

Regulating Short-Term Rentals: A Local Perspective

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City of Ithaca

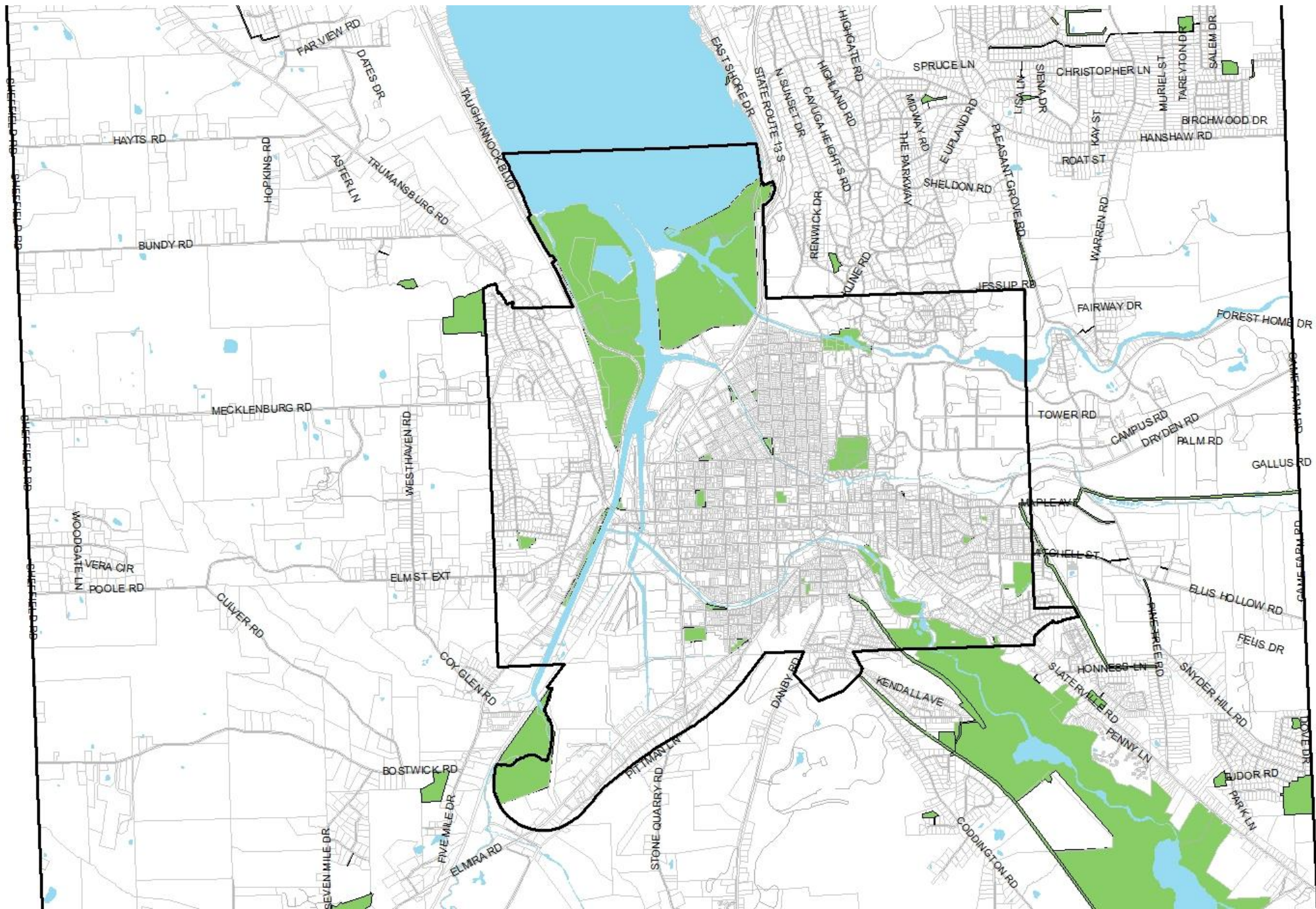
