

Agenda

Tourism Development Authority Regular Meeting

5:30 PM November 08, 2023

Board Meeting Room, Town Hall Annex, 105 E. Corbin St.



1. **Call to order**
2. **Agenda changes and approval**
3. **Minutes review and approval**

[A.](#) August 16, 2023

4. **Action items**

[A.](#) TDA Partnership in Downtown Parking Study (\$2,500)

5. **Discussion items**

[A.](#) Short Term Rentals FAQs

6. **Monthly reports**

7. **Adjournment**

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Minutes

TOURISM DEVELOPMENT AUTHORITY

Regular meeting

5:30 p.m. August 16, 2023

Board Meeting Room of Town Hall Annex, 105 E. Corbin St.



Present: Chair Matt Hughes, Dani Black and Victoria Pace

Staff: Planning and Economic Development Manager
Shannan Campbell and Assistant Town Manager

1. Call to order

Chair Matt Hughes called the meeting to order at 5:34 p.m. Planning and Economic Development Manager Shannan Campbell confirmed the presence of a quorum with three members present.

2. Agenda changes and approval

Campbell requested to add an item to the agenda as item 4.D. Review the short term rental FAQs sheet.

Motion: Member Dani Black moved to approve the agenda as presented. Member Victoria Pace seconded.
Vote: 3-0.

3. Minutes review and approval

Minutes from regular meeting on April 12, 2023 and June 12, 2023

Motion: Black moved to approve the minutes as presented. Pace seconded.
Vote: 3-0.

4. Action items

A. Special Projects/Partnerships Request: Sleepyfest 2023

Guest Cameron Laws gave an overview of this new annual event, which was planned to take place in October on private property just north of Hillsborough, at Yonder Farm. She explained that the organizers really appreciated this boards' sponsorship of the event from last year- the first year the event was held. She continued that they had big plans to grow the event for this year and that the sponsorship would help support that by assisting with costs associated with having more people on the property, bringing in more entertainment, more vendors, etc.

Guest Steph Stewart also spoke and explained that she was an artist on the label and a performer at the festival and that the turn out last year was great. She thanked the board for their support.

The request was for \$1,500.

Motion: Pace moved to approve the full request. Hughes seconded.
Vote: 3-0.

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B. Update on the mural at 113 N Churton Street (King Street parkinglot)

- Budget amendment for FY24

Campbell explained that the mural was still planned to be installed but that she had forgotten to carry the funds over from fiscal year 2022 to fiscal year 2023. She said the muralist was ready to get started but unfortunately the funds were not available without a budget amendment to re-allocate them.

Motion: Black moved to approve \$8,000 from fund balance to Special Projects & Partnerships in the FY23 budget for the mural project. Pace seconded.

Vote: 3-0.

C. FY24 Marketing Initiatives

Campbell explained that for FY24 she, in collaboration with Visitors Center staff, wanted to have a new Official Visitors Map designed by a new graphic designer. She explained that the current map format is hard to update and she's lost touch with the original graphic designer of that piece. She also indicated that video was doing really well in growing the Visit Hillsborough social media reach and interaction and that it would be beneficial to have some professional video content created in addition to the content herself and other tourism staff make. She explained that she didn't have costs yet for either project but estimated that videos may be around \$4,000 and a new map around \$5-6,000. She said the funds were already available in the marketing budget but wanted to make sure these projects aligned with what the board wanted to see since they were bigger purchases than standard ads and marketing campaigns.

Hughes said those both sounded like good ideas and that they would help visitors navigate town and want to come stay here overnight. Other board members agreed. Hughes asked Campbell if there was a motion needed and she indicated that since there was unanimous board member support that the direction to move forward was sufficient.

D. Review the short term rental FAQs sheet

Black provided a handful of comments, including rewording the first bullet of question two to make it easier to understand and she provided questions about how short term rentals total square footage would be calculated, by lodging unit room size or overall unit including the lodging units, bathrooms, kitchen, living room area etc. because 600 square feet is very limited.

Campbell said that she was approaching it as the square footage of the lodging units, up to two lodging units, but she said she would talk with other Planning staff to get their interpretations and clear up the language if needed.

Hughes pointed out that the total occupancy tax is 6% and that the town retains 3%.

Campbell said she would make these changes and clarifications and bring it back to the board to review.

5. Monthly reports

A. Staff report and occupancy tax revenues reports

Campbell noted that the fiscal year had closed on very strong and provided FY22 full year's gross receipts report. The board discussed trends in the occupancy tax collection.

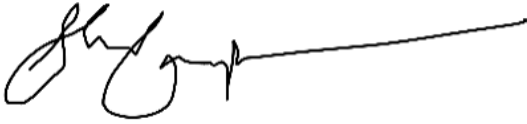
B. Board comments

None.

6. Adjournment

Hughes adjourned the meeting at 6:36 p.m.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Shannan Campbell', with a long horizontal line extending to the right.

Shannan Campbell
Planning and Economic Development Manager
Staff support to the Hillsborough Tourism Development Authority

Approved: Month X, 202X



STAFF REPORT
Hillsborough Tourism Development Authority
November 8, 2023

PRESENTER/INFORMATION CONTACT

Tourism Program Manager, Shannan Campbell

ITEM TO BE CONSIDERED

Subject: TDA Partnership in Downtown Parking Study (\$2,500)

Attachments:

1. None.

Summary:

In late 2019, town staff identified that a new parking study was needed for downtown. The last parking study was done in 2014 and had come to the end of its useful life. A new study was needed to identify the current and future parking needs downtown and how the town and tourism program could plan to meet those. The Town, Tourism Board, and Tourism Development Authority had preliminary conversations about cost sharing the study and it was funded in FY21 in the amount of \$50,000 with a cost share still being worked out. Unfortunately, the pandemic halted the completion of the study because people were not coming downtown and attending events like they were previously. Attendance at restaurants, businesses, and events has returned to close to pre-pandemic levels and it is needed to conduct the parking study. The new estimated cost for having the parking study done is \$75,000 in FY24 due to inflation and the rising costs of services. The MPO (metropolitan planning organization) is being asked to fund \$50,000 of this cost, the Town is being asked to fund \$10,000, and Tourism Board and TDA are both being asked to contribute \$2,500 each.

Financial impacts:

One time budget amendment of \$2,500.

Staff recommendation and comments:

Staff recommends approval. As events and the town grow in popularity more parking will be needed somewhere to support the businesses and tourism economy. It's better to try to plan for future parking than react to a lack of parking.

Action requested:

Approve, Approve with conditions, or deny a budget amendment for \$2,500 from fund balance to Special Projects/Partnerships.



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.



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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.

<p>Who should I contact if I'm thinking about operating a short-term rental and have questions?</p>	<ul style="list-style-type: none"> • Town of Hillsborough Planning and Economic Development Division - Planning@hillsboroughnc.gov.
<p>Are there taxes when operating a short-term rental?</p>	<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.
<p>Do I need a permit to operate a long-term rental or sublet?</p>	<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.
<p>Can I run more than one (1) business out of my home as a home occupation?</p>	<ul style="list-style-type: none"> • No, only one (1) business per location is permitted.
<p>Can a property management company run a short-term rental from my home for me?</p>	<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>.