighborhoods) that occurred, on average, over a 3-year span is associated with an increase in property values between \$37–\$93.
- **Violent Crime (3-year average):** Similar to property crimes, each violent crime incident (as a 3-year average) that occurred within a residential property’s associated block group is associated with a decrease in the appraised value of a property between \$764–\$944.

¹School success rate is used as a proxy for school quality and is defined as “the total number of valid [English language arts (ELA) and math] tests with a performance level of *met expectations* or *exceeded expectations* divided by the total number of valid tests” by the TN Department of Education’s *2021–2022 Accountability Protocol* (p. 36). Data from 2019 were used so as to exclude any impact of the COVID-19 pandemic on school success.

²Crime: both property crime and violent crime from the ChattaData portal were used; calculated as the annual average number of crimes in the last three years within the block group, similar to Troy and Grove (2008):*Property values, parks, and crime: A hedonic analysis in Baltimore, MD*. <https://doi.org/10.1016/j.landurbplan.2008.06.005>.

Statistical Results — STVR Proximity to Residential Properties

Results from the three statistical models are shown in Table 1, including the number of STVR properties within a 200-foot, 500-foot, and 1,000-foot buffer, respectively. The number of observations includes the 21,171 residential properties within the STVR overlay, and adjusted R² indicates that approximately 73% of the variation in the appraised value of these properties are explained by the variables in these models. While these are certainly not the only factors that determine the appraised (or market) value of a residential property, these results give a relatively clear picture of the impact STVRs have given the available data.

For each independent variable (listed in the left-hand column) there is an associated (average) change in the dollar amount of the appraised value of residential properties within the STVR overlay (e.g. each STVR within a 200-foot proximity increases the appraised value of an adjacent property by \$9,999); under each coefficient (estimate) the standard error is shown in parentheses.

Table 1: Appraised Value of Residential Properties (Within Overlay)

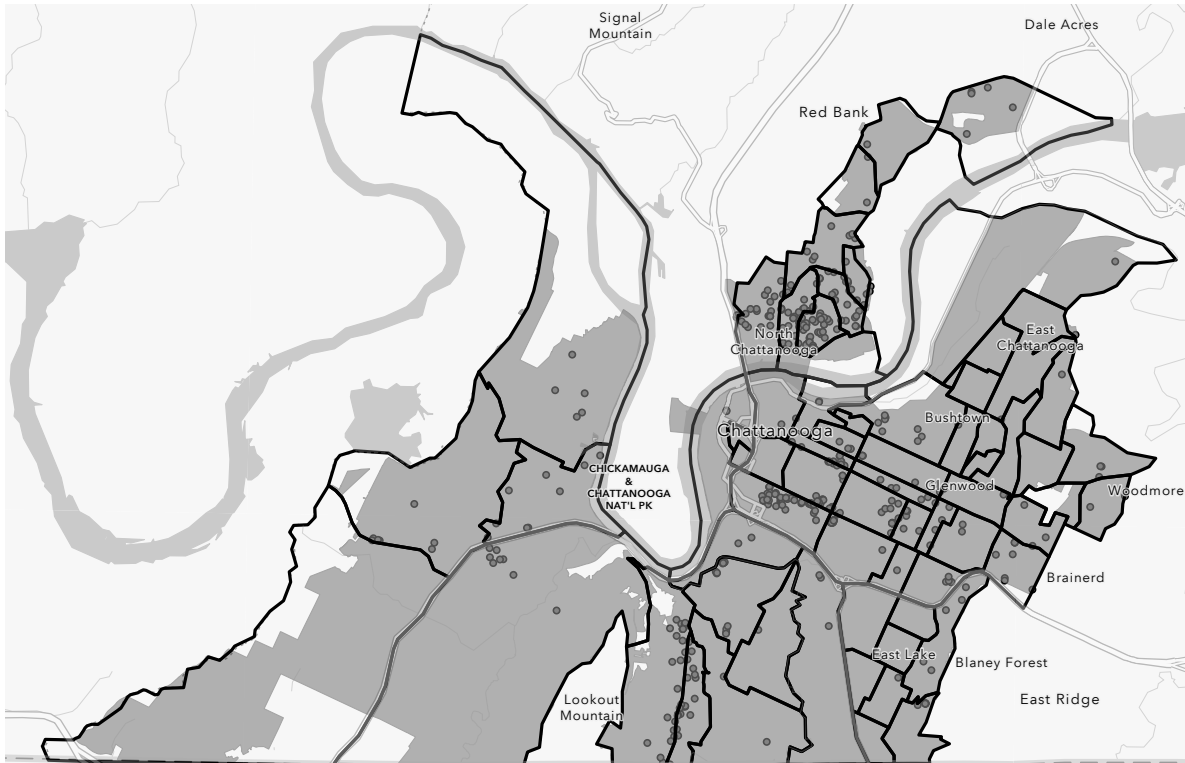
	<i>Dependent variable:</i>		
	2022 Appraised Value of Residential Property		
	(STVR 200 ft.)	(STVR 500 ft.)	(STVR 1,000 ft.)
STVR Proximity (each)	9,999.36*** (701.34)	5,846.32*** (270.67)	3,268.18*** (115.11)
Sq. Ft. (per 100 ft.)	11,438.52*** (107.84)	11,529.37*** (107.32)	11,613.06*** (106.57)
Age of Home (as of 2022)	-642.43*** (22.09)	-656.42*** (21.95)	-680.09*** (21.80)
Number of Bathrooms	32,171.25*** (1,247.77)	30,415.03*** (1,244.91)	29,249.19*** (1,236.16)
School Success Rate	2,696.32*** (52.79)	2,572.37*** (53.02)	2,401.95*** (53.43)
STVR Property	-7,184.18 (5,813.43)	-8,983.39 (5,672.95)	-9,577.94* (5,586.12)
Property Crime (3-year average)	92.85*** (14.48)	62.14*** (14.52)	37.17** (14.46)
Violent Crime (3-year average)	-943.77*** (63.09)	-873.13*** (62.85)	-763.70*** (62.63)
Constant	-74,842.89*** (3,332.28)	-72,338.51*** (3,315.04)	-70,684.52*** (3,290.44)
Observations	21,171	21,171	21,171
Adjusted R ²	0.73	0.73	0.73

Note:

*p<0.1; **p<0.05; ***p<0.01

The following includes the median assessed value of properties and median value per square foot of properties within the STVR overlay, comparing STVRs and non-STVR properties within each Census block group. As shown in [Figure 7](#), these block groups mostly but do not perfectly align with the STVR overlay. Further, as Census boundaries do not perfectly align with each Council district, block groups were assigned to districts based on the areas in which a majority fell. In instances where a block group did not contain an STVR, block groups were excluded from the subsequent tables for each district.

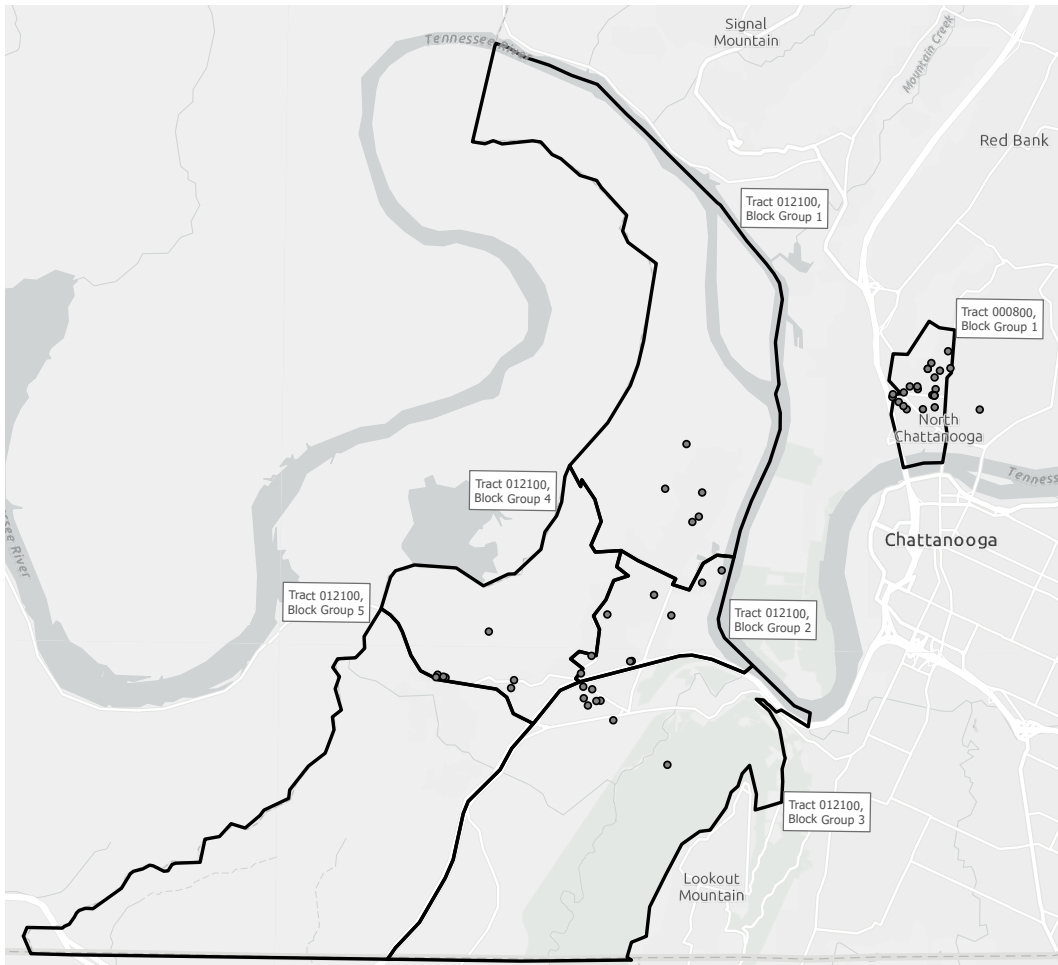
Figure 1: Census Block Groups with STVR Overlay



Note: The current STVR overlay is shown in gray for reference.

District 1

Figure 2: Census Block Groups in District 1



Note: Block group names are shown on the map above, corresponding to the table below.