Onondaga County Planning Federation Symposium
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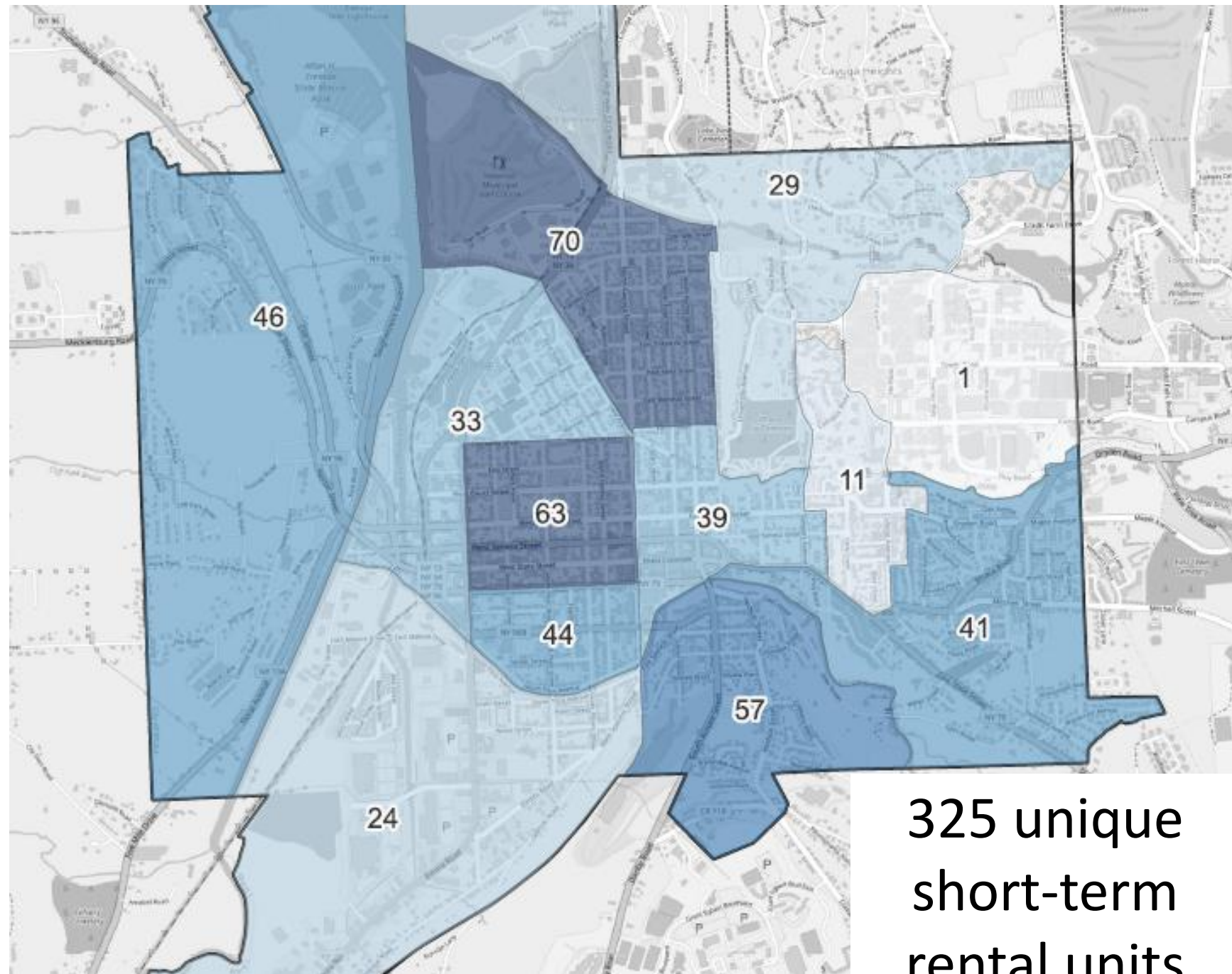


