

TO: Mayor and City Council
THROUGH: Krishna Namburi, City Manager
FROM: Dan Atchison, City Attorney

SUBJECT:

Item 4.a - Supplemental Staff Report – Public Hearing to consider modifications to the Tourism Promotion Area code to apply to Short Term Rentals (Ordinance 4-25).

Ward(s): All Wards
Councilor(s): All Councilors
Neighborhood(s): All Neighborhoods
Result Area(s): Strong and Diverse Economy

SUMMARY:

This supplemental staff report modifies the Issue and Recommendation and responds to testimony received requesting the hearing and remonstrance (objection) period be postponed. Staff recommends the hearing be conducted and the objection period be closed in accordance with SRC 38.040(a)(3)&(4).

ISSUE:

Shall City Council advance Ordinance 4-25 to second reading for passage?

RECOMMENDATION:

Advance Ordinance 4-25 to second reading for passage.

FACTS AND FINDINGS:

The purpose of the public hearing is to hear and consider testimony regarding the continuation of the Salem Tourism Promotion Area (STPA) along with proposed changes to the STPA code, SRC chapter 38. The changes include some clarifications of existing

language, along with two substantive changes; including Accessory Short Term Rental operators and Short Term Rental operators (collectively "STRs") into the STPA, and changing the objection method to be proportional to the number of units each operator has available. As noted in the public hearing staff report, in 2024 STRs were removed from the STPA, with the intent that they be added back in once a proportional objection method was instituted. Ordinance 4-25 modifies the objection method to be proportional to allow one objection for each available unit an operator maintains.

Carole Smith submitted testimony regarding the STPA and objected to continuation of the TPA and requested that the hearing and close of the objection period be postponed.

Staff has reviewed Ms. Smith's testimony with the City Attorney and recommend that the hearing be conducted and that the objection period end at the close of the hearing as required by SRC 30.040(a)(3)&(4).

The City conducted an exhaustive process to identify operators of STRs, both those registered with the City and those unregistered. In September and early October 2025, the Finance Department worked in conjunction with Planning and Compliance Divisions to obtain lists of registered, pending registration and non-registered Accessory Short Term Rentals and Short Term Rentals. A list was finalized in early October and letters were sent out to all operators the City was able to identify impacted by the TPA (including the hotels / motels) on October 17th. Letters were sent out to the operating property address. The SRC requires 30 days' notice to those impacted by the TPA prior to the public hearing.

Over 200 letters were sent out, with some being returned and new letters sent if a second mailing address was available. The Compliance Division in order to get addresses of unregistered (but suspected) operators, uses a software tool which performs a sweep on common online sites like AirBnB / VRBO and others. This data is updated weekly. Code Compliance staff then must research and contact those potential operators to bring them into registration status through Planning. A large effort has been made by Compliance and Planning staff to get unregistered operators into compliance, which is why there is such a large pending group. It is important to note, the continuation of the STPA or the bringing the ASTRs/STRs into TPA code does not affect the requirement that all operators be registered with the City.

Despite the City undertaking all reasonable efforts to provide direct, mailed notice to all operators of transient lodging in the city, including unregistered operators; it is possible that some unregistered operators of short term rentals did not receive notice. However, staff believes that number is small and this does not affect whether the STPA is continued. Staff estimates there are approximately 176 operators within the city, representing approximately 2,166 available units. This includes all types of transient lodging, hotels, RV parks, accessory short term rentals and short term rentals. To date, the City has received objections to continuation of the STPA representing 0.42% of the

total available units – less than 1% of the total units. In order for the STPA to be terminated objections representing 715 of available units would need to be received by the November 24th close of the objection period.

A point of correction to Ms. Smith’s testimony regarding the 33% it takes to dissolve the STPA. To terminate the STPA operators with available units representing more than 33% of all available units must submit an objection by November 24, 2025. Ms. Smith’s testimony indicated that only STR operators would be eligible to submit an objection, which is not the case.

BACKGROUND:

[None.]

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Attachments:

[None]