



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

[MPC Comment] Short Term Leasing

1 message

'Donna Brunson' via Commission <commission@knoxmpc.org>

Tue, May 9, 2017 at 1:28 PM

Reply-To: molegirl@aol.com

To: "commission@knoxmpc.org" <commission@knoxmpc.org>

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

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This message was directed to commission@knoxmpc.org



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

[MPC Comment] STR Ordinance

1 message

Chuck Powell <chuckp@mbiarch.com>

Tue, May 9, 2017 at 2:57 PM

Reply-To: chuckp@mbiarch.com

To: commission@knoxmpc.org

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

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This message was directed to commission@knoxmpc.org



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

[MPC Comment] Fourth & Gill | Short Term Rentals


1 message

Jenny Wright <jmatthewswright@gmail.com>

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 <gerald.green@knoxmpc.org>, Charles Thomas <thomas.law@juno.com>

Cc: Jenny Wright  <jmatthewswright@gmail.com>

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 & Gill

Neighborhood Organization President

jenny m. wrightjmatthewswright@gmail.com

865-386-1170

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This message was directed to commission@knoxmpc.org**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 11th. 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>

[MPC Comment] Re: Short Term Rentals

1 message

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

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

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

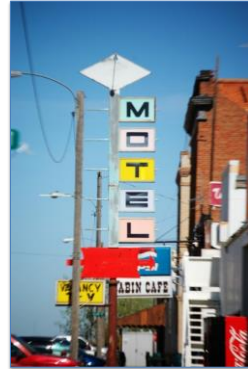
- There is no singular way to regulate this business model—every city has different needs and thus needs a different ordinance.
- Common reasons for regulating STR include:
 - neighborhood preservation
 - public safety
 - enabling citizens to fill income gaps
 - protecting affordable housing
 - economic 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

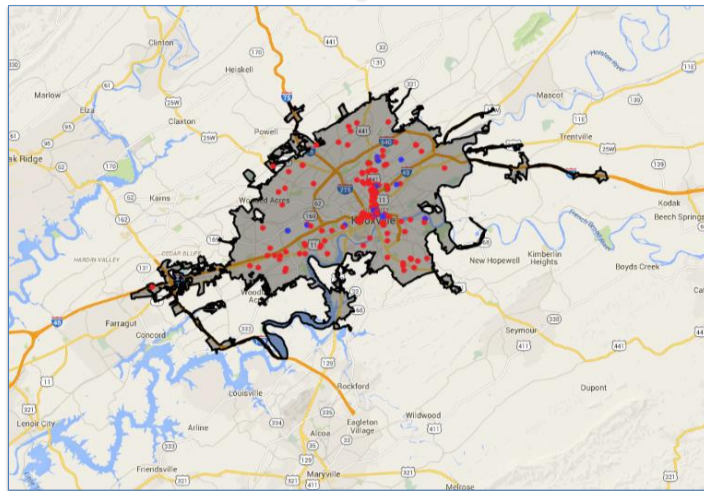
- Neighborhood Advisory Council; August 10, 2016
- Draft Framework Released
- [Public Meeting; October 18, 2016](#)
- Email Established & Public Comment Period Open
- Draft Ordinance Released; March 2017
- [Public Meeting; April 4, 2017](#)
- Final Ordinance Proposal Released; April 2017
- Additional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



QUESTIONS?