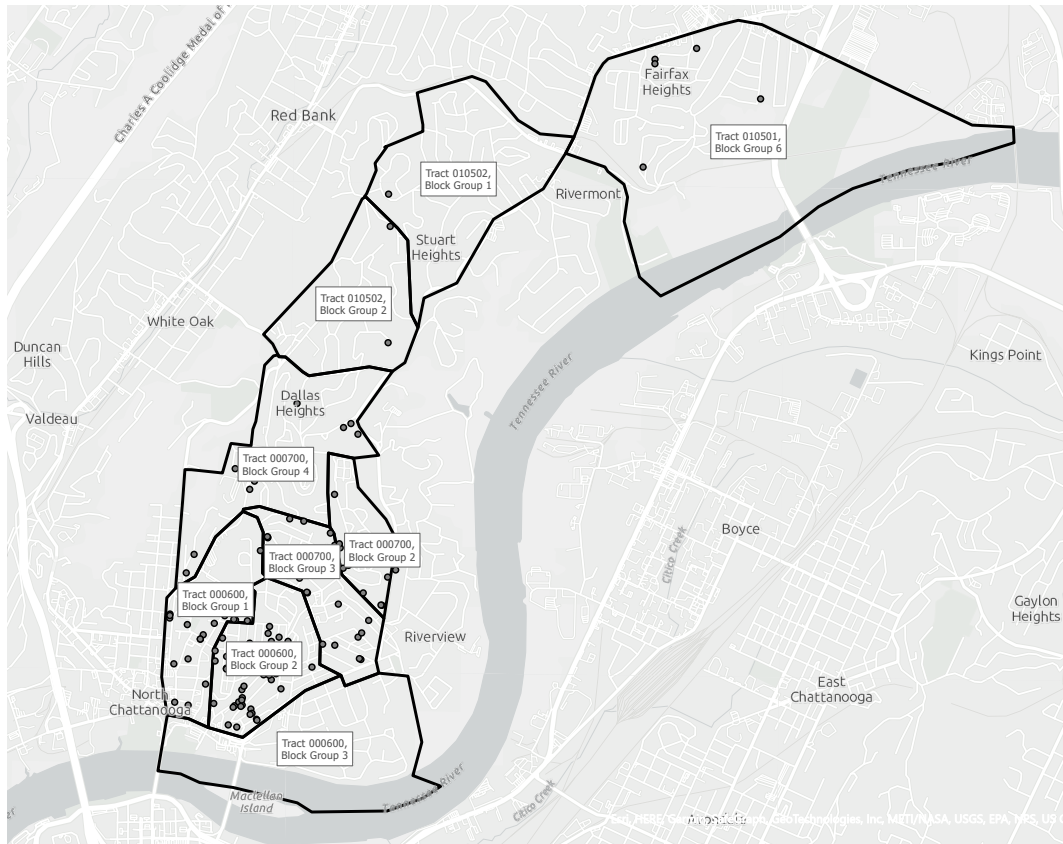
Table 2: Median Appraised Value of STVRs & Non-STVRs Within Overlay

Census Block Group	STVRs			Non-STVRs		
	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>
Tract 000800, Block Group 1	21	\$ 179,800	\$ 157	495	\$ 164,400	\$ 147
Tract 012100, Block Group 1	5	\$ 163,300	\$ 113	616	\$ 161,400	\$ 110
Tract 012100, Block Group 2	9	\$ 106,200	\$ 98	568	\$ 146,800	\$ 106
Tract 012100, Block Group 3	8	\$ 99,550	\$ 95	347	\$ 102,500	\$ 84
Tract 012100, Block Group 4	7	\$ 201,600	\$ 85	236	\$ 133,950	\$ 98

Note: "N" represents the number of properties within each block group.

District 2

Figure 3: Census Block Groups in District 2



Note: Block group names are shown on the map above, corresponding to the table below.

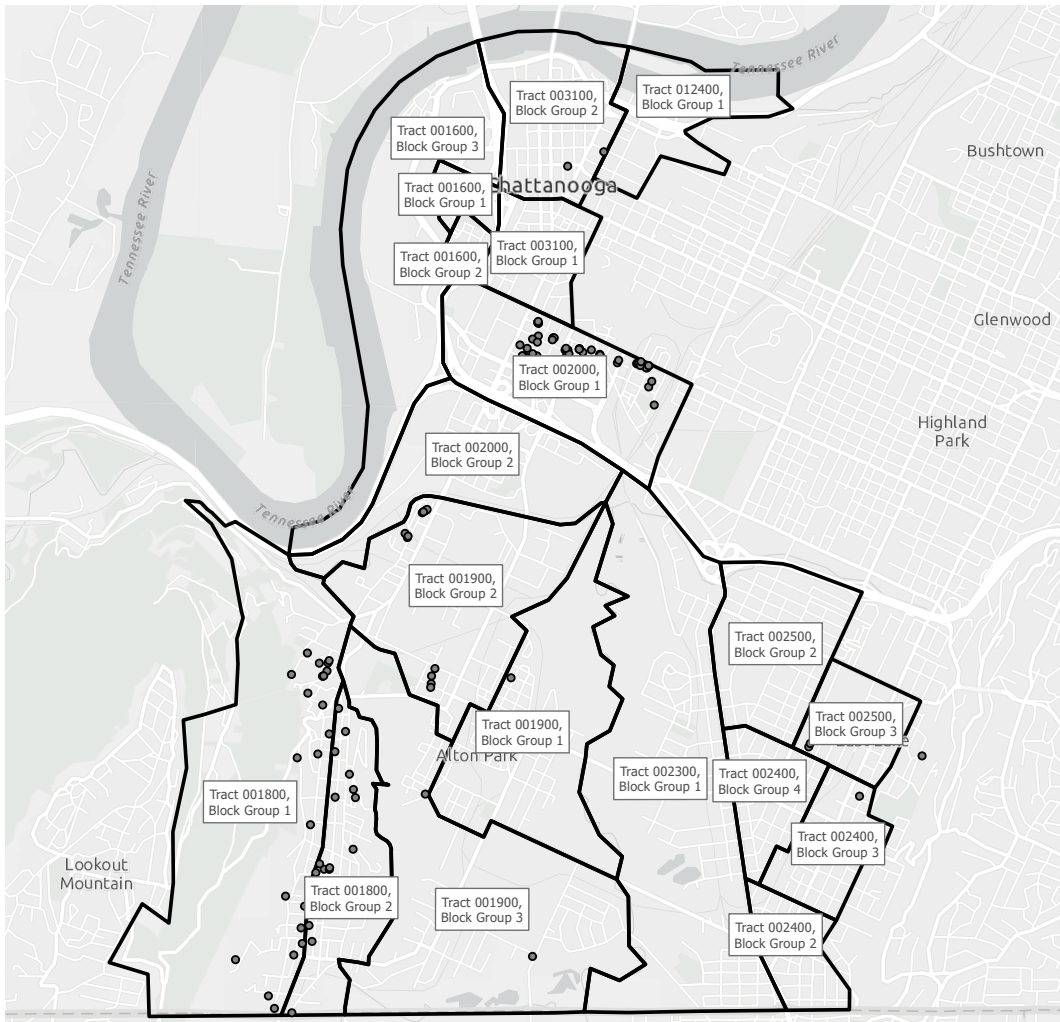
Table 3: Median Appraised Value of STVRs & Non-STVRs Within Overlay

Census Block Group	STVRs			Non-STVRs		
	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>
Tract 000600, Block Group 1	20	\$ 286,150	\$ 199	349	\$ 385,100	\$ 206
Tract 000600, Block Group 2	38	\$ 312,350	\$ 183	585	\$ 300,100	\$ 209
Tract 000700, Block Group 2	10	\$ 261,500	\$ 235	290	\$ 346,850	\$ 211
Tract 000700, Block Group 3	16	\$ 297,400	\$ 215	498	\$ 310,700	\$ 210
Tract 000700, Block Group 4	9	\$ 250,900	\$ 140	447	\$ 368,300	\$ 175
Tract 010501, Block Group 6	5	\$ 171,000	\$ 110	700	\$ 131,850	\$ 111
Tract 010502, Block Group 1	1	\$ 209,200	\$ 78	526	\$ 180,800	\$ 124
Tract 010502, Block Group 2	2	\$ 409,050	\$ 154	180	\$ 279,050	\$ 126

Note: "N" represents the number of properties within each block group.

District 7

Figure 4: Census Block Groups in District 7



Note: Block group names are shown on the map above, corresponding to the table below.

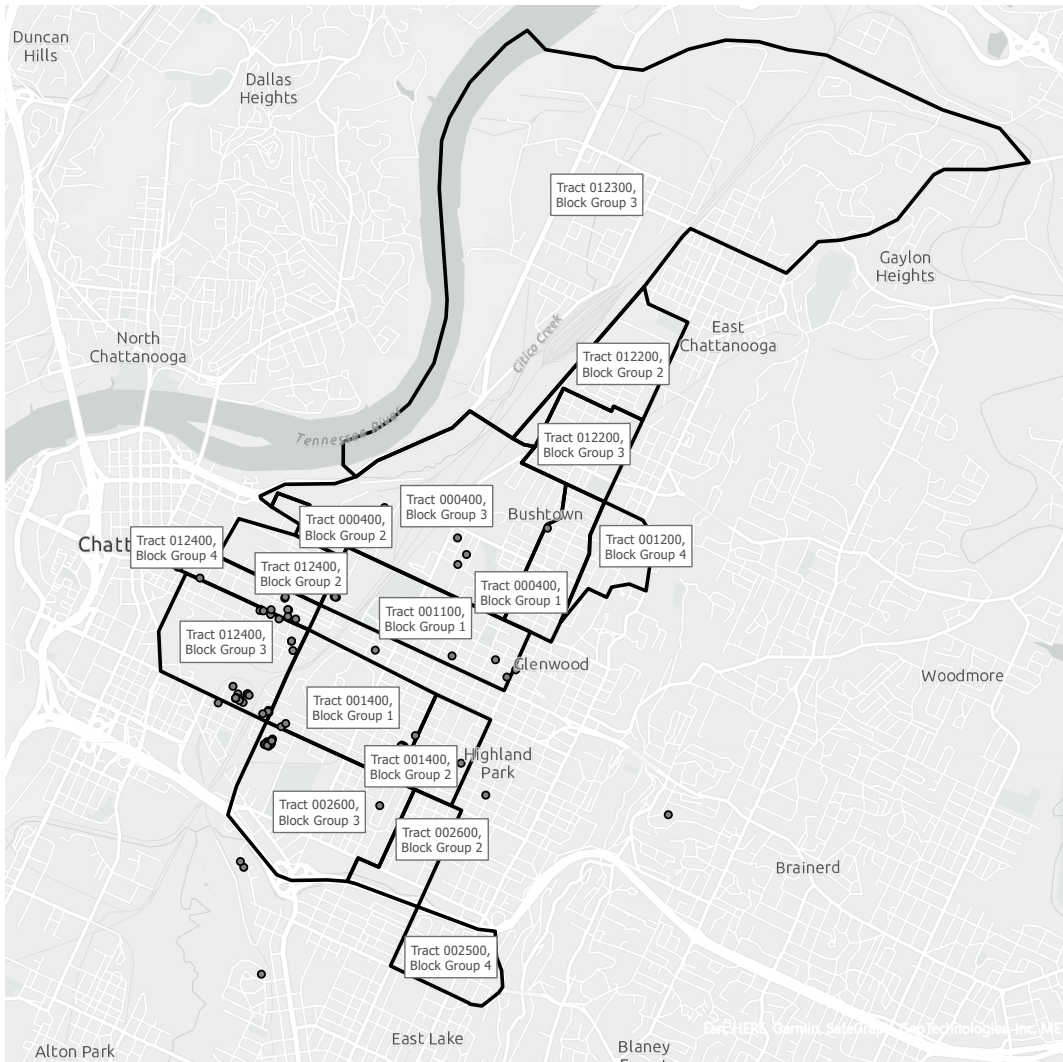
Table 4: Median Appraised Value of STVRs & Non-STVRs Within Overlay (District 7)

