

**ORDINANCE NO 359-26-1C**

**AN ORDINANCE OF THE CITY OF TOWNSEND DEFINING TOURIST RESIDENCES AS  
SHORT-TERM RENTAL UNITS AND PROVIDING REGULATORY FRAMEWORK FOR A  
PERMITTING PROCESS REGARDING THE OPERATION OF SHORT-TERM RENTAL UNITS**

**WHAREAS**, in 2017 the City of Townsend defined residential short-term rentals as Tourist Residences in ordinance 291-17-IP, and

**WHEREAS**, the City of Townsend, along with cities across the state of Tennessee, has experienced growth in the popularity of short-term rentals of residential units or dwellings; and

**WHEREAS**, the City of Townsend Zoning Ordinance 8-602 requires a permit for operating a Tourist Residence; and

**WHEREAS**, the city desires to require all Tourist Residences have a valid permit for operation; and

**WHEREAS**, the City has no mechanism for determining whether properties offered to the public as Tourist Residences offer appropriate safety features, such as smoke alarms, carbon monoxide detectors and other life safety features, and

**WHEREAS**, the city does not have a regulatory framework for issuing permits for Tourist Residences, and

**WHEREAS**, in the absence of a regulatory framework, the City cannot effectively monitor short-term rentals, ensure public safety, or assess and collect applicable taxes; and

**WHEREAS**, the City believes it is imperative to adopt such ordinance providing a regulatory framework for a permitting process that balances the protection of neighborhoods with the interest of individuals who wish to rent their property on a short-term basis; and

**WHEREAS**, the City has determined that regulation of Tourist Residences is necessary to protect health, safety, and welfare of the public and to promote the public interest by regulation methods of operation: and

**WHAREAS**, in 2018 the State of Tennessee passed the Short-Term Rental Act, T.C.A. 13-7-601, providing a definition for short-term rentals.

**WHEREAS**, the City has determined that it should adopt the definition of the State of Tennessee for Short-Term rentals to ensure consistency and compliance with State Code; and

**WHEREAS**, the City further finds that unregulated short-term rental activity may result in adverse secondary effects including noise disturbances, parking congestion, solid waste impacts, and increased demand on public safety services such as fire and police; and

**WHEREAS**, the provisions of this Ordinance are intended to fully comply with the Short-Term Rental Unit Act, codified at Tennessee Code Annotated 13-7-601.

**NOW, THEREFORE, BE IT ORDAINED** that the Board of Commissioners for the City of Townsend as follows:

**(a) Definition**

The City of Townsend Zoning Ordinance shall be amended as follows:

- Section 8-203 item number 37-g and 80 shall be changed to read “ Short-Term Rental Unit: a residential dwelling that is rented wholly or partially for a fee for a period of less than thirty (30) continuous days and does not include a hotel as defined in T.C.A. 68-14-302 or a bed and breakfast establishment or a bed and breakfast homestay as those terms are defined in T.C.A. 68-14-502.”
- Section 8-602 shall be changed to read “Short-Term Rental Unit – single family dwellings may be used as Short-Term Rental Units by obtaining an annual Short-Term Rental Unit permit from the City and complying with all applicable provisions of this Ordinance.”

**(b) Permitting Requirements**

**1. Permit and Business License Required**

All persons eligible to operate a Short-Term Rental Unit within the City of Townsend, regardless of the property’s zoning district, must obtain a Short-Term Rental Unit Permit pursuant to this section and a City of Townsend Business License. The City reserves the right to inspect the premises upon submission of permit application and at reasonable times, thereafter, including periodic or complaint-based inspections, to verify compliance with all applicable life safety operational requirements. Operators must have a valid permit before advertising the their Short-Term Rental Unit(s) for use, accepting reservations, or allowing occupancy for short-term rental use.

**2. Previously Operating Short-Term Rental Units.**

Only those property owners who were lawfully operating a Short-Term Rental Unit prior to the effective date of this Ordinance shall be eligible to continue operation, provided such owner submits a completed permit application within sixty (60) days of the effective date of this Ordinance. Evidence of lawful

operation may include listing history, rental activity, or other documentation demonstrating compliance with applicable law. Evidence of tax remittance may be considered but shall not be the sole determining factor.