Short-term Rentals (STRs)

- A dwelling unit that is rented in whole or in part to guests for a period of **less than 30 consecutive days**
- Airbnb, VRBO, Homeaway, etc.
- Entire unit, private rooms, accessory units
- Hosted vs. unhosted



Short-term rentals are found throughout the City of Ithaca



325 unique short-term rental units

By the numbers:

- 325 STR units
- 83% entire unit
- 69% single-family homes





HOUSING

- 72.8% renter-occupied, 27.2% owner-occupied
- 60% owner-occupied dwellings are valued \$300,000+
- Median rent = \$1,600
- 61% cost burdened
- Extremely low vacancy rate

Identified Impacts of STRs



Positive Impacts of STRs	Possible Negative STR Impacts to Mitigate
Increased peak supply of lodging; meet seasonal demand	Decreased housing supply
Extra income for residents	Health and safety related concerns
Increased choice for visitors	Compliance with the City's room tax law
Increased visitor spending	Neighborhood impacts

Previous Regulation of STRs

STRs required to

- Rent an entire housing unit (not individual rooms)
- Maintain a Certificate of Compliance
- Register as a lodging property with the City Controller
- Collect the 5% room tax on all non-exempt stays
- Submit room tax returns and payment on a quarterly basis to the City



Short-Term Rental Policy Objectives

1

Preserve housing affordability in the long-term rental and homeownership markets

2

Allow residents the ability to generate additional income

3

Balance the possible positive and negative impacts of short-term rentals

Initial Policy

3 Proposed Short-Term Rental Permit Types (all renewed annually)

Type of Permit	Primary Residence Requirement (Y/N)	# of Days Allowed To Rent Out as Short-Term Rental	Hosted v. Unhosted Stays	Housing Inspection Required (Y/N)
Primary Residence Permit				
Entire Unit	Y	Limited by primary resident requirement	Unhosted	Y
Hosted Room	Y	Unlimited	Hosted	Y
Hosted Accessory Apt	Y	Unlimited	Hosted	Y
Seasonal Permit				
	N	Unlimited between May 15 – Aug 15	Either	Y
Occasional Permit				
	Y	14 days per year	Either	N

Policy Review Process



Public Outreach



Short-Term Rental Policy Analyst



Conversations with Other Communities

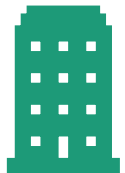
Revised Policy



Simplified



Primary residence requirement



Only allow short-term rentals in 1- and 2-unit dwellings and owner-occupied multiple dwellings

Non-Primary Residence Short-Term Rentals

- Considered ways to incorporate
- Considered relation to policy objectives
- Staff did not recommend a way to incorporate but noted options
 - Lottery for limited number of permits
 - Required spacing
 - Limits based on area



Adopted Policy

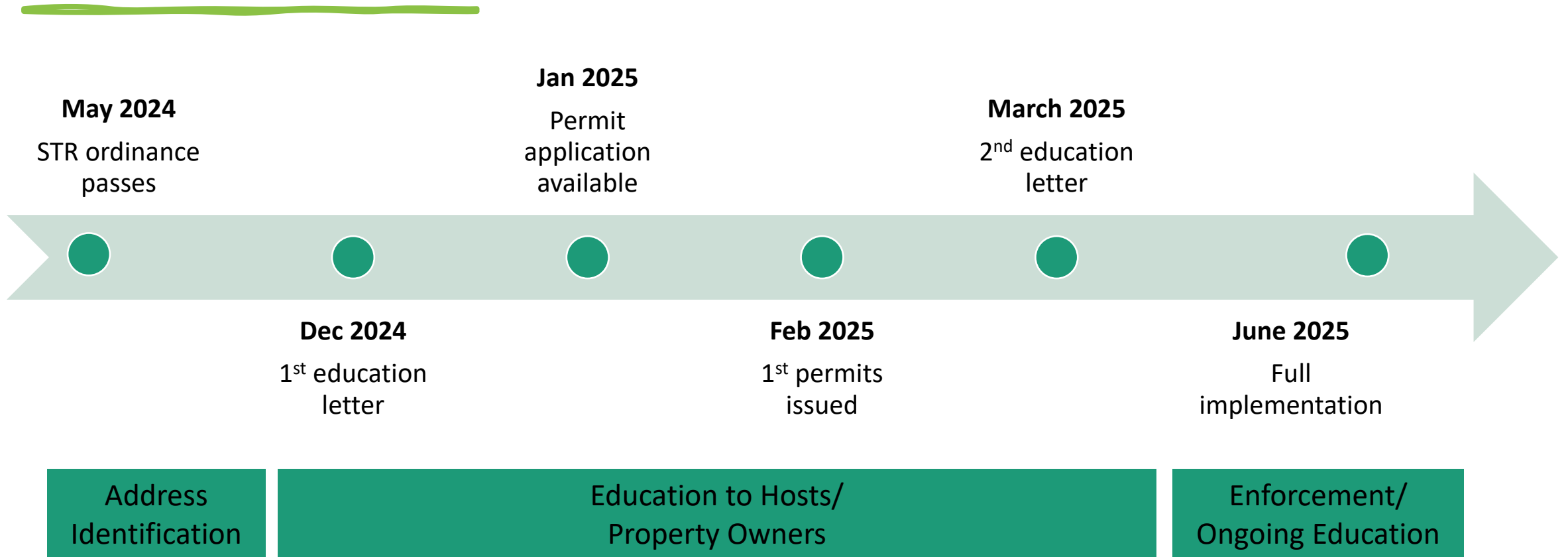
- Permit available to hosts who want to rent out their primary residence (or room within) or another unit on the same parcel
- Hosts can be owners or renters (with landlord approval renters can rent out their *own* unit)
- Hosts can be on the property or not during stays; local contact required
- Allowed in one- and two-unit dwellings and owner-occupied multiple dwellings
- Permit fee and inspection required
- Implemented by City staff with assistance from 3rd party monitoring service