Census Block Group	STVRs			Non-STVRs		
	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>
Tract 001600, Block Group 3	2	\$ 344,950	\$ 330	42	\$ 341,600	\$ 347
Tract 001800, Block Group 1	25	\$ 265,700	\$ 186	480	\$ 173,200	\$ 120
Tract 001800, Block Group 2	21	\$ 153,800	\$ 133	572	\$ 169,950	\$ 121
Tract 001900, Block Group 1	1	\$ 134,300	\$ 129	264	\$ 51,300	\$ 41
Tract 001900, Block Group 2	13	\$ 230,800	\$ 181	267	\$ 83,300	\$ 72
Tract 001900, Block Group 3	2	\$ 103,200	\$ 109	398	\$ 49,200	\$ 50
Tract 002000, Block Group 1	72	\$ 251,700	\$ 210	354	\$ 299,600	\$ 201
Tract 002000, Block Group 2	2	\$ 226,350	\$ 94	40	\$ 61,000	\$ 53
Tract 002300, Block Group 1	2	\$ 152,100	\$ 114	452	\$ 50,500	\$ 46
Tract 002400, Block Group 3	1	\$ 102,200	\$ 35	321	\$ 41,500	\$ 39
Tract 002500, Block Group 3	2	\$ 134,250	\$ 125	338	\$ 40,750	\$ 38
Tract 003100, Block Group 2	2	\$ 928,950	\$ 312	212	\$ 365,000	\$ 307
Tract 012400, Block Group 1	1	\$ 657,900	\$ 127	81	\$ 310,400	\$ 194

Note: "N" represents the number of properties within each block group.

District 8

Figure 5: Census Block Groups in District 8



Note: Block group names are shown on the map above, corresponding to the table below.

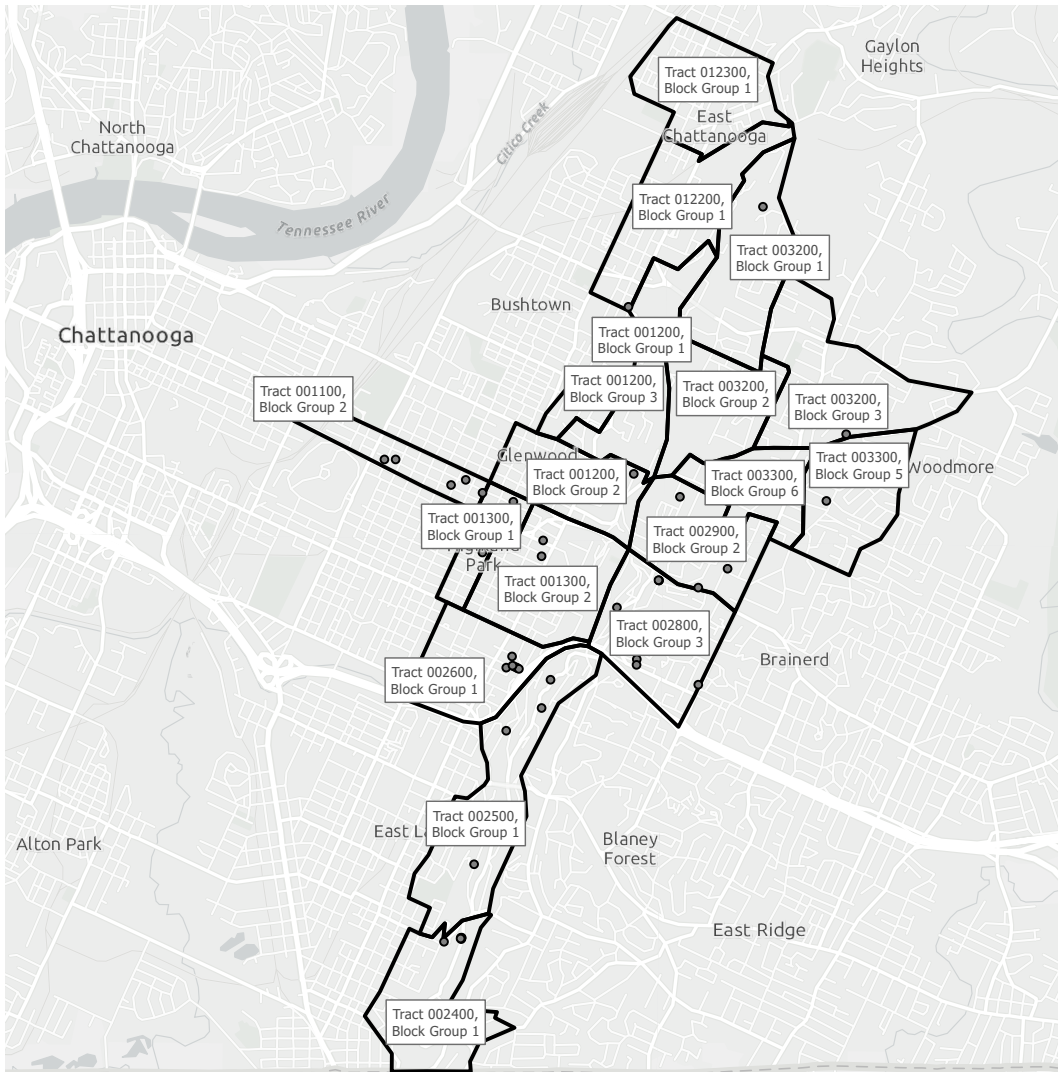
Table 5: Median Appraised Value of STVRs & Non-STVRs Within Overlay (District 8)

Census Block Group	STVRs			Non-STVRs		
	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>
Tract 000400, Block Group 1	1	\$ 56,000	\$ 50	445	\$ 49,500	\$ 43
Tract 000400, Block Group 3	8	\$ 123,800	\$ 109	524	\$ 82,700	\$ 67
Tract 001100, Block Group 1	7	\$ 115,200	\$ 75	277	\$ 114,100	\$ 80
Tract 001400, Block Group 1	15	\$ 217,000	\$ 208	374	\$ 179,650	\$ 117
Tract 001400, Block Group 2	6	\$ 182,900	\$ 164	275	\$ 121,200	\$ 92
Tract 002600, Block Group 3	20	\$ 231,350	\$ 149	260	\$ 57,800	\$ 44
Tract 012300, Block Group 3	1	\$ 138,700	\$ 53	587	\$ 60,000	\$ 53
Tract 012400, Block Group 2	3	\$ 335,300	\$ 168	116	\$ 428,000	\$ 147
Tract 012400, Block Group 3	22	\$ 335,350	\$ 185	190	\$ 305,000	\$ 163
Tract 012400, Block Group 4	9	\$ 192,000	\$ 99	139	\$ 187,400	\$ 147

Note: "N" represents the number of properties within each block group.

District 9

Figure 6: Census Block Groups in District 9



Note: Block group names are shown on the map above, corresponding to the table below.

Table 6: Median Appraised Value of STVRs & Non-STVRs Within Overlay (District 9)

Census Block Group	STVRs			Non-STVRs		
	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>	<i>N</i>	<i>App. Value</i>	<i>Value/Sq. Ft.</i>
Tract 001100, Block Group 2	5	\$ 251,700	\$ 105	240	\$ 201,450	\$ 122
Tract 001200, Block Group 2	2	\$ 144,150	\$ 88	298	\$ 129,600	\$ 81
Tract 001300, Block Group 1	4	\$ 167,950	\$ 95	296	\$ 107,150	\$ 80
Tract 001300, Block Group 2	2	\$ 139,050	\$ 109	273	\$ 84,600	\$ 63
Tract 002400, Block Group 1	2	\$ 198,600	\$ 58	363	\$ 74,600	\$ 59
Tract 002500, Block Group 1	6	\$ 271,850	\$ 114	322	\$ 146,400	\$ 86
Tract 002600, Block Group 1	7	\$ 100,200	\$ 94	170	\$ 42,800	\$ 35
Tract 002800, Block Group 3	6	\$ 149,200	\$ 90	420	\$ 169,200	\$ 94
Tract 002900, Block Group 2	3	\$ 142,100	\$ 108	295	\$ 135,100	\$ 88
Tract 003200, Block Group 1	2	\$ 215,700	\$ 92	336	\$ 78,300	\$ 63
Tract 003200, Block Group 3	3	\$ 105,400	\$ 81	513	\$ 66,800	\$ 56
Tract 003300, Block Group 5	2	\$ 136,150	\$ 74	522	\$ 83,750	\$ 64
Tract 012200, Block Group 1	1	\$ 84,900	\$ 43	308	\$ 46,600	\$ 37

Note: "N" represents the number of properties within each block group.

STVR Regulations in Tennessee

Of the 32 municipalities with over 20,000 residents in Tennessee, regulatory policies can be classified into four broad categories: those that have banned or effectively banned STVRs in most of the city; those that only allow their operation in commercial and/or high density zones; those that allow for operation in most zones, including singly-family; and, those that have minimal to no regulations.

- **5** (16%) have banned or effectively banned short-term rentals
- **12** (38%) only allow their operation in commercial and/or high-density residential zones
- **5** (16%) allow for operation in most zones, including single-family
- **10** (31%) minimal or no specific regulations

Effectively Banned	Limited to Commercial/High Density	Allowed in Most Residential	Little/No Regulation
Smyrna	Nashville	Memphis	Murfreesboro
Collierville	Knoxville	Chattanooga	Johnson City
Brentwood	Franklin*	Clarksville	Kingsport
Germantown	Jackson	Bartlett	Spring Hill
Farragut	Hendersonville	Gallatin	La Vergne
	Cleveland		Oak Ridge
	Columbia		Morristown
	Mount Juliet		Bristol
	Cookeville		Shelbyville
	Maryville		Tullahoma
	Morristown		
	East Ridge		

*Note: Franklin only allows owner-occupied STVRs in residential zones, which must be the owner's primary residence.