**(c) Application Requirements**

All qualifying property owners seeking to operate a Short-Term Rental Unit shall submit a completed application to the City of Townsend. An application is not considered complete until all required information is received. At a minimum, the application shall include:

1. Written acknowledgement that the applicant has read and agrees to comply with all applicable regulations, including business license requirements, occupancy privilege tax requirements, and all applicable City of Townsend, Blount County Government and State of Tennessee regulations and requirements, laws and ordinances.
2. An affidavit of life safety compliance certifying the presence and operability of the following equipment, inspections and plans:
  - Smoke alarms meeting UL217 standards inside each sleeping room, outside sleeping areas and on each level of the dwelling, including basements.
  - Carbon monoxide detectors meeting UL2034 within fifteen (15) feet of all bedrooms
  - At least one (1) operational fire extinguisher per floor in a readily accessible location.
  - Exit paths shall be maintained in proper working order and shall be free from any obstructions.
  - Floor evacuation plans shall be located on each level, including basements, that depict the locations of sleeping areas and exit routes. Evacuation plans need to have "You Are Here" marked and guidance on how to exit the unit from that spot clearly marking the exits.
  - Chimney and Fireboxes must be professionally cleaned and inspected annually by a certified chimney cleaning professional. If a chimney or firebox is no longer in service, functional, or if an owner does not allow the use of the chimney or firebox, then it must be completely blocked off from visitor access.

The City may require verification of life safety compliance through inspection or submission of third-party certification when reasonably necessary to protect public safety.

3. Confirmation that the application is submitted by the property owner or an authorized individual acting on behalf of a business entity or trust, including proof of good standing with the Tennessee Secretary of State when applicable.
4. Designation of a local contact person is available twenty-four (24) hours a day, seven (7) days per week. Capable of responding in person within forty-five (45) minutes of notice of a complaint and authorized to take corrective action.
5. Contact information for the owner and, when applicable, the responsible representative for any business or trust.
6. A site plan and floor plan showing dwelling size, room use, number and size of beds, accessory structures, off-street parking spaces and maximum number of overnight vehicles. Maximum occupancy shall not exceed two (2) beds per bedroom with bunk beds accounting for 1 bed. Total maximum occupancy for any Short-Term Rental Unit being 12 persons. Units exceeding 12 occupants shall be considered commercial lodging and will not be considered as Short-Term Rental Units.
7. Off-street parking shall be provided at a minimum ratio of one (1) space per bedroom. On-Street parking associated with Short-Term Rental Units shall be prohibited unless otherwise permitted by applicable City regulations.
8. A written indemnification agreement holding the City of Townsend harmless from all claims arising from operation of the Short-Term Rental Unit.
9. For properties previously operating under subsection (b)(2), documentation of a valid City of Townsend business licenses and tax remittance history.
10. A complaint log shall be maintained by the permit holder documenting all complaints received regarding the Short-Term Rental Unit and the corrective actions taken, such records shall be made available to the City upon request.

**(d) Permit Issuance and Renewal**

1. The City of Townsend shall issue or deny a permit within (14) business days of determining whether the application is complete.
2. Operating permits are valid for one (1) year unless suspended or revoked.
3. Permit application fee shall be \$250 (non-refundable) each year.
4. Permit renewal applications must be submitted no later than fourteen (14) business days before permit expiration.
5. Operating Permits are not transferable. Any attempt to transfer the permit shall render the permit void. A transfer of the ownership interest in the property itself shall also render the permit void, whether the transfer is voluntary or involuntary and whether by deed, court order, foreclosure, bylaw or otherwise.


6. Except in instances where constitutional principles or binding state or federal laws otherwise provide, the provisions of this article and any ordinances or other measures concerning Short-Term Rental units are not a grant of vested rights to continue as Short-Term Rental Unit indefinitely.
7. Any Short-Term Rental use, and permits for Short-Term Rental Units, are subject to provisions of other ordinances, resolutions, regulations, codes or other City Townsend and/or State of Tennessee measures that have been or may be enacted or adopted at a later date, even though such ordinances, resolutions, regulations, codes or other City of Townsend and/or State of Tennessee measures may change the terms, conditions, allowance or duration for Short-Term Rental Unit use, with or without some period of amortization.
8. The City of Townsend shall enforce compliance through a graduated enforcement process consisting of:
  - a) Written warning for an initial violation
  - b) Civil citation and fines for subsequent violations
  - c) Suspension of permit for repeated violations
  - d) Revocation of permit for continued noncompliance, material misrepresentation, threats to public safety, ownership change, inactivity exceeding thirty (30) months, or repeated violations of applicable law or regulations. Repeated violations shall include three (3) or more substantiated violations within a twelve (12) month period.
9. Any denial or revocation may be appealed to the Board of Zoning Appeals within thirty (30) calendar days.


**BE IT FURTHER ORDAINED** that this ordinance takes effect from the final passage, and that any part of any prior ordinance to the contrary is hereby declared null and void, the public welfare requiring it.

**PASSED AND ADOPTED** by the Board of Commissioners of Townsend, Tennessee on this 19<sup>th</sup> day of May 2026, public welfare requiring it.

PASSED ON 1<sup>ST</sup> READING April 21, 2026

PASSED ON 2<sup>ND</sup> READING May 19, 2026

  
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Mayor, City of Townsend

  
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City Recorder, City of Townsend