

ORDINANCE NO. _____

**AN ORDINANCE TO ESTABLISH REQUIREMENTS, PROHIBITIONS, and PROCEDURES
FOR THE ESTABLISHMENT, MANAGEMENT, MAINTENANCE, and REGISTRATION OF
SHORT-TERM RENTALS IN THE CITY OF MONTGOMERY**

Section 1: Definitions

Short-Term Rental: The use of any habitable dwelling or portion thereof for overnight occupancy that is leased for a period of less than 180 consecutive days, excluding commercial businesses that operate facilities primarily for the purpose of short-term rental which are already required to be licensed by other ordinances requiring business licenses, such as mobile home parks, RV parks, hotels, motels, bed and breakfasts, etc., which shall include business transaction(s) involving co-living arrangements for less than 180 days involving room-rental or partial property rental by a primary resident owner/lessee to any unrelated individual(s), through which the primary resident owner/lessee receives remuneration.

Operator: Any person and/or business entity who owns, leases, controls, manages and/or operates a Short-Term Rental Unit on behalf of its property owner. If the unit is leased, controlled, managed or operated by an entity or individual which is not also the owner of the unit, Operator must submit a notarized Power of Attorney or Declaration of Representative from the registered owner of the property designating said Operator as its agent for purposes of its short-term rental, maintenance, compliance with all state laws, city ordinances and regulations, and payment of all city and county taxes on the property including the taxes on all revenue produced through rental of the property. The name and current telephone numbers of the property's owner and operator must be included in the current Application for Short-Term-Rental Unit Business License or License renewal. In the event of any change in identification or contact information of the Operator for the Short-Term Rental Unit, the current license **MUST BE AMENDED WITH THE NAME AND TELEPHONE NUMBER OF A CURRENT OPERATOR WITHIN TWENTY-FOUR (24) HOURS OR ON THE NEXT BUSINESS DAY FOLLOWING ANY CHANGE IN THIS INFORMATION.**

Rent: The consideration or remuneration charged (regardless of actual receipt) in money, goods, labor or other item(s) of value, including all receipts, cash, credits, property, services or consideration of any kind given in exchange for the occupancy or possession of space in a Short-term Rental Unit.

Guest: a person who rents or occupies a short-term rental during a rental period, including renter's invited guests.

Non-conforming Land Use: Any use of property which does not conform to its current zoning restriction(s).

Hosting/Advertisement/Booking Platform: Any online platform or other regular process for advertising and/or booking of guests for rental of property on all short-term rental platforms and advertisements of such businesses, which lists the licensed property for rental of the property.

Deed Restriction: Any binding covenant, prohibition or restriction “running with the land” contained in the conveyance deed transferring ownership of property, which proscribes prohibitions and/or requirements with respect to the condition or aesthetic of the property or otherwise restricts the use of the property by its deeded owner.

Historic District Designation: Designation by the City of Montgomery, State of Alabama, or National Register of a specific property or group of properties which represents or collectively represent a significant aspect of the cultural, political, economic, military, or social history, is part of the historic, architectural, archaeological, or aesthetic heritage or may be unique or representative of architectural styles of the city, state or nation.

Building Compliance Report: The official report of inspection by the City of Montgomery Chief Building Inspector or by a certified inspector contracted by the Chief Building Inspector, reporting that the short-term rental property is safe and compliant with all applicable legal codes. The building official is authorized to accept reports of approved third-party inspection agencies. A home inspector, properly licensed in the State of Alabama, shall be required to perform an inspection on all single-family dwellings. An architect and/or engineer, properly licensed in the State of Alabama, shall be required to perform an inspection on all multi-family dwellings. The approved agency shall maintain a record of all inspections performed. The record shall provide sufficient detail to verify compliance.

Rental Arbitrage: The sublease/short-term rental, by a renter of property owned by another business or individual, for a portion of that renter’s long-term rental term of that property.