STR Implementation

- 13-month "grace" period before full enforcement began
- Major phases
 - Address Identification
 - Education to Hosts/Property Owners
 - Enforcement



STR Timeline



Tracking STRs

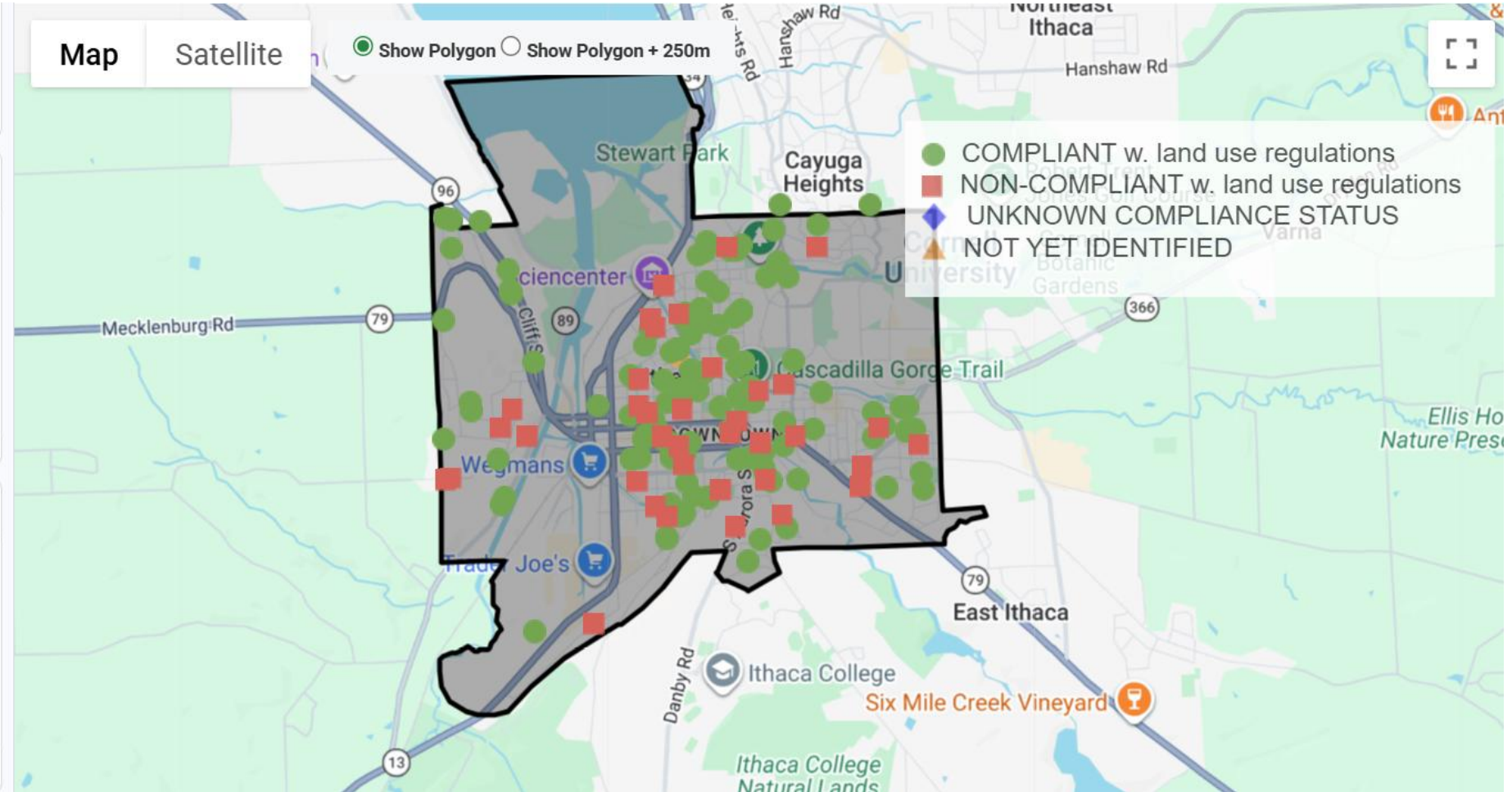
Currently Advertised



122
Total Short Term
Rental Units



1
New Short Term
Rental Units in Last
30 Days



122 STRs down from 380 in May 2024

STRs by the Numbers



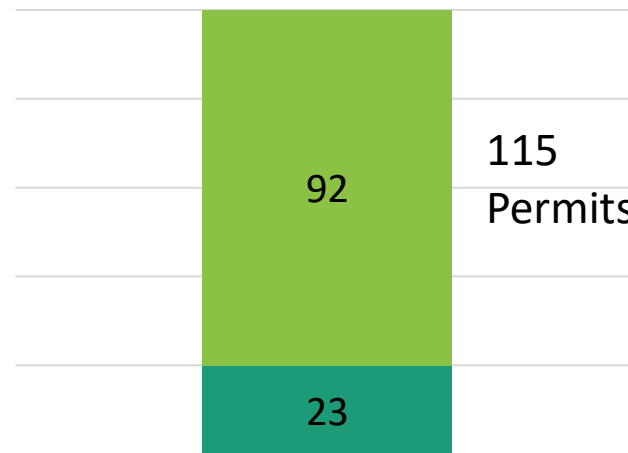
Short-Term Rentals



■ With permit ■ No permit



Permits



■ Pending ■ Issued



Nightly Rate

\$247
(mean for permitted STRs)

STR Application Process

Documentation	Cost	Preexisting or New
Valid Certificate of Compliance	Single-family home: \$100 Two-family home: \$175 Multiple dwellings: varies Total amount varies depending on the number of violations and cost to make repairs	Preexisting (required of all rental housing)
