



## STAFF REPORT

Hillsborough Tourism Development Authority

November 8, 2023

### PRESENTER/INFORMATION CONTACT

Tourism Program Manager, Shannan Campbell

### ITEM TO BE CONSIDERED

**Subject:** Short Term Rentals FAQs

#### Attachments:

1. Draft STR FAQs for review

#### Summary:

As early as late 2018 the Tourism Program and the Town's Planning department became aware that short term rentals were popping up in Hillsborough and throughout Orange County. The town worked with popular short term rental operators/websites to collect due occupancy tax and determined that by zoning, short term rentals could be operated as home occupations in either of three scenarios: by renting a lodging unit or two within a private residence, by renting a lodging unit or two in a detached ADU (accessory dwelling unit) or by a lodging unit or two in an attached ADU. The rental of three or more lodging units by definition constitutes a 'Bed and Breakfast' which requires a Special Use Permit in most residential zoning districts. Zoning definitions below:

#### Home Occupation

An accessory commercial use of a residential property by a resident thereof, which is clearly incidental and subordinate to the principal use of the property as a residence. The residence must be the base of operations for the business and the function of the business must take place at the residence to require a permit.

#### Bed and Breakfast Facility

A building or group of attached or detached buildings containing, in combination, three (3) to twelve (12) lodging units for daily or weekly occupancy, with or without board, and primarily for occupancy by transients, as distinguished from rooming houses, in which occupancy is primarily by residents rather than transients.

#### Hotel & Motel

A building or group of attached or detached buildings, in combination, containing twelve (12) or more lodging units, or ten (10) or more dwelling units, intended primarily for rental or lease to transients by the day or week.

TDA members raised concerns that the rules for short term rentals remained unclear and information for the public on how they were treated was lacking so an FAQ was drafted and further discussion on how short term rentals, ADUs, and home occupations intersect in the town's unified development ordinance.

**Financial impacts:**

Low.

**Staff recommendation and comments:**

None.

**Action requested:**

None. If the TDA is comfortable with the FAQ then it can be published to the town's website to provide for better short term rental information.