Square Footage of STVRs vs. Non-STVRs

Permitted short-term rental properties were compared to non-STVR residential properties within the overlay with respect to the square footage provided by the Hamilton County Assessor’s *Building Export* file. These results are presented below as both the average and median, including both the overlay-wide comparison and those within each respective district.³

Table 7: Square Footage of STVRs & Non-STVRs Within Overlay

District	Average		Median	
	STVRs	Non-STVRs	STVRs	Non-STVRs
1	1,570	1,841	1,260	1,592
2	1,900	1,893	1,680	1,599
7	1,646	1,352	1,308	1,187
8	1,990	1,370	1,546	1,200
9	2,029	1,723	1,558	1,335
All	1,815	1,618	1,476	1,320

³Note: One STVR property in District 9 has five permits for five separate domiciles; but only one entry in the Assessor’s data. Therefore, it was only counted once. Further, Districts 3 and 5 each have one STVR, respectively, and were excluded, dropping the number of STVRs analyzed to 433 rather than 440.

Year of Construction of STVRs vs. Non-STVRs

Permitted short-term rental properties were compared to non-STVR residential properties within the overlay with respect to the year of construction provided by the Hamilton County Assessor's *Building Export* file. These results are presented below as both the average and median, including both the overlay-wide comparison and those within each respective district.

Table 8: Square Footage of STVRs & Non-STVRs Within Overlay

District	Average		Median	
	STVRs	Non-STVRs	STVRs	Non-STVRs
1	1963	1975	1955	1971
2	1957	1957	1942	1950
7	1985	1951	2005	1940
8	1990	1952	2016	1940
9	1960	1947	1947	1940
All	1974	1955	1980	1949

Table 9: STVRs & Non-STVRs Within Overlay Constructed in Last 5 & 10 Years

District	Last 5 Years		Last 10 Years	
	STVRs	Non-STVRs	STVRs	Non-STVRs
1	6%	7%	14%	14%
2	13%	5%	19%	10%
7	30%	5%	40%	9%
8	41%	4%	58%	6%
9	8%	2%	20%	3%
All	23%	4%	33%	8%

Year of Sale to STVR Operation

The following includes a summary of the year in which a property was sold⁴ to the time (in years) it began operating as a STVR.

For all permitted STVRs operating within the overlay, the median time from sale to operation is 1 year (the average is 2.3 years). The median time within each district is also 1 year; the average times for each district are included below:

- District 1: 3.2 years
- District 2: 2.7 years
- District 7: 2.2 years
- District 8: 2.0 years
- District 9: 1.8 years

Table 10 and Table 11, below, show a summary of the percentage and number (respectively) from the time STVRs were sold to the time they began operating. Overall, 61% of properties began operation within one year of sale, and 78% within three years.

Table 10: Time STVRs Began Operating from Year Sold (Percentage of Total STVRs)

District	≤ 1 Year	2–3 Years	4–5 Years	6–10 Years	11+ Years
1	52%	22%	4%	14%	8%
2	57%	17%	13%	5%	8%
7	63%	17%	8%	6%	5%
8	63%	15%	14%	7%	2%
9	63%	16%	14%	6%	0%
All	61%	17%	11%	7%	5%

Table 11: Time STVRs Began Operating from Year Sold (Count of Total STVRs)

District	≤ 1 Year	2–3 Years	4–5 Years	6–10 Years	11+ Years	STVR Total
1	26	11	2	7	4	50
2	58	17	13	5	8	101
7	92	25	12	9	7	145
8	55	13	12	6	2	88
9	31	8	7	3	0	49
All	262	74	46	30	21	433

⁴Note: This may include any change in the deed (sale, transfer, etc.) as recorded by the Assessor of Deed’s office, but classified as a “sale” in the Assessor data.

Price and Affordability of STVRs vs. Non-STVRs

The following tables include the average and median appraised value of STVRs and non-STVRs within the overlay, as well as the average and median price per square foot. Overall, STVR properties are appraised at approximately \$88,000–115,000 more than non-STVRs within the overlay, and between \$ 56–86 higher per square foot.

Average and Median Appraised Value

Table 12: Appraised Value of STVRs & Non-STVRs Within Overlay

District	Average		Median	
	<i>STVRs</i>	<i>Non-STVRs</i>	<i>STVRs</i>	<i>Non-STVRs</i>
1	\$ 201,078	\$ 236,333	\$ 138,650	\$ 169,200
2	\$ 329,538	\$ 328,253	\$ 269,000	\$ 283,500
7	\$ 275,676	\$ 145,566	\$ 240,500	\$ 65,000
8	\$ 277,873	\$ 110,505	\$ 229,850	\$ 72,900
9	\$ 200,865	\$ 135,451	\$ 163,400	\$ 94,700
All	\$ 271,868	\$ 183,232	\$ 238,400	\$ 123,200

Appraised Value per Square Foot

Table 13: Appraised Value of STVRs & Non-STVRs Within Overlay

District	Average		Median	
	<i>STVRs</i>	<i>Non-STVRs</i>	<i>STVRs</i>	<i>Non-STVRs</i>
1	\$ 125	\$ 124	\$ 119	\$ 118
2	\$ 189	\$ 175	\$ 189	\$ 172
7	\$ 182	\$ 96	\$ 188	\$ 57
8	\$ 148	\$ 75	\$ 149	\$ 59
9	\$ 106	\$ 76	\$ 103	\$ 69
All	\$ 162	\$ 106	\$ 157	\$ 89

Change in Appraised Value Within the Last Five Years

These estimates include residential properties within the STVR overlay that were constructed in 2018 or before, and have a non-zero building value (i.e. there is a structure on the property).

Table 14: 5-Year Change in Appraised Value of STVRs & Non-STVRs Within Overlay

District	Average		Median	
	STVRs	Non-STVRs	STVRs	Non-STVRs
1	40%	37%	27%	28%
2	33%	33%	29%	28%
7	79%	49%	54%	30%
8	60%	52%	31%	33%
9	115%	48%	58%	33%
All	63%	45%	36%	30%

Affordability of STVRs

Table 15 includes the percentage of STVRs and non-STVRs within each district that could be considered “affordable” based on the following assumptions: a 30-year fixed rate mortgage, with a 3.5% down payment (FHA loan minimum) using the Department of Housing and Urban Development’s Adjusted Median Income limits for Chattanooga as of June 2022.⁵

The AMI for a single person household in Chattanooga is \$42,150 (\$3,512.50/month); assuming no debts, 28% of gross monthly income is \$983.50, which *could potentially* afford a \$175,000 home at the 5-year average interest rate of 3.8%, or a \$150,000 home at the current interest rate of 5.9%.

The AMI for a 4-person household in Chattanooga is \$60,150 (\$5,012.50/month); assuming no debts, 28% of gross monthly income is \$1,403.50, which *could potentially* afford a \$250,000 home at the 5-year average interest rate of 3.8%, or a \$215,000 home at the current interest rate of 5.9%.

Table 15: 5-Year Change in Appraised Value of STVRs & Non-STVRs Within Overlay

District	Below \$ 150k		Below \$ 175k		Below \$ 215k		Below \$ 250k	
	STVRs	Non-STVRs	STVRs	Non-STVRs	STVRs	Non-STVRs	STVRs	Non-STVRs
1	54%	41%	58%	55%	70%	64%	80%	69%
2	1%	17%	6%	22%	15%	31%	36%	41%
7	19%	70%	23%	74%	34%	79%	53%	82%
8	20%	80%	28%	83%	41%	88%	56%	91%
9	43%	74%	53%	80%	78%	87%	82%	90%
All	22%	59%	27%	65%	40%	71%	56%	76%

⁵Note: These are based on the appraised value and may not reflect the market value of properties were they to be sold.

STVR Committees and Boards

The majority of municipalities regulating short-term rentals in Tennessee have established an administrative procedure for issuing them, with an appeals process for denials and revocations. These bodies are either established specifically for the purposes of hearing STVR appeals, or are made up of existing members of the legislative body, administrators, and/or members of the public.

Nashville has established an administrative procedure for issuing short-term rental permits, which is done by the zoning administrator or their designee. Appeals of those decisions are heard by the Short Term Rental Appeals Board, which is comprised of seven members, including one Metro Council member, one attorney, and five other members appointed by the mayor and confirmed by the Council.

“The board shall consist of seven members. One member of the seven shall be a member of the metropolitan council and shall be selected by that body from its membership to serve as a member of the board for a term of two years. The remaining six members shall be appointed by the mayor and confirmed by a majority vote of the metropolitan council and shall each serve terms of four years or until their successors are appointed. Of the remaining six members at least one shall be an attorney.” (Nashville Municipal Code, Chapter 6.28.035)

Memphis has established an appeals committee for handling permit denials, revocations, and non-renewals, made up of two short-term rental hosts, two representatives of the hotel industry, and one citizen.

Knoxville has an administrative procedure for issuing short-term rental permits, but establishes a panel for appeals, “comprised of the zoning chief, the neighborhood coordinator, and the revenue administrator of the city.” That appeal is “final and subject only to judicial review pursuant to state law” (Knoxville Municipal Code, Sec. 16-636).

Local Contact Person

Memphis: The short-term rental agent (an owner, or their designee) are required to “appear on the premises of any Short Term Rental Unit **within two (2) hours** following notification from the City of issues related to the use or occupancy of the premises. This includes, but is not limited to, notification that occupants of the Short Term Rental Property have created unreasonable noise or disturbances, engaged in disorderly conduct, or committed violations of the City of Memphis Code of Ordinances or other applicable law pertaining to noise, disorderly conduct, overcrowding, consumption of alcohol, or use of illegal drugs.”

Knoxville: The local contact person “shall be available twenty-four (24) hours per day, seven (7) days per week for the purpose of...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 b.Taking remedial action necessary to resolve any such complaints” (Knoxville Municipal Code, Sec. 16-612 (4)).

Proximity & Density Restrictions. Some municipalities have placed proximity and/or density restrictions on STVRs; although, to date, no cities in Tennessee have these regulations in place. Ordinances of this type either limit the number of STVRs in a particular geographic area, building, or lot; or, restrict new rentals that are within a particular proximity to an existing STVR. For example, Shreveport, Louisiana imposes a 500 foot buffer (unless granted an exemption by the BZA); Norfolk, Virginia limits the number of STVRs allowable on one lot; and Raleigh, North Carolina limits the number of STVRs in a building to a maximum of two or 25%, whichever is greater.

Instituting a distance or density requirement, and/or restrictions on the number of STVRs allowable in their city may be an option that would help preserve the character of neighborhoods, and also prevent apartment and condo structures from becoming de facto hotels. However, implementation has been a challenge as cities have had to decide how to issue permits. Wilmington, North Carolina instituted a lottery system; however, this process was struck down by a North Carolina appellate court⁶ Determining how to set an equitable “cap” on the number of STVRs would require further analysis.