City Block: a parcel of land bounded by streets or alleys that form a defined unit within the municipality, which includes the entire land area surrounded/enclosed by city streets, **but does not include any land on the opposite side of any city street.**

Section 2: Short-Term Rental Licensing Requirements

a) It shall be unlawful for any person, company or entity to list or advertise for rental any dwelling or portion thereof as a Short-Term Rental within the corporate limits or police

jurisdiction of the City of Montgomery, Alabama without first obtaining a current Short-Term Rental Business License from the License and Revenue Division of the City of Montgomery.

b) Any advertisement and/or posted information related to a property licensed for short-term rental must contain the Business License Number issued annually, with respect to said property.

c) Any operator who, on the effective date of this ordinance is *lawfully* operating a Short-Term Rental Business within the corporate limits or police jurisdiction of the City of Montgomery shall have thirty (30) days from the effective date of this ordinance within which to apply for a Business License of the Short-Term Rental Unit as a non-conforming use designated property. After the required inspection pursuant to Section 3 herein and investigation of said application, and upon approval of the Business License, the property that is the subject of the previous Business License shall be deemed a lawfully non-conforming land use.

d) Short-Term Rental Units shall be limited to a maximum of one unit of non-conforming land use per city block **on the same street**, unless they had a Business License permitting their use as a Short-Term Rental Unit at the time of adoption of this ordinance and **are had been** properly registered and licensed as a Short-Term Rental Unit by the City of Montgomery.

e) In order to be eligible for a Short-Term Rental Business License, the Operator of the Short-Term Rental Unit must be the owner of the property to be covered under the license or possess a notarized Power of Attorney or Declaration of Representative from the registered property owner designating the person or entity as the property owner's designated agent responsible for operating the rental unit, a copy of which must be filed with the Montgomery License and Revenue Division along with the business license application packet. *Rental Arbitrage agreements and assignments are NOT permitted.*

f) Any owner of more than one (1) Short-Term rental property shall be required to obtain a Business License for each separate Short-Term Rental Property. The cost of the Short-Term Rental Business License is determined based on the annual gross receipts received by Operator for rental of the licensed Short-Term Rental unit.

(g) The Operator of a Short-Term Rental Unit shall comply with all provisions of the City of Montgomery Ordinances that pertain to the collection of lodging taxes by the Operator of an establishment subject to those Ordinances, as well as the associated record-keeping requirements.

h) The following items are required to be submitted with any initial application for a Business License pursuant to this Ordinance, to remain on file in the License and Revenue Division of the City of Montgomery:

i. A copy of the Declarations Page as Proof of insurance coverage of the property during the entire period of the current business license as a Short-Term Rental Unit in accordance with requirements under Section 5;

ii. Building Compliance Report defined in Section 1. of this ordinance and described in Section 3 a) of this Ordinance;

iii. Evacuation Map described in Section 4 a);

iv. Floor plan (to scale) showing all interior rooms and location of each bedroom;

v. Site plan showing the entire property on which the Short-Term Rental Unit is located, including the number and location of on-site parking spaces available for use by Guests; and

vi. A local twenty-four-hour telephone number that provides the capability of producing a response within fifteen (15) minutes to address emergencies and/or complaints during any rental.

vii. Name, address, and telephone number (if different from item vi) of an individual designated by Operator, who is located within thirty (30) miles of the Short-Term Rental during any rental period.

viii. Names, addresses, and telephone numbers of ALL owners of the subject property.

i) The following items are required to be submitted with any business license application and any business license renewal application, pursuant to this Ordinance:

i. Proof of insurance (as described in Subsection g);

ii. Building Compliance Report (as defined in Section 1. and described in Section 3 a);

iii. Certification by the property owner/Operator that no changes have been made to the property since the prior inspection;

iv. A current local twenty-four-hour telephone number that provides the capability of producing a response within fifteen (15) minutes to address emergencies or complaints during any rental;

v. Name, address, and telephone number (if different from item iv) of an individual, designated by Operator, who is located within thirty (30) miles of the Short-Term Rental during any rental period.

vi. Names, addresses, and telephone numbers of ALL owners of the subject property

viii. Annual report in accordance with the requirements of Section 10 of this ordinance.

