



# STAFF REPORT

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**Meeting Type:** Planning Commission  
**Meeting Date:** March 30, 2026  
**From:** Kelly O'Neill Jr., Development Services Director  
**Subject:** Pre-House Bill 2005 Compliance Amendments

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## DECISION TO BE MADE:

Hold a legislative public hearing to discuss proposed code amendments for pre-House Bill 2005 (HB 2005) compliance in Chapters 17.10, 17.34, 17.36, 17.38, 17.40, 17.44, and 17.46 of the Sandy Municipal Code.

## APPLICABLE COUNCIL 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 2025, the Oregon legislature adopted HB 2005 (2025) dealing with a wide range of mental-health related issues. Only a small portion of the bill relates to land use issues, but those changes are significant.

Most provisions in HB 2005 are not housing laws, except for sections amending ORS Chapter 197A and 197.660 to 670, which are housing laws as they relate to residential development and impose a mandatory duty on a local government. The bill also requires local governments to allow the co-location of a "crisis stabilization center" and "mental or psychiatric hospital" without requiring a plan amendment, zone change, or conditional use permit on land within an urban growth boundary.

- For a crisis stabilization center, the property must be owned by a public body and adjacent to an existing or pending mental or psychiatric hospital.
- For a mental or psychiatric hospital, the property must be zoned for commercial, employment, public lands, or industrial uses and adjacent to an existing or pending crisis stabilization center.

With adoption of HB 2005 the City Attorney reviewed Title 17 of the Sandy Municipal Code and noticed a few provisions that were not aligned with ORS 197.660-667. Prior to HB 2005, and already in effect, are the requirements of ORS 197.660-667, specifically the following:

- ORS 197.660 defines "residential facility" and "residential home."
- ORS 197.665 requires the City to allow residential homes as a permitted use in any residential zone and in any commercial zone that allows a single-family dwelling, and to generally apply the same requirements to residential homes as it does to single family dwellings.
- ORS 197.667 requires the City to allow residential facilities as a permitted use in any zone where multifamily is a permitted use, and as a conditional use in any zone where multifamily is a conditional use.

## **KEY CONSIDERATIONS / ANALYSIS:**

City staff were advised by the City Attorney that compliance with pre-HB 2005 requirements could be accomplished by taking the following steps:

- Define “residential home” in 17.10 by referencing ORS 197.660.
- Modify the definition of “residential facility” in Chapter 17.10 by referencing ORS 197.660.
- Add “residential home” as a permitted use in all residential zones, and in all commercial zones that allow a single-family dwelling.
- Add “residential facility” as a permitted use in all zones that allow multifamily as a permitted use, and as a conditional use in all zones that allow multifamily as a conditional use.
- Remove the references to “residential care facility” in the various zones where it is currently listed.

With these revisions, the City would be in compliance with the requirements that pre-dated HB 2005. However, these proposed amendments will not bring the City into compliance with the requirements of HB 2005. To come into compliance with HB 2005 the City will likely need to adopt a new code section or sections in Title 17 that mirrors the language of HB 2005. However, there is pending litigation around HB 2005, so staff are waiting for the litigation to resolve prior to adopting additional code provisions into the Sandy Municipal Code.

## **BUDGET IMPACT:**

Staff and City Attorney expenses that have already been incurred.

## **RECOMMENDATION:**

Staff recommend that the Planning Commission hold a legislative public hearing, discuss the proposed code modifications, and provide staff with suggested edits.

## **LIST OF ATTACHMENTS / EXHIBITS:**

Draft Ordinance No. 2026-03

- Exhibit A. Chapter 17.10 modifications
- Exhibit B. Chapters 17.34, 17.36, 17.38, and 17.40 modifications
- Exhibit C. Chapters 17.44 and 17.46 modifications
- Exhibit D. Findings