⁶*Schroeder v. City of Wilmington* 2022 NCCOA 210 (COA21-192)

Overview & Main Points for Consideration

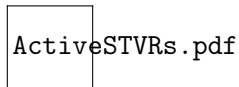
- Short-term vacation rentals, whether permitted or non-permitted, are present in every Council district, with more than half of the existing rental units operating without a valid certificate.
 - Approximately one-third (33.6%) of residential properties in the city limits are within 1,000 feet of an Airbnb. 18.8% are within 500 feet, and 7.9% are within 200 feet.
- Of the 31 municipalities in Tennessee over 20,000 residents, excluding Chattanooga, 5 (16%) have banned or effectively banned short-term rentals, 12 (39%) only allow their operation in commercial and/or high-density residential zones, 4 (13%) allow for operation in most zones, including single-family, and 10 (32%) do not regulate them at all.
 - Potential changes to Chattanooga’s STVR ordinance could include a modification or removal of the STVR overlay, and/or changes to the zoning ordinance that would allow or restrict STVRs within a given base zone.
 - Some municipalities have also placed limits on the number of allowable STVRs within a given geographic area or property, or implemented distance requirements between STVRs to prevent over-concentration in allowed areas.
- A number of focus group participants request greater enforcement of existing ordinances.
 - Greater enforcement includes identifying non-permitted STVR properties in the city, as well as a more effective and transparent process for dealing with neighborhood complaints (e.g. noise, trash, parking, etc.).
 - After three violations, the city is able to revoke their ability to operate, per T.C.A.
 - The costs of additional software and/or personnel (including an administrative hearing officer) could be offset (in the short term, in part) by revenue from fines, fees, and taxes.
 - The administrative hearing officer process is already outlined in city code (Section 21, Article VI) and would allow for penalties up to \$500 for code violations.
- A growing number of studies show that STVRs contribute, in part, to challenges cities face in addressing housing affordability.
 - *Preliminary* results from Chattanooga show that STVR proximity to residential properties has a significant impact on property values.
 - Each permitted STVR within 200 feet: \$18,296 (\$21,667 when using AirDNA data)
 - Each permitted STVR within 500 feet: \$9,889 (\$9,597 when using AirDNA data)
 - Each permitted STVR within 1,000 feet: \$4,822 (\$4,254 when using AirDNA data)
 - Limiting STVRs in number, ownership, and/or allowable uses in residential zones could mitigate this impact; though, additional “tools” are needed to address this problem.
 - Nashville has directed a portion of its STVR fees towards their affordable housing fund.

The Current Landscape

Permitted STVRs in Chattanooga

Figure 7 shows the current, active short-term rental permits within the City of Chattanooga, as of June 2022. Additionally, those properties issued certificates are summarized, by Council district, including the number of owner-occupied, non-owner occupied, total number of units, and the STVR units as a percentage of residential properties within each district.

Figure 7: Existing Permitted STVRs in Chattanooga (June 2022)



Note: The current STVR overlay is shown in blue for reference.

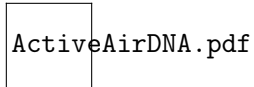
Table 16: Permitted STVRs in Chattanooga, by Council District (June 2022)

Council District	Non-Owner Occupied	Owner Occupied	Total Units	Percent of Residential Properties
1	42	11	53	0.4%
2	72	37	109	0.8%
3	1	0	1	0.0%
5	1	0	1	0.0%
7	94	34	128	1.9%
8	73	21	94	1.8%
9	37	17	54	0.7%
Total	320	120	440	0.6%

Estimated STVRs Operating in Chattanooga

Shown below, [Figure 8](#) includes the estimated operating short-term rentals in Chattanooga as of June 2022, via the AirDNA platform. Similarly, [Table 17](#) shows the total number of estimated STVRs operating within each Council district, the percentage of units relative to residential properties in each district, and the estimated number of unregulated properties operating within each respective district (calculated as the number of AirDNA listings minus the number of certificates issued by Council district).

Figure 8: Existing STVRs in Chattanooga, via AirDNA (June 2022)



Note: The current STVR overlay is shown in blue for reference.

Table 17: AirDNA Estimates of STVRs in Chattanooga, by Council District (June 2022)

Council District	Estimated STVRs	Percent of Residential Properties	Estimated Additional Unregulated Properties
1	134	1.0%	81
2	169	1.3%	60
3	6	0.1%	5
4	36	0.4%	36
5	21	0.3%	20
6	25	0.4%	25
7	245	3.6%	117
8	181	3.4%	87
9	119	1.6%	65
Total	936	1.2%	496

Community Feedback

Community feedback from focus groups hosted in May 2022 are summarized below, including the following groups: Owners, Realtors, Developers, Investors and Builders; Affordable Housing Advocates and Renters; and, Homeowners Associations and Neighborhood Residents. It should be noted that these points are not exhaustive, and were not assessed in terms of their veracity but merely presented “as is.”

Benefits of Short-Term Rentals

- STVR owners provide more personalized information and services for visitors
- Positive experiences bring visitors back to Chattanooga
- STVRs provide jobs and have a positive economic impact, bringing revenue and employment to the city
- Owners have upgraded properties and often maintain them to a greater degree compared to residential and long-term rental properties
- STVRs are often better alternatives for families, larger groups, and people with pets

Problems With Regulation & Enforcement

- Many STVR properties operate without a permit
 - The city is missing out on lost tax revenue
 - There is a perceived lack of enforcement when it comes to non-permitted properties
- Residents are unsure of how to deal with problems and who to contact (noise, trash, parking, etc.)
- More city staff is needed to enforce non-permitted properties and deal with complaints

Problems Affecting STVR Owners/Operators

- Many owners are reliant on STVRs for income and would lose properties if unable to rent
- A moratorium creates uncertainty for buyers and STVR operators
- STVRs should be allowed in all areas of the city (including commercial zones that allow for residential use), not just in the overlay and multi-family residential zones
- Potential disparities for small business owners who own fewer properties compared to those who own and manage multiple STVRs

Problems Affecting Neighborhoods & the Community

- Short-term rentals contribute to unaffordable housing for both buyers and renters
- STVRs turn neighborhoods into a business/commercial district
- Rentals are too concentrated in certain neighborhoods
- STVRs create noise and safety issues
- Striking a balance between tourism and local residents can be difficult
- No contact information for neighbors makes it unclear who to contact in case of problems with renters or the rental unit

Suggestions from Focus Group Participants

- Limiting the number of units within a given area
- Use revenue from STVRs to provide funds for affordable housing
- Put restrictions on out-of-town buyers and operators
- Limit STVRs to tourist areas and restrict them in neighborhoods (R1 and R2 zones)
- Increase housing inventory by allowing more density and ADUs
- Increase regulations on owner-occupied units to address neighborhood concerns
- Allow signs to identify properties as STVRs, including contact information of operator
 - Require operators to be within closer proximity to rental (e.g. Nashville requires an operator within 20 minutes)
 - Provide a point of contact to neighborhood associations
- Require noise alarms (linked to police department)
- Require neighbors to agree on allowing STVR rather than having to appear in opposition
- Certificate renewals should allow neighbors to share if any problems exist with the property
- Allow residents in adjacent R3/R4 units to voice concerns
- Enforce existing laws before creating new regulations
- Allow STVRs in commercial zones (that allow for residential use)
- Require annual inspections upon renewal

Considerations for Addressing Existing Problems

Existing Overlay and Permissible Uses

Current Overlay. The majority of cities included in this analysis and found to date regulate the location of short-term rentals as part of their base zones, rather than an additional overlay (in Nashville, the city has established zones where short-term rentals are not allowed, rather than allowed). In many cases, STVRs are limited to high-density residential and commercial areas where residential use is permissible, while excluding single-family (and some two-family) properties from use as short-term rentals. However, incorporating permitted use of base zones for STVRs may complicate future rezoning requests as Council would have to consider whether certain requests would allow for STVR operation in additional parts of the city.

Residential & Commercial Zones. As noted above, many cities have barred short-term rentals in residential zones, with the exception of higher density, multi-family districts. Many of the community members present for the focus groups noted that they do not want STVRs in single-family (or two-family) neighborhoods. With this in mind, it is worth considering whether to revisit which (if any) residential zones allow for STVRs going forward, inclusive or exclusive of the STVR overlay. Some cities, such as Franklin, Tennessee (among others) allows owners to rent their primary residence for a portion of the year (whether occupied or non-occupied, but do not allow for properties in low-density residential areas to be “full time” short-term rentals. In addition to future considerations for residential zones, several focus group participants requested that commercial districts which allow for residential use be considered as permissible for short-term rentals.

Expanding Regulation & Enforcement

Proximity & Density Restrictions. Some municipalities have placed proximity and/or density restrictions on STVRs; although, to date, no cities in Tennessee have these regulations in place. Ordinances of this type either limit the number of STVRs in a particular geographic area, building, or lot; or, restrict new rentals that are within a particular proximity to an existing STVR. For example, Shreveport, Louisiana imposes a 500 foot buffer (unless granted an exemption by the BZA); Norfolk, Virginia limits the number of STVRs allowable on one lot; and Raleigh, North Carolina limits the number of STVRs in a building to a maximum of two or 25%, whichever is greater.

Instituting a distance or density requirement, and/or restrictions on the number of STVRs allowable in their city may be an option that would help preserve the character of neighborhoods, and also prevent apartment and condo structures from becoming de facto hotels. However, implementation has been a challenge as cities have had to decide how to issue permits. Wilmington, North Carolina instituted a lottery system; however, this process was struck down by a North Carolina appellate court⁷ Determining how to set an equitable “cap” on the number of STVRs would require further analysis.

Administrative Hearing Officer. One consideration is whether Chattanooga’s current administrative hearing officer ordinance⁹ would include regulation of STVRs. Sec. 21-232 currently gives an administrative hearing officer jurisdiction over the following locally adopted codes: building; residential; plumbing; electrical; gas; mechanical; energy; property maintenance; zoning; and, “[o]rdinances regulating any subject matter commonly found in [these] codes.” Administrative hearing officers may levy fines up to \$500 per day under certain circumstances, as opposed to the \$50 limit for civil violations. T.C.A. §6-54-1009 (below, in part) specifies that a fine may be issued up to \$500 per day if the property is not “a single family dwelling principally used as the property owner’s primary residence,” which could potentially include non-owner occupied STVRs.