Section 3: Compliance

The Operator is responsible for ensuring that the Short-Term Rental Unit complies with all local laws and ordinances, including any land use restrictions or requirements contained in land use zoning designations, city-designated historic districts, property deeds or applicable mandatory Homeowner's Association regulations to ensure the safety of guests and preserve the existing character of the city's neighborhoods.

- a) Prior to issuance of a Short-Term Rental Business License, all Short-Term Rentals must be inspected by the City's Chief Building Official or an Alabama-licensed housing inspector, engineer or architect *designated by the Chief Building Official* to perform this required inspection. Owner/Operator is responsible for payment of the fee charged by the designated third-party inspector. A Building Compliance Report of this inspection must be completed on the form established by the City's Chief Building Official for use in reporting the results of inspection, noting observations and impressions present during said inspection, **presence and condition of smoke and carbon monoxide alarms**, and any violation of building or other legal codes applicable under local or state law. A subsequent inspection requiring payment of another inspection fee must be repeated upon any change of ownership or any change to the property subsequent to the initial inspection. The Building Compliance Report of each inspection is required prior to the licensing of the Short-Term Rental property.
- b) The Chief Building Official is authorized to accept the reports of approved third-party inspection agencies. A home inspector licensed in the State of Alabama shall be required to perform an inspection on all single-family dwellings. An architect and/or engineer licensed in the State of Alabama shall be required to perform an inspection on all multi-family dwellings. The approved agency shall maintain a record of the inspections performed. The record shall provide sufficient detail to verify compliance.
- c) Prior to each renewal, the property owner or Operator shall certify that no changes have been made to the property since the latest inspection.

- d) Any repairs or work required by the report of inspection to bring the unit to legal code requirements must be completed prior to issuance of the business license for the short-term rental of said unit.

Section 4: Safety Precautions

- a) An evacuation map and list of procedures shall be placed within each guest room used for sleeping. Maps and lists of procedures shall be mounted on a wall or door to each such room, made of durable material or encased within a durable frame or enclosure. Each map and list shall have a minimum size of ten inches by eight inches (10" x 8"), with the color of text contrasting to the background. Maps shall have a "you are here" star with a directional arrow to the nearest exit and shall also indicate the location of all available fire extinguishers.
- b) At a minimum, there must be at least one fire extinguisher placed in each of the following locations, each of which shall have a current service tag from a licensed fire extinguisher contractor:
 - i. In the kitchen area, mounted, both visible and accessible;
 - ii. In any garage, mounted on the wall no higher than sixty inches (60") above the finished floor; and
 - iii. On each floor level of the unit, to the extent not otherwise covered by paragraphs i. and ii. of this section.
- c) All sleeping rooms shall be equipped with smoke alarms and carbon monoxide alarms installed in accordance with applicable legal codes. A record of monthly testing and battery replacement shall be available for inspection **by the Chief Building Inspector or his designee** ~~Montgomery Fire and Rescue~~.
- d) Operable egress windows in sleeping areas shall be installed in accordance with all applicable legal codes.
- e) Each Short-Term Rental Unit shall be maintained in accordance with all applicable provisions of city building-related and technical legal codes adopted by the City of Montgomery for the purpose of public safety.
- f) The Operator shall allow the City, upon 24-hours' notice, to inspect the Short-Term Rental Unit for compliance with the requirements of this Section.

