



Short-Term Rental FAQs

What is a short-term rental?	<ul style="list-style-type: none"> • A short-term rental is when a property owner rents out a permitted part of their property, up to two (2) lodging units, to a guest for a short period of time (up to 90 days). • Short-term rentals are typically furnished and may include additional amenities such as shared bathroom, kitchen, and laundry access areas. • They are usually rented through online platforms such as AirBnB, VRBO, and other similar websites.
What is a 'lodging unit'?	<ul style="list-style-type: none"> • A bedroom with a locking mechanism on the door. By ordinance definition: A room or rooms connected together, constituting separate lodging for one (1) family and which are physically separated from any other dwelling or lodging units.
Can I rent out my whole house as a short-term rental?	<ul style="list-style-type: none"> • No, but two (2) or fewer lodging units up to 25% of heated living area of the primary dwelling (max 600 total square feet) may be rented out if the homeowner lives on site as a Home Occupation. • A whole house rental is considered a Bed and Breakfast by definition, which requires Special Use Permit approval in the following zoning districts: R-10, R-15, and R-20. Bed and Breakfasts operate as a commercial use and require fire safety plans, have parking requirements, building and fire code requirements, lodging inspections, and more.
Can I rent out a detached accessory dwelling unit (ADU) on my property as a short-term rental?	<ul style="list-style-type: none"> • Yes, if the ADU has two (2) or fewer lodging units at less than 600 total square feet and the homeowner lives on site.
Can my guests have parties and weddings as a short-term rental?	<ul style="list-style-type: none"> • No, a Home Occupation shall not create or exhibit an increase in noise markedly beyond that normally associated with a residential use. • In addition, no more than 10 customers per day are allowed, and no regular or on-going business-related vehicular traffic is allowed.
Can I have signage for my short-term rental?	<ul style="list-style-type: none"> • No, signs or advertising devices that can be seen from outside the dwelling or ADU are not allowed.
Do I need a permit to operate a short-term rental?	<ul style="list-style-type: none"> • Yes, a Zoning Compliance Home Occupation permit is required.

Who should I contact if I'm thinking about operating a short-term rental and have questions?	<ul style="list-style-type: none"> Town of Hillsborough Planning and Economic Development Division - Planning@hillsboroughnc.gov.
Are there taxes when operating a short-term rental?	<ul style="list-style-type: none"> Yes, there is a 6% percent occupancy tax required on lodging. If you are renting through a third party website you will need to confirm that they are collecting and remitting the tax on your behalf. If you are renting the unit(s) yourself then you will be responsible for collecting and remitting occupancy tax and any other relevant taxes.
Do I need a permit to operate a long-term rental or sublet?	<ul style="list-style-type: none"> No, if you have a tenant for four (4) cumulative and consecutive months out of the year or longer, no permit is required.
Can I run more than one (1) business out of my home as a home occupation?	<ul style="list-style-type: none"> No, only one (1) business per location is permitted.
Can a property management company run a short-term rental from my home for me?	<ul style="list-style-type: none"> No, the principal person or persons providing the business or service must reside in the dwelling on the premises and operate the home occupation.

This sheet is intended to be a quick reference guide. Short-term rentals are governed by the standards for Home Occupations in the Hillsborough UDO section 5.2.18:

<https://assets.hillsboroughnc.gov/media/documents/public/unified-development-ordinance-section-5.pdf>.