



STAFF REPORT

Meeting Type: City Council
Meeting Date: July 20, 2026
From: Kelly O'Neill Jr., Development Services Director
Josh Soper, City Attorney
Subject: Discussion: Senate Bill 1561 - Nonconforming Development

DECISION TO BE MADE:

This is an opportunity to discuss proposed code amendments in SMC Chapter 17.08 related to Senate Bill 1561. A public hearing for the ordinance will be scheduled for a later meeting.

APPLICABLE COUNCIL GOAL:

- **Goal 6.9:** Ensure compliance with state legislative and regulatory mandates through code amendments that are responsible and reflect the community's values.

BACKGROUND / CONTEXT:

In 2026, the Oregon legislature adopted Senate Bill 1561, essentially extending and expanding a law originally written for the 2020 fires to apply to all natural disasters. Specifically, it requires a city or county to approve an application, without conditions, to "restore or replace" a dwelling that is "damaged or destroyed by a natural or involuntary event," provided the former dwelling meets certain statutory requirements.

Further, the new dwelling must (1) not exceed the former dwelling floor area by more than 25%, (2) be adequately served by utilities, (3) be located wholly or partially within the footprint of the former dwelling, and (4) comply with building codes that were in effect when the building was damaged or destroyed.

An application under this bill must be filed within three years following the event, and the construction of the new dwelling must commence no later than four years after application approval.

KEY CONSIDERATIONS / ANALYSIS:

City staff were advised by the City Attorney that compliance with Senate Bill 1561 requirements could be accomplished by adding a new section to Chapter 17.08 Nonconforming Development within Title 17 of the Sandy Municipal Code. The primary modifications to Chapter 17.08 are included in a new proposed section titled "Sec. 17.08.50. Statutorily Required Restoration or Replacement." With these revisions, the City would be in compliance with the requirements on Senate Bill 1561.

[The Planning Commission held a public hearing](#) regarding Senate Bill 1561 on June 22, 2026, and recommended that the City Council adopt the code modifications.

Unfortunately, the proposed code language cannot be modified if the City is to achieve compliance with the new state statute.

BUDGET IMPACT:

Staff and City Attorney expenses that have already been incurred.

RECOMMENDATION:

Discuss proposed code amendments in Chapter 17.08 of the Sandy Municipal Code related to Senate Bill 1561.

LIST OF ATTACHMENTS / EXHIBITS:

- Draft Ordinance No. 2026-17
 - Exhibit A. Chapter 17.08 modifications
 - Exhibit B. Findings