Section 5: Insurance

- a) Every Property Owner or Operator in the City of Montgomery or its police jurisdiction who wishes to obtain a Business License to conduct a Short-Term Rental Business must provide proof of the following insurance coverage:

- i. A rider on a homeowner's policy that **expressly covers short-term rentals** at the licensed address and provides a minimum of one million dollars (\$1,000,000.00) liability and personal injury coverage; or
 - ii. A commercial insurance policy **covering short-term rentals** at the licensed address that provides a minimum of one million dollars (\$1,000,000.00) liability and personal injury coverage.
- b) Insurance required above shall be without prejudice to coverage otherwise existing and shall name, as an additional interested party, the City of Montgomery, its officers and employees, and shall provide that the policy shall not terminate or be cancelled without forty-five (45) days written notice to the city.

Section 6: Additional Requirements/Prohibitions:

- a) No Short-Term Rental Unit shall exceed the maximum guest occupancy of two persons per bedroom.
- b) Guests and Operators must park all vehicles within designated parking areas of a Short-Term Rental property. Commercial vehicles and/or buses shall not be parked on Short-Term Rental property.
- c) A floor plan (to scale) showing all interior rooms and location of each bedroom to be rented must be provided with the Business License Application.
- d) A site plan showing the entire property on which the Short-Term Rental is located, including the number and location of on-site parking spaces available for use by Guests must be provided.
- e) Notwithstanding the provisions of any other ordinance of the City of Montgomery, the use of any radio receiver, stereo, musical instrument, sound amplifier or similar device which produces, reproduces or amplifies sound shall take place only within an enclosed Short-Term Rental Unit. The property owner or Operator of a Short-Term Rental Unit shall ensure that the occupants of the rental unit do not violate the City of Montgomery Noise Ordinance, which prohibits the making, creation and maintenance of loud, raucous, jarring, disturbing, unnecessary, or unnatural noises, which are unusual for their time, place and use, affect and are detrimental to the public health, comfort, convenience, safety, welfare and/or prosperity of the citizens of the city.
- f) An agent or employee of Operator must be located within thirty (30) miles of the Short-Term Rental Unit at all times during any rental period, for the purpose of addressing any occurrence at the property which implicates any provision contained herein or any matter of public safety related to the property and/or its current rental. The Operator shall make available a local twenty-four-hour telephone number that provides the capability of producing a response within fifteen (15) minutes to address emergencies or complaints regarding the condition, operation or conduct of the

occupants of the Short-Term Rental Unit. Failure of the Operator or an employee or agent to respond to the complaint within fifteen (15) minutes shall constitute a violation of this section and jeopardize the business license for short-term rental of the unit.

- g) A placard shall be displayed on the interior of each Short-Term Rental Unit listing the information set forth above in Subsection c) of Section 6. The placard shall be in plain view of the occupants at all times the Short-Term Rental Unit is occupied and shall be a minimum of eight inches by eleven inches (8" x 11") in size. Displayed on the placard shall be the twenty-four-hour contact information required by Subsection f) to this Section. The information required by the preceding sentence must be of a minimum legible font, of seventy-two-point or a minimum of one and one-half inches in height. The required contact information shall include a full name and telephone number of the contact.
- h) Trash and refuse shall not be left or stored in public view, except in proper containers for the purpose of collection in accordance with the requirements of the City of Montgomery. The property owner or Operator of the Short-Term Rental Unit shall be responsible for notifying occupants of trash disposal procedures and for maintaining compliance with these requirements.
- i) No Short-Term Rental Unit may be rented for the purpose of holding weddings, parties, receptions or similar events that typically are held at a facility that is made available for the holding of events on a commercial basis. Any use of the Short-Term Rental Unit is limited to activities that are incidental to its use for dwelling, lodging, and sleeping purposes.
- j) Swimming pools on any property licensed for Short-Term Rental must be noted in the Business License Application with respect to said unit and shall be enclosed by a fence at least four (4) feet high with a gate that remains locked from the outside.

Section 7: Change of Unit Ownership or Operator

The owner/operator must notify the City of Montgomery License and Revenue Division of any change in ownership or management of any Short-Term Rental Unit, or any other material change in the information provided in the Business License Application for the unit. This notification must be made within twenty-four (24) hours or on the next business day after the change has occurred.