- (a) Upon receipt of a citation issued pursuant to § 6-54-1008, an administrative hearing officer shall, within seven (7) business days of receipt, review the appropriateness of an alleged violation. Upon determining that a violation does exist, the hearing officer has the authority to levy a fine upon the alleged violator in accordance with this section. Any fine levied by a hearing officer must be reasonable based upon the totality of the circumstances.
 - (1) For violations occurring upon residential property a hearing officer has the authority to levy a fine upon the violator not to exceed five hundred dollars (\$500) per violation. For purposes of this part, “residential property” means a single family dwelling principally used as the property owner’s primary residence and the real property upon which it sits.
 - (2) For violations occurring upon nonresidential property a hearing officer has the authority to levy a fine upon the violator not to exceed five hundred dollars (\$500) per violation per day. For purposes of this part, “nonresidential property” means all real property, structures, buildings and dwellings that are not residential property. (Tenn. Code Ann. §6-54-1009 (a))

Expanding enforcement—whether through an administrative hearing officer or otherwise—could offset some of the costs of increased enforcement through increased fines and collection efforts.

⁷⁸

⁹Chattanooga City Code, Section 21, Article VI: *Office of the Administrative Hearing Officer*

Unlicensed Properties. Many cities have provided a process for short-term rental operators to “come into compliance” with existing ordinances, allowing for a specified timeframe for owners to register their properties and meet specified standards. If a new ordinance is adopted, it may provide an opportunity for non-compliant property owners to obtain a proper certificate.

Contact Information for Owners and Operators. Chattanooga currently precludes owners from posting signs on the exterior of short-term rentals and requires that contact information for the owner or operator be posted within the unit. Some cities have required STVRs to post contact information in a location so that neighbors can call in the case of (non-emergency related) complaints. Determining the best way to address complaints may warrant consideration and education on the part of the public, whether information is disseminated through neighborhood associations, the city’s website, or other means. Further, these complaints should be documented in order to determine which properties are frequent violators of city ordinances.

Limitations Under Tennessee’s Short-Term Rental Unit Act

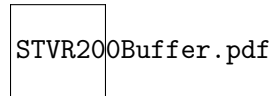
Expanding certain regulations and/or disallowing the operation of short-term rentals in certain areas must be considered in the context of Tennessee’s *Short-Term Rental Unit Act* (T.C.A. §13-7-601 to §13-7-606). In essence, any ordinance governing the operation of short-term rentals in place at the time a property began operating as a STVR governs the use of that property until it is “sold, transferred, ceases being used as a short-term rental unit for a period of thirty (30) continuous months, or has been in violation of a generally applicable local law three (3) or more separate times.”¹⁰ Thus, existing STVRs are essentially grandfathered in, and likely to be unaffected by new regulations going forward, until they are sold or cease operation as specified in T.C.A.

¹⁰T.C.A. §13-7-603 (a)

Proximity of STVRs and Estimated Impact on Property Values

Research has shown that proximity and density of short-term rentals in a neighborhood can have significant impacts on housing prices.¹¹ While results are still preliminary at this point, results in Chattanooga show a similar pattern to studies conducted in the District of Columbia and other cities. Taking a similar approach to Zou (2020), density of short-term rental properties were calculated for properties within a 200, 500, and 1,000 foot buffer of a short-term rental unit. An example is shown in [Figure 9](#), which includes a 200-foot buffer around permitted STVR properties.

Figure 9: Existing STVRs with a 200 Foot Buffer



Proximity to Residential Properties

Estimates for the number and percentage of residential properties within each respective proximity to a short-term rental are shown below. For each distance, a buffer was created using active permitted STVR properties within the city, as well as both permitted and non-permitted Airbnbs listed on the AirDNA website.¹² As an example from the list below, approximately one-fifth (20.3%) of the residential properties in the city are within 1,000 feet of a permitted STVR, while approximately one-third (33.6%) are within the same distance of an Airbnb (whether permitted or operating without a permit).

- Permitted STVRs within 1,000 ft: 15,600 (20.3% of properties within the city limits)
- Permitted STVRs within 500 ft: 9,683 (12.6% of properties within the city limits)
- Permitted STVRs within 200 ft: 4,373 (5.7% of properties within the city limits)
- All Airbnbs within 1,000 ft: 25,804 (33.6% of properties within the city limits)
- All Airbnbs within 500 ft: 14,415 (18.8% of properties within the city limits)
- All Airbnbs within 200 ft: 6,088 (7.9% of properties within the city limits)

Impact on Property Values

Without controlling for other factors, each short-term rental within 200 feet, 500 feet, and 1,000 feet of a residential property in Chattanooga corresponds to an increase in the appraised values listed below. It should be noted that this is only a preliminary analysis, and that a full assessment controlling for additional factors that ultimately affect property values is forthcoming.

- Each permitted STVR within 200 feet: \$18,296 (\$21,667 when using AirDNA data)
- Each permitted STVR within 500 feet: \$9,889 (\$9,597 when using AirDNA data)
- Each permitted STVR within 1,000 feet: \$4,822 (\$4,254 when using AirDNA data)

¹¹ [zou2020](#).

¹² Percentages are based on 76,823 residential properties in Chattanooga with > \$0 value in 2022 from County Assessor data. STVRs are permitted vacation rentals with an active certificate issued by the City of Chattanooga; Airbnbs are those listed on AirDNA. *Note:* According to [Inside Airbnb](#), actual locations of an Airbnb property are within 0–450 feet from its geocoded location, allowing for some anonymity of property owners.)

Outside Investment in Real Estate

A recent [Pew Research Stateline report](#) found that investors bought approximately one-quarter of the homes in the United States in 2021. In Tennessee, it was 26%, up from roughly 17% in 2020 — a 55% increase. Many believe that investment properties are driving up the costs of rentals—both long-term and short-term. With regard to short-term rentals, cities like Atlanta have recently proposed restrictions on ownership of STVRs, limiting them to residents of Atlanta, and placing caps on the number of properties an owner may rent. However, the city recently put a hold on these restrictions until the end of 2022, noting that “the implementation of this ordinance may require further consideration.”¹³ While it may be challenging to place restrictions on property ownership, it may be possible to place limits on the number of STVR permits (certificates) issued similar to Knoxville, and/or requirements that owners are a “natural person” and not an LLC, trust, or partnership.

¹³City of Atlanta: *Short-Term Rental*

Short-Term Rental Regulations in Other Tennessee Cities

Tennessee municipalities with greater than 20,000¹⁴ residents were selected in order to assess what (if any) regulations these cities have with regard to short-term rental properties. This includes 31 municipalities, excluding Chattanooga, ranging from Tullahoma (20,339 residents) to Nashville-Davidson County (689,447). Included below are brief highlights of each municipalities' regulations pertaining to STVRs; although, not exhaustive as many similarities emerge in cities with STVR regulations permitting processes (e.g. permit applications and fees, inspections, safety and building code requirements, etc.).

- **Nashville-Davidson County** (689,447): Allows non-owner occupied STVRs only in commercial zones
- **Memphis** (633,104): Allows STVRs in any zone designated for residential use
- **Knoxville** (190,740): Allows non-owner occupied STVRs only in nonresidential zones; limit of two
- **Clarksville** (166,722): Allows STVRs in any zoning district which allows for residential use
- **Murfreesboro** (152,769): Does not currently regulate STVRs
- **Franklin** (83,454): Allows STVRs in commercial zones, or residential if owner's primary residence
- **Johnson City** (71,046): Does not have regulations specific to STVRs
- **Jackson** (68,205): Only allows STVRs in multi-family zoning districts and above
- **Hendersonville** (61,753): Only allows STVRs in commercial zones
- **Bartlett** (57,786): Allows STVRs in any residential or commercial zones that allow residential use
- **Kingsport** (55,442): Does not have regulations specific to STVRs
- **Smyrna** (53,070): Does not allow STVRs in any (detached) single-family dwelling
- **Collierville** (51,324): Does not allow new STVRs (as of 2017)
- **Spring Hill** (50,005): Does not regulate STVRs
- **Cleveland** (47,356): Only allows STVRs in multi-family residential and commercial zones
- **Brentwood** (45,373): Does not allow STVRs (as of 2009)
- **Gallatin** (44,431): Allows STVRs in residential, commercial, and mixed-use zones
- **Columbia** (41,690): Only allows owner-occupied STVRs for primary residence in commercial zones
- **Germantown** (41,333): Does not allow STVRs (as of 2016)
- **Mount Juliet** (39,289): Only allows STVRs in multifamily residential zones and PUD overlays
- **La Vergne** (38,719): Does not currently regulate STVRs
- **Lebanon** (38,431): Only allows owner-occupied units; up to 25% of home may be rented
- **Cookeville** (34,842): Allows STVRs in multi-family, commercial, and university zones
- **Maryville** (31,907): Allows STVRs in multifamily residential, commercial, and business districts
- **Oak Ridge** (31,402): Does not have regulations specific to STVRs
- **Morristown** (30,431): Allows STVRs in commercial, tourism, and mixed-use districts
- **Bristol** (27,147): Does not currently regulate STVRs
- **Shelbyville** (23,557): Does not currently regulate STVRs
- **Farragut** (23,506): Does not allow new STVRs (as of 2019)
- **East Ridge** (22,167): Allows STVRs in any residential use district, excluding single-family zones
- **Tullahoma** (20,339): Does not currently regulate STVRs

¹⁴Per the 2020 decennial census. Red Bank, TN (population 11,899) was also included due to its proximity to Chattanooga.

Nashville-Davidson County , TN

Nashville Metro adopted an ordinance in 2020 that established non-owner occupied short-term rentals as a commercial use, and excludes them from operating in residential districts as of January 1, 2022. Owner-occupied units are allowed in all zoning districts that allow residential use excluding NS (*no short-term rental*) districts, with a permit and applicable regulations and restrictions.¹⁵ Operators of an owner-occupied STVR be a “natural person,” and not an LLC, partnership, joint venture, or trust.

Nashville also allocates a portion of its STVR taxes to the [Barnes Fund for Affordable Housing](#), which “makes awards to nonprofit housing developers and partnerships to create and preserve affordable housing options for Nashvillians.”¹⁶

Memphis , TN

Memphis does not distinguish between owner-occupied and non-owner occupied short-term rentals, and allows for their operation in any property designated for residential use. For the purposes of permitting, the city requires any applicant who is not a natural person to disclose the name(s) and contact information of all partners, officers and/or directors of an entity. The city has also established an appeals board for handling permit denials, revocations, and non-renewals, made up of two short-term rental hosts, two representatives of the hotel industry, and one citizen.

Knoxville , TN

Knoxville allows an individual (“natural person”) to operate an owner-occupied short-term rental unit in their primary residence (including duplexes and ADUs), provided that the owner satisfy the city’s residency requirements and other stipulations. Non-owner occupied units are allowed in nonresidential zones which allow for residential use, and may be issued to an individual or entity (LLC, etc.). However, the city has placed a limit of two non-owner occupied permits per person or entity. The city phased-out non-owner occupied units operating prior to March 1, 2017 in February 2019 under a temporary permit issued by the city.

