File #: BL2024-478, **Version:** 2

An ordinance to amend Chapter 6.28 of the Metropolitan Code pertaining to Short Term Rental Properties.

WHEREAS, short-term rental of homes can provide homeowners an opportunity to derive income to help defray the cost of homeownership; and

WHEREAS, short-term rental of homes can provide a flexible housing stock that allows travelers a safe accommodation while contributing to the local economy; and

WHEREAS, the needs of long-term residents must be balanced with the allowance of short-term rentals; and

WHEREAS, to further this goal, Nashville's Short Term Rental Property ordinance should be updated for greater clarity.

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1. That Section 6.28.010 of the Metropolitan Code of Laws is hereby amended by deleting Section A. in its entirety and replacing it with the following:

Every person operating a hotel, roominghouse, or Short Term Rental Property, engaged in the business of lodging transients, shall keep a book or register in which shall be listed the name and address of each of its guests or lodgers, together with the date of arrival and the date of departure.
Section 2. That Section 6.28.030 of the Metropolitan Code of Laws is hereby amended by deleting Subsection A.3.b.iv. in its entirety and replacing it with the following:

iv. For owners applying for an owner-occupied permit, five documents giving proof of owner-occupation shall be provided. Each document must be current and show the owner's name and address matching that of the property to be utilized for short term rental. Two documents are required from Group A and three documents are required from Group B:

(1) Group A acceptable documentation includes: (a) Tennessee Driver's license; (b) other valid State of Tennessee identification card; (c) Davidson County voter registration card; (d) Internal Revenue Service tax reporting W-2 form; (e) Current Motor Vehicle Registration or Title.

(2) Group B items include (a) current automobile, life, or homeowners' insurance policy. (Wallet Cards not accepted); (b) paycheck/check stub, (c) a bank statement (d) current employer verification of residential address or a letter from the employer on company letterhead with original signature, excluding applicants that are self employed (If the employer does not have letterhead, the signature of the employer must be notarized.).

Section 3. That Section 6.28.030 of the Metropolitan Code of Laws is hereby amended by adding the following as Subsection A.3.c:

c. The zoning administrator has the discretion to deny applications for an owner-occupied short term rental application on the following grounds:

i. Any documentation, including written statements by the owner, that the owner does not permanently reside on the property or would cease to permanently reside on the property during the period for which the permit is valid.

ii. Affidavits from neighbors regarding the residency of the applicant.

Section 4. That Section 6.28.030.A.5.i of the Metropolitan Code of Laws is hereby amended by adding subsection 6.28.030.A.5.i.v as follows:

v. The zoning administrator may require additional proof of residency if there are concerns regarding the authenticity or accuracy of previously submitted documentation.

Section 5. That Section 6.28.030 of the Metropolitan Code of Laws is hereby amended by adding the following sentence to the end of Subsection A.5.k:

If the zoning administrator determines that there has been a change in ownership as set forth under State law, the permit will no longer be valid, and the new property owner must apply for a permit under the regulations in effect at the time the new application is received.

Section 6. That Section 6.28.030.A.5.l of the Metropolitan Code of Laws is hereby amended by inserting a new subsection 6.28.030.A.5.l.v as follows and renumbering the subsequent subsections accordingly:

v. Upon the final determination of denial of an STRP permit, no new permit application may be filed by the applicant for the same property for a period of six months from the date the denied application was filed.

Section 7. That Section 6.28.030 of the Metropolitan Code of Laws is amended by deleting Subsection B.2.d.ii and replacing it with the following:

ii. Notwithstanding subsection (d)(i) of this section, a STRP permit applicant may be exempt from the minimum distance requirements set forth herein upon the adoption of a resolution, after a public hearing, by the metropolitan council receiving twenty-one affirmative votes approving the exemption of the STRP unit from said minimum distance requirements. One resolution and public hearing may be held for the exemption of multiple dwelling units on a single tax parcel or within a single multifamily development containing one or multiple parcels if the permit applications are submitted at the same time and the dwelling units are owned by the same owner. The department of codes administration shall notify the councilmember for the district in which the applicant unit is located in writing within five business days from the date the application is filed requesting the waiver of distance requirements. The public hearing required by this subsection shall be conducted by the council at a regular meeting of the council. Public notification of the hearing shall be conducted pursuant to the public notice requirements for amendments to the official zoning map in accordance with Article XV of Chapter 17.40 of the metropolitan code, provided that notice by mail shall be sent to all property owners within six hundred feet of the unit seeking the exemption from the minimum distance requirements not later than fourteen days prior to the scheduled public hearing on the resolution. Further, a public notice sign meeting the general requirements of Section 17.40.730 of the metropolitan code shall be posted on the property of the applicant seeking the exemption from the minimum distance requirements at least fourteen days prior to the scheduled public hearing. The costs for the public notification requirements shall be paid by the applicant. The applicant shall coordinate the scheduling of the public hearing with the metropolitan clerk's office prior to the filing of the resolution for purposes of including the date and time of the public hearing in the public notice to be mailed.

Section 8. That Section 6.28.030 of the Metropolitan Code of Laws is hereby amended by adding the following sentence to Subsection B.5.k:

If the zoning administrator determines that there has been a change in ownership as set forth under State law, the permit will no longer be valid, and the new owner must apply for a permit under the regulations in effect at the time the new application is received.

Section 9. This Ordinance shall take effect from and after its final passage, the welfare of the Metropolitan Government of Nashville and Davidson County requiring it.

Analysis

This ordinance, as amended, amends Chapter 6.28 of the Metropolitan Code of Laws related to short term rental properties.

Section 6.28.030, Subsection A, regulates permits for the “Short term rental property (STRP) - Owner-occupied” use. The ordinance under consideration would amend this Subsection to require additional documentation be provided for proof that a unit is owner-occupied. Currently, two documents giving proof of owner-occupation are required in the application. As amended, the ordinance under consideration would require four documents be provided. A new provision would be added to authorize the zoning administrator to deny applications for an STRP - Owner-occupied permit based on documentation, including written statements by the owner, that the owner does not permanently reside on the property or would cease to reside on the property during the period for which the permit is valid or based upon affidavits from neighbors regarding the residency of the applicant. The zoning administrator would also be authorized to require additional proof of residency if there are concerns regarding the authenticity or accuracy of the submitted documentation. As amended, if the zoning administrator determines that there has been a change in ownership, the permit would no longer be valid, and the new owner would be required to apply for a new permit to continue the use. Finally, if an STRP - Owner Occupied permit was denied, the applicant would be prohibited from filing an application for the same property for a period of six months from the date of the denial.

Section 6.28.030, Subsection B, regulates permits for the “Short term rental property (STRP) - Not owner-occupied” use. The Metro Code prohibits new permits for STRP - Not owner-occupied that are less than 100 feet from a religious institution, a school or its playground, a park, or a licensed day care center or its playground. An exemption from the minimum distance requirements may be granted upon the adoption of a resolution, after a public hearing, by the Council receiving 21 affirmative votes. The ordinance under consideration would clarify that one resolution could be used to exempt multiple dwelling units on a single tax parcel or within a single multifamily development if the applications are submitted at the same time and the units are owned by the same owner. As amended, a provision would be added stating that if the zoning administrator determines that there has been a change in ownership, the permit would no longer be valid, and the new owner would be required to apply for a new permit to continue the use.

Additionally, Section 6.28.010 of the Metropolitan Code would be amended to add Short Term Rental Property to the requirement that those engaged in the business of lodging transients keep a book or register with the names of its guests or lodger together with the date of arrival and departure.

An amendment was added at the October 1, 2024, Council meeting. This amendment changed the requirement for Short Term Rental Property Owner-occupied that an individual must permanently reside at the property subject to the permit to a requirement that the property is their primary residence. In addition, the amendment made a clarification to the acceptable documentation for proof of ownership for Short Term Rental

Property Owner-occupied to allow for any Internal Revenue Service tax reporting forms instead of only a W-2 form.

Amendments two and three were approved at the October 15, 2024, Council meeting. Amendment two clarified the provision related to changes in ownership for a Short Term Rental Property permit. Amendment three reduced the number of documents required for proof of owner-occupation from five to four and clarified that different types of insurance policies can be used for documentation.