The Business License for Short-Term Rental is ***non-transferable***. Transfer of ownership requires a new business license. These applications are granted based on the information in existence at the time of the application, which includes the details and circumstances of the property owner and Operator at the time of the application.

Rental arbitrage is not permitted in the City of Montgomery or in its police jurisdiction.

Section 8: Penalties, Suspension and Revocation

The first violation of any provision contained in this ordinance or of any state or local law will result in a Fine of the Operator in the amount of \$250.00. Any subsequent violation will result in a fine in the amount of \$500.00. Certain business/sales tax or business license violations of Chapters 3, 6 or 16 of the City of Montgomery Code of Ordinances may result in application of penalties and interest in addition to any fines imposed under any other ordinance within the City's Code of Ordinances.

In addition to any other remedy available for a violation of this Section, the License and Revenue Manager or his designee may suspend ~~the license~~ any license issued pursuant to this Ordinance at any time, in accordance with Section 16-82(c) of the Montgomery Code of Ordinances. After the third (3rd) or subsequent violation of this Ordinance within any twelve (12)-month period, the License and Revenue Manager or his/her designee may refer the non-compliant short-term rental to the City Council for revocation, pursuant to this Ordinance.

In addition, the renewal of a license issued pursuant to this Ordinance or any application for a new license may be denied if the applicant has been found in violation of any provision of this Ordinance or of other state or local law in connection with a civil proceeding.

Section 9: Enforcement

Officers of the Montgomery Police Department, ~~Montgomery Fire & Rescue~~, Inspections Department, License and Revenue Division, and/or Land Use Division are hereby authorized to enforce or assist in enforcement of the provisions of this Ordinance.

Officers of the Montgomery Police Department ~~and/or Montgomery Fire & Rescue~~ shall have the authority to remove any Guest from a Short-Term Rental Unit for any violations of this Ordinance.

Any and all disputes related to any provision contained in this ordinance shall be governed by Alabama law. Venue and Jurisdiction of any necessary legal actions shall be limited to the courts of Montgomery, Alabama.

Section 10: Annual Reports Required for Renewal of Business License

When renewing a Business License pursuant to this Ordinance, the Operator of each Short-Term Rental Unit shall submit to the City of Montgomery License and Revenue

Division a report that includes, at a minimum, the following information for each Short-Term Rental Unit:

- a) The number of bookings, listings, and Operators;
- b) The average number of bookings per listing;
- c) Current year-to-date booking value;
- d) Current year-to-date revenue collected from all Short-Term Rental Units rentals through the hosting platform, separated by Operator;
- e) The average length of a Short-Term Rental Unit rental; and
- f) The hosting platforms used to advertise the Short-Term Rental Unit.
- g) Any changes to the owner, operator or to the subject property of a short-term rental unit **MUST** be included in the annual report.
- h) Any sales or rentals of consumables or other tangible personal property to renters on the premises of the short-term rental property **MUST** be included in the annual report.

Section 11: Business License Fees and Lodging Tax Remittances

The cost of a new business license for each short-term rental unit is based on estimated / projected gross receipts for the first year of operations. The cost of subsequent business license renewals for each short-term rental unit is based on the total gross receipts of the short-term rental unit during the previous calendar year.

Lodging tax of the month's lodging receipts for each short-term rental unit within the city limits of Montgomery is 11 percent, and lodging tax of the month's lodging receipts for each short-term rental unit in the Police Jurisdiction (PJ) of the City of Montgomery is 5.5 percent. Lodging tax is due for each short-term rental unit on or before the 20th day of the following month. Lodging tax remittances received after the 20th of the month are subject to penalties and interest.

This ordinance shall become effective upon passage, approval and publication or as otherwise provided by law.

ADOPTED this _____ day of _____, 2026.

STEVEN L. REED, MAYOR

ATTEST:

BRENDA GALE BLALOCK, City Clerk