Proof of Residency	No cost	New
City Room Tax Registration (Certificate of Authority)	No cost	Preexisting
Proof of Occupancy Tax Payment	5% of nightly rate charged	Preexisting
STR Annual Operating Permit Fee	\$400	New

How Well is Ordinance Meeting Intended Policy Aims

Long-Term Housing

Number of STRs (~380 in May 2024 decreased to ~120 today)

Additional Income

~115 primary residents are earning additional income from a STR to defray their cost of housing

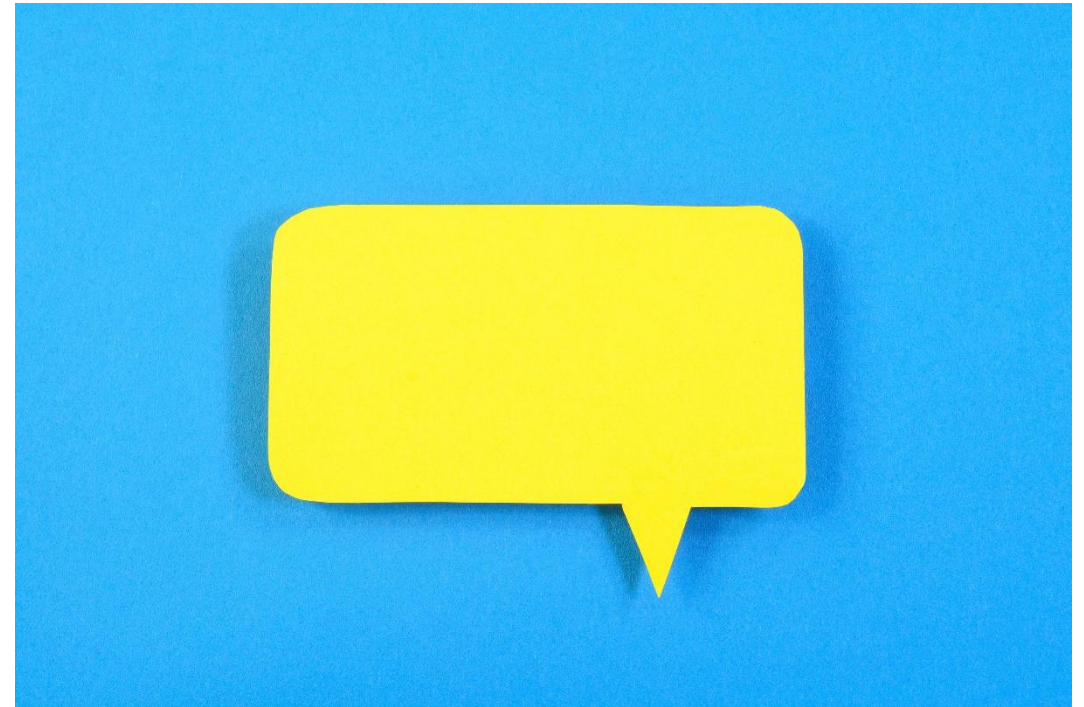
Balance +/- of STRs

Inspectors have found health/safety violations

Mechanism to ensure Occupancy Taxes paid

Major Areas of Feedback

1. Inspections and related costs
2. Taxes and costs to operate
3. Types of properties eligible
4. Seasonal permits



Lessons Learned

1. Monitoring platform
2. Education and grace period
3. Team approach
4. Enforceability
5. Always outliers





QUESTIONS?