Clarksville , TN

Clarksville effectively allows for short-term rentals in any residential zoning district (or non-residential district that allows for residential use). Recent changes to the city’s STVR ordinance no longer requires owners that either own one property, rent one bedroom in an owner-occupied unit, or rent a property for fewer than six months to obtain a permit. Owners that do not meet these stipulations must undergo the permitting process which includes a fire and safety inspection, submission of a site plan, proof of insurance, and proof that all taxes on the property have been paid.¹⁷

Murfreesboro , TN

Murfreesboro does not currently regulate short-term rentals.

¹⁵Nashville Metro Code, Chapter 6.28.030 – *Short term rental property permit*

¹⁶The Barnes Housing Trust Fund, FY 2021 Annual Report, p. 3.

¹⁷City of Clarksville Ordinance 1-2020-21

Franklin , TN

Franklin allows permitted short-term rentals in the following zoning districts: agricultural (AG), office residential (OR), central commercial (CC), downtown (DD); and, permits with additional use regulations in the following zones: estate residential (ER), all residential districts (R1, R2, R3, R4 & R6), mixed residential (MR), and planned districts (PD). In districts with additional use regulations, the STVRs are limited to one unit per lot, the entire dwelling must be rented for a period longer than 24 hours up to 21 days, and the property must be the owner's primary residence¹⁸; though, they are not allowed to occupy the premises during the rental period (the exception being lots with an accessory unit, which the owner is allowed to rent while occupying a separate structure on the property). The city also requires that a "responsible party" be located within 25 miles of the property who is designated as the contact for maintenance and safety-related issues (Sec. 13-203).

The City of Franklin codified their complaint process in 2015, which includes a process for license revocation after three complaints to the Franklin Police Department within one calendar year.

Sec. 13-216. – Complaint administration.

(1) Upon the filing of three or more complaints (including calls to Franklin Police Department) within a calendar year regarding a STVR permit, [Building and Neighborhood Services (BNS)] shall notify the permit holder in writing of such complaints.

(2) If BNS determines that violations of this section or any other ordinance or law relating to STVRs have occurred, the right to operate a STVR may be revoked by action of the board of mayor and aldermen.

(3) Before the revocation action is placed on an agenda for the board of mayor and aldermen, BNS shall give the responsible party 15 days' written notice of the alleged violation(s) against him/her.

Johnson City, TN

Johnson City does not have specific regulations on short-term rentals, but updated the city code in 2019 to include them in the collection of hotel/motel taxes (set at 7%). The city's municipal code (Title 5, Chapter 3, Sec. 5-301(6)) specifies that a short-term rental property can be "owner-occupied, on a lot with an owner-occupied residence, or not owner-occupied," and rented for a period between 1 and 89 days.

Jackson, TN

Jackson regulates short-term rentals in the same manner as "rooming and boarding houses," which are allowed in their multifamily zoning districts (RG-2) and above. STVRs are not allowed in single-family districts.

¹⁸Franklin defines a *primary residence* based on the following criteria: A. Occupies a dwelling for more than 21 days a month on average within any 12-month period; B. Registers to vote using the address of a dwelling; C. Receives mail at a dwelling; D. Registers a vehicle or applies for a driver's license using the address of the dwelling; and, E. Is registered to attend school, if applicable, using the address of the dwelling. (Franklin Zoning Ordinance, Chapter 23).

Hendersonville, TN

Hendersonville allows for vacation rentals in two of its commercial zones: general commercial (GC) and “old town” commercial (OTC). The OTC zone only allows for vacation rentals above the first floor, and recently proposed updates to the ordinance would restrict owners to one rental per structure.¹⁹

Bartlett, TN

Bartlett allows short-term rentals, by permit, in virtually every residential (including agricultural and townhouse zones) and commercial zones. Like many other municipalities which allow STVRs, the city requires an inspection, a local contact person for complaints/emergencies, proof of insurance, and proof of compliance with all applicable tax laws.

Kingsport, TN

Kingsport does not have regulations, stipulations, and/or permitting applicable to short-term rentals. Existing residential zoning in residential districts (R-1A) allows for “accessory uses” of residential property, including living quarters for guests (without cooking facilities) and “home occupations and roomers or boarders” (Sec. 114-182).

Smyrna, TN

Smyrna’s zoning ordinance specifies that “no single detached dwelling or portion thereof may be rented out to any tenant(s) for a period of less than three months.”²⁰

Collierville, TN

Collierville adopted an ordinance prohibiting short-term rentals in 2017.²¹

Spring Hill, TN

Spring Hill does not regulate STVRs.

Cleveland, TN

Cleveland allows short-term rentals (classified as “tourist, guest, or boarding homes”) as conditional uses (requiring board of zoning appeals approval) in high density and multifamily residential (R3), mobile home (R4), commercial/neighborhood district (CN), and light industrial (IL) zones, and by right in commercial zones.

Brentwood, TN

Brentwood outlaws short-term rentals (of less than three months) in residential zones ([Chapter 78.19 \(e\)](#)). As such, short-term rentals have effectively been outlawed in Brentwood since 2009.

¹⁹Hendersonville: *Zoning Ordinance Proposed Revisions, June 2022*.

²⁰*The Zoning Ordinance of Smyrna, Tennessee*, p. 9

²¹Collierville, TN: Ordinance 2017-10 – *An ordinance to amend Title XV, Chapter 151, of the Town Code, by amending §151.003 Definitions and §151.021 Uses Permitted in Each Zoning District, to prohibit Short-Term Rentals*

Gallatin, TN

Gallatin adopted amendments to the city zoning ordinance which allows for short-term rentals in the majority of zones designated for residential, commercial, or mixed-use. As of 2021, the city has a permitting process that requires owners to undergo an annual inspection and designate a local contact for dealing with emergencies and/or complaints.

Columbia, TN

Columbia limits short-term rentals commercial zoning districts, and requires that the owner live on-site. Owner-occupied units are considered residences where an owner rents a portion of a single-family home, or where the owner lives on site with a multi-family (up to six) unit(s).

Germantown, TN

Germantown does not allow for short-term rentals, defined as a period less than 30 days. (“No transient dwelling or portion thereof may be occupied by any transient guest(s) for a period of less than 30 continuous days.” [Chapter 23, Article III, Sec. 23-302.](#))

Mount Juliet, TN

Mount Juliet restricts short-term rentals (on a permitted basis) to the city’s (*RM-16*) multifamily residential district. In addition to higher density residential (up to 16 units per acre), any RM-16 district in the city is also overlain with a PUD.

La Vergne, TN

La Vergne does not currently regulate short-term rentals.

Lebanon, TN

Lebanon has very few short-term rental properties, but currently treats them as home occupations (businesses), and regulates them as such. Per their current ordinance, no more than 25% of the residence may be used for a home occupation, and accessory units cannot be used; thus, short-term rentals are essentially limited to owner-occupied units where no more than 25% of the home is rented. In cases where the property is located in a commercial zoning district, the property is regulated as if it were a hotel.

Cookeville, TN

Short-Term Rentals like Airbnb and Vacation Rentals by Owner (VRBO) are only allowed in the following zones: RM8, RM14, PRD, CBD, CN, CL, CG, MS and UNV.

Maryville, TN

Maryville allows short-term rentals in zones dedicated to commercial, business, and higher density residential, but excludes rental properties in single-family residential, historic districts, and estate zones. In addition to similar permitting and inspection processes in other Tennessee cities, Maryville requires a \$300 application fee and a local contact that is responsible for responding to the property within 45 minutes.

Oak Ridge, TN

Oak Ridge adopted a rental inspection program for all rental units in 2013. There is no ordinance or regulation specific to short-term rentals, although they are allowed in the same districts as other rental units within the city. Any code violations with short-term rentals are handled as with any other property, including a \$50/day fine or further legal action, depending on the nature of the violation.

Morristown, TN

Non-owner occupied short-term rentals are allowed in business, office, tourist accommodation, and mixed-use districts and is governed by provisions in the zoning ordinance pertaining to the regulation of home occupations (businesses). Additionally, owner-occupied rentals are allowed at the owner's primary residence, although the owner does not have to remain at the property during the rental period. However, an owner or operator must be available 24 hours per day and be able to respond within 45 minutes in the case of any issue or complaint.

Bristol, TN

Bristol does not currently regulate short-term rentals.

Shelbyville, TN

Shelbyville does not currently regulate short-term rentals.

Farragut, TN

Farragut restricts all new STVRs as of 2019²², but recognizes the lawful operation of those existing prior to May 17, 2018 (when Tennessee's *Short-Term Rental Unit Act* took effect).

East Ridge, TN

East Ridge has application procedures and regulations similar to Chattanooga, with the exception that short-term rentals are not allowed in single-family zones (R-1 Residential District; RT-1 Residential Townhouse District; and, RZ-1 Zero Lot Line Residential District).

Tullahoma, TN

Tullahoma does not currently regulate short-term rentals.

Red Bank, TN

Red Bank's zoning ordinance allows short-term rental units in the R-3, R-4, RT-1, R-5, C-1, C-2 and C-3 zones. Also allowed in the R-3 zone are duplexes and apartments if part of a mixed-residential development, and community facilities such as parks, golf courses, and churches. All short-term rentals are subject to the requirements of Title 9 Chapter 16 of the Red Bank Municipal Code. These regulations require a permit to operate short-term rental units which may be revoked should three or more code violations be cited within 12 months.

²²Farragut Zoning Code, Chapter 4, Sec. X ([link](#)).

Peer Cities Comparable to Chattanooga

Peer cities were selected among those in Southeastern states with populations between 150,000-250,000 and matched with Chattanooga based on the following factors: Non-White population percentage; the percentage of adults (25+) with a Bachelor's degree or higher; median household income; percent of homeowners (versus renters); and, the percentage of occupied homes that are single-family dwellings. These 20 cities are shown below, grouped by state, in Table 18. (Note: This list excludes TN cities, as they are included in the section above.)

Table 18: Comparison of Chattanooga's Southern Peer Cities

City	State	Population	Non-White (%)	Bachelor's + (%)	Median Income	Homeowners (%)	Single-Family Homes (%)
Birmingham	AL	200,733	77%	29%	\$ 38,832	37%	59%
Huntsville	AL	215,006	45%	44%	\$ 56,758	52%	63%
Mobile	AL	187,041	60%	31%	\$ 43,456	44%	69%
Montgomery	AL	200,603	72%	33%	\$ 49,608	46%	69%
Little Rock	AR	202,591	58%	43%	\$ 53,620	47%	62%
Fort Lauderdale	FL	182,760	52%	37%	\$ 64,313	42%	37%
Hollywood	FL	153,067	63%	28%	\$ 54,317	47%	42%
Augusta-Richmond	GA	202,081	67%	23%	\$ 43,759	42%	60%
Columbus	GA	206,922	62%	27%	\$ 47,418	43%	66%
Macon-Bibb	GA	157,346	64%	25%	\$ 41,317	43%	65%
Baton Rouge	LA	227,470	66%	35%	\$ 44,177	41%	57%
Shreveport	LA	187,593	65%	26%	\$ 40,809	46%	70%
Springfield	MO	169,176	21%	29%	\$ 37,491	40%	63%
Fayetteville	NC	208,501	66%	27%	\$ 46,321	38%	62%
Winston-Salem	NC	249,545	56%	34%	\$ 47,269	48%	62%
Amarillo	TX	200,393	48%	23%	\$ 52,941	53%	70%
Pasadena	TX	151,950	75%	15%	\$ 57,781	47%	59%
Newport News	VA	186,247	62%	28%	\$ 54,511	44%	51%
Norfolk	VA	238,005	59%	30%	\$ 53,026	40%	49%
Richmond	VA	226,610	58%	41%	\$ 51,421	39%	48%
Chattanooga	TN	181,099	45%	31%	\$ 47,165	47%	59%

Source: U.S. Census Bureau: 2020 Decennial Census (P.L. 94-171 Summary File) & 2016-2020 American Community Survey Data

Summary of Peer Cities' Short-Term Rental Regulations

Of the 20 peer cities listed above, 13 can be classified as having low to moderate regulations over short-term rentals (both owner-occupied and non-owner occupied), ranging from state and/or local requirements to remit applicable taxes to common safety and codes requirements such as fire alarms, building inspections, and permitting processes.

The remaining seven have additional restrictions in place or currently under consideration. For example: Huntsville, Alabama only allows STVRs in higher-density residential and commercial zones; Shreveport, Louisiana, Springfield, Missouri, and Norfolk, Virginia have instituted a proximity or density limit (only allowing a certain number of rentals within a given area or creating buffer restrictions); Newport News and Richmond, Virginia restrict rentals to an owners' primary residence, but are allowed to rent the property for up to 180 days (though, not in single-family zones in the case of Newport News). Finally, in addition to a density restriction that no more than 12.5% of properties on a given city block may obtain a rental permit, Springfield, Missouri also requires that non-owner occupied units must host a neighborhood meeting, address any concerns of their neighbors, and obtain approval from at least 55% of adjacent property owners.

Birmingham, AL only requires that short-term rental properties obtain a business license and pay the applicable taxes based on the city's lodging tax rate of 6.5%. To date, no further regulations specific to STVRs exist.

Huntsville, AL only permits "tourist homes" in some higher density (R2-B) and commercial districts (C-4, *Highway Business District*; and C-5, *Commercial Recreation District*).

Mobile, AL requires that a short-term rental obtain a city business license, designate a responsible party for dealing with emergencies and complaints, and meet certain requirements related to building codes and safety, such as the instillation of fire alarms, a fire extinguisher, and prominently displayed address for emergency responders.

Montgomery, AL requires that short-term rental owners collect the 11% transient room tax, but the city does not appear to regulate STVRs beyond taxation.

Little Rock, AR has recently proposed regulations on short-term rentals²³; however, the only regulations to date pertain to the collection of applicable state and local taxes.

Fort Lauderdale, FL regulates any dwelling (excluding time-shares) rented more than three times in a calendar year as a vacation rental.²⁴ The city does impose certain requirements related to registration, establishing a responsible party, taxation, and safety requirements, but does not restrict the location of these properties in any way. Additionally, the Fort Lauderdale does have a mechanism in place for suspension and/or revocation of a vacation rental permit if its property owner or occupant(s) is in violation of local ordinances or state law.²⁵

²³Little Rock, AR: Short-Term Rental Draft Ordinance (August 2021)

²⁴As defined in Florida Statutes 509.013 & 509.242

²⁵City of Fort Lauderdale, Ordinance C-16-25

Hollywood, FL regulates short-term rentals in a manner similar to Fort Lauderdale, in that properties which are rented more than three times per year are required to obtain a vacation rental license, adhere to basic building code and safety protocols (e.g. maintaining smoke detectors), and has a process for permit revocation if in violation of local and/or state laws. The city manager or their designee makes an administrative decision regarding permitting, revocations, and/or suspensions, which may be appealed to the city council.²⁶

Augusta-Richmond County, GA does not currently regulate short-term rentals; however, the State of Georgia enacted legislation in 2021 that requires all short-term rentals to collect a \$5 per night lodging tax, similar to what hotels and motels are required to collect.

Columbus, GA provides a permitting process for short-term rentals, similar to other municipalities where property owners are required to complete an application, maintain insurance, and submit to an inspection to insure code and safety standards. The city does have a process in place to regulate rentals that are found to violate local zoning, code, and/or ordinance violations, susceptible to fines and/or the revocation of their rental permit.²⁷

Macon-Bibb County, GA adopted a short-term vacation rental ordinance that is similar to others in Georgia, but does contain a provision that owners must execute a rental agreement with occupants that acknowledge the occupants' awareness of local noise ordinances, occupancy and parking restrictions, and that violation of any applicable federal, state, or local law may be grounds for eviction and liability of any assessed fines resulting from said violations.²⁸ Additionally, local law enforcement is required to maintain a list of "all code violation charges, founded accusations and convictions occurring at or relating to a short-term vacation rental unit," which can be used as grounds for suspension or revocation of a STVR permit.²⁹ On matters related to the suspension and/or revocation of a STVR permit, the county manager (or their designee) is the final administrative arbiter on the matter.

Baton Rouge, LA does not currently regulate short-term rentals; however, the parish planning commission recently worked with the Federation of Greater Baton Rouge Civic Associations and the Greater Baton Rouge Association of Realtors to draft proposed regulations of STVRs for the metropolitan government.³⁰ Non-owner occupied STVRs may be permitted if granted a conditional use by the planning commission in single-family zoning districts, and limited use (with certain restrictions) in multifamily and commercial zones. Properties authorized to operate a non-owner occupied STVR must obtain a permit, provide one parking space per bedroom, and are subject to revocation if found in violation of a local ordinance three times within a calendar year. Those currently in operation prior to the proposed changes going into effect have nine months to comply upon passage of the new ordinance.

Shreveport, LA adopted a short-term rental ordinance in 2021, instituting a permitting process that has become common in many cities. The city requires STVR owners to obtain a permit with the city, show proof of insurance, obtain a business license, and submit a site plan that includes proof of compliance with parking and safety provisions of the ordinance. However, unless granted a special use exemption

²⁶Hollywood, Florida *Vacation Rental License Regulations*

²⁷Columbus, Georgia: Unified Development Ordinance, Article 9, Section 4.9.8 (*Short-term regulation procedure*).

²⁸Macon-Bibb County, GA: STVR Ordinance (2018)

²⁹Macon-Bibb County, GA: STVR Ordinance (2018), Sec. 7-377(b)

³⁰Baton Rouge, LA: Proposed Short-Term Rental Regulations; Executive Summary

with the Board of Zoning Appeals, units may not be within 500 feet of another short-term rental property or host more than 10 guests at a time.

Springfield, MO implemented a process in 2019 whereby non-owner occupied short-term rental properties in residential zones must host a neighborhood meeting, submit comments addressing any concerns of their neighbors, and obtain the approval of 55 percent of adjacent property owners. Additionally, the city adopted density restrictions where no more than 12.5% (one in eight) of residential structures in a given city block may obtain a permit unless an appeal is granted by the city council.³¹

Fayetteville & Winston-Salem, NC The North Carolina Court of Appeals recently ruled³² that certain regulations on rental properties, such as a permitting process, are in conflict with applicable state laws. Thus, municipalities in the state are limited in their ability to regulate short-term rentals through a permitting and/or inspection process, but still retain the ability to regulate them “through common development regulations and police power ordinances focused on public health and safety.”³³

Amarillo, TX recently proposed updates to its zoning ordinance which does not seek to regulate short-term rentals other than specifying that they may operate in any district not classified as heavy commercial and industrial districts.³⁴

Pasadena, TX is a non-zoned municipality, and land use is governed through city ordinances and deed restrictions; currently, there are no ordinances regulating short-term rentals.³⁵ The city does have certain regulations on rental properties, but are not specific to short-term rentals (i.e. do not specify a period of time for rental agreements).³⁶

Newport News, VA recently passed a series of ordinances that restricts short-term rental properties to those where an owner resides at least 185 days per year, places occupancy restrictions on single- and multi-family units³⁷, and provides for additional requirements such as parking minimums, fire and safety code compliance, a permitting process, and maintenance of a guest log that is open to inspection.³⁸

Norfolk, VA recently adopted changes to its zoning ordinance which includes, among other regulations: a limit on the number of short-term rentals permissible per lot (24 in the Residential Coastal zone, and 9 in any other zone); a requirement that any building with more than 9 units have on-site property management; a requirement that all properties have security cameras capable of recording all parking and exterior common areas (which must be maintained for 30 days, and made available to city staff upon request), and a decibel meter capable of alerting guests when they exceed a specified noise level.³⁹

³¹City of Springfield, MO: STR Type 2 Application; *CivicEngage: Application deadline for type 2 short-term rental properties is Wednesday*

³²*Schroeder v. City of Wilmington* 2022 NCCOA 210 (COA21-192)

³³**lovelady2022.**

³⁴Amarillo, TX: *Comments/Feedback received related to proposed zoning code revisions*

³⁵Pasadena, TX: *Zoning; Codes & Ordinances*

³⁶Pasadena, TX: *Code of Ordinances, Chapter 16 ½*

³⁷Single and two-family residences are capped at two guests per bedroom, and a maximum of six guests. Multi-family units are capped at no more than 10 percent of the dwelling units within a given development.

³⁸Newport News, VA: *Ordinance 7805-22; Ordinance 7806-22; Ordinance 7807-22*

³⁹Norfolk Zoning Ordinance Article 4.2.3.F.10 (e) & (f)

Richmond, VA is currently undergoing a review of their short-term rental ordinance, but currently has a policy in place where property owners can rent their primary residence (in whole or in part) for up to 180 days per year (the owner must reside at the property at least 185 days per year, however). Some of the factors under current consideration are: the primary residence requirement; whether to maintain short-term rentals as an accessory use in applicable zones; additional taxes or fees; a limit on the number of nights a rental can operate; and, greater enforcement for noncompliance.⁴⁰

⁴⁰Richmond, VA: *Three Zoning Changes* (Aug. 9, 2022); Short-Term Rentals