



100 Civic Center Drive  
Lake Forest, CA 92630

July 22, 2026

Sheila F. Hanson  
Presiding Judge of the Superior Court  
700 Civic Center Drive West  
Santa Ana, CA 92701

**SUBJECT: GRAND JURY REPORT, CALIFORNIA HOUSING  
MANDATES – CITY OF LAKE FOREST RESPONSE**

Dear Judge Hanson:

**Mayor**  
Robert Pequeño

**Mayor Pro Tem**  
Doug Cirbo

**Council Members**  
Mark Tettemer  
Scott Voigts  
Benjamin Yu

This response to the Orange County Grand Jury's (OCGJ) Report titled "California Housing Mandates – The Unintended Reshaping of Orange County Neighborhoods" is submitted on behalf of Lake Forest Mayor Robert Pequeno and the City Council. The City Council reviewed and approved the response at its July 21, 2026, City Council meeting.

The findings and recommendations of the OCGJ report are reprinted below in *italics*, followed by the City's responses in **bold** and additional explanation or commentary in regular typeface. "City", as used herein throughout, means *City of Lake Forest*. Findings and Recommendations for which no response was required have been omitted.

**FINDINGS**

- F1 *In recent years, the California Legislature has enacted an unusually large and burdensome volume of housing-related laws intended to strengthen compliance with State Housing Mandates.*

**The City agrees with this finding.**

- F2 *Housing Mandates are implemented through a RHNA process that often lacks transparency and relies on complex methodologies that are difficult for local officials and the public to understand or meaningfully challenge.*

**The City agrees with this finding.**

- F4 *Meaningful participation by Orange County cities in both OCCOG and SCAG meetings is critical to ensuring that local perspectives are represented during the development and implementation of Housing Mandates policies.*

**The City is unable to fully affirm this finding as stated.**

The City agrees that participation in regional organizations addressing housing policy is important to ensuring that local perspectives are considered during the development and implementation of housing policies.

However, meaningful participation does not necessarily require direct attendance or participation by every city at OCCOG and SCAG meetings. Both OCCOG and SCAG utilize representative governance structures in which appointed elected officials serve on boards and committees and may represent multiple jurisdictions or geographic areas. As a result, a city's interests may be represented through an appointed official who is a council member from another city.

The City believes that this representative governance structure provides an effective means of ensuring that local perspectives are considered in regional policy discussions. In addition, the City remains informed of OCCOG and SCAG activities through staff participation in the OCCOG Technical Advisory Committee, regional coordination, meeting materials, and communication with its regional representatives. While direct participation may be beneficial on particular issues, it is not the only means by which a city's interests may be effectively represented.

- F5 *SCAG's 6th Cycle RHNA assigned Orange County a questionable total of 183,861 housing units for the 2021–2029 planning period, with higher allocations concentrated in cities with major population and employment centers.*

**The City is unable to fully affirm this finding as stated.**

The City agrees that SCAG assigned Orange County a Regional Housing Needs Allocation of 183,861 housing units for the 2021–2029 planning period and that larger allocations were generally assigned to jurisdictions with significant population and employment centers.

However, the finding characterizes the overall allocation as "questionable." The 6th Cycle RHNA allocation was adopted by SCAG pursuant to state law and approved through the applicable regional and state review processes. While some jurisdictions and stakeholders have expressed concerns regarding aspects of the RHNA methodology and allocation process, others have not, and the City is not in a position to characterize the adopted Orange County allocation as "questionable."

Accordingly, the City acknowledges that concerns have been raised regarding elements of the RHNA methodology but is unable to affirm the finding as stated.

- F6 *RHNA allocations are unrealistic and not attainable within the current planning cycle due to limited available land, built-out urban conditions, infrastructure constraints, environmental factors, and public health and safety requirements.*

**The City is unable to fully affirm this finding as stated.**

The City has met its obligations under state housing law by adopting a certified Housing Element and providing sufficient sites and zoning capacity to accommodate its assigned RHNA allocation. Accordingly, the City has demonstrated that the planning and zoning requirements associated with its RHNA allocation are attainable.



The City also recognizes that actual housing production is influenced by numerous factors outside local government control, including land availability, market conditions, infrastructure capacity, environmental constraints, development costs, financing, and public health and safety requirements. As a result, the pace of housing construction in some jurisdictions may make production of all assigned housing units during the current planning cycle challenging.

Accordingly, the City believes it is important to distinguish between a jurisdiction's ability to satisfy its statutory RHNA planning obligations and the actual construction of housing units, which depends on a variety of factors beyond the City's control.

- F7 *Residents in Orange County consistently express a desire for local planning decisions to reflect community priorities, including but not limited to neighborhood character, safety considerations, the environment and open-space preservation.*

**The City is unable to verify this finding as stated.**

The City acknowledges that issues such as neighborhood character, public safety, environmental protection, and open-space preservation are frequently raised during local planning and land use discussions. These considerations are among the many factors evaluated by local agencies when making planning decisions.

However, the finding makes a countywide assertion regarding the views of Orange County residents that the City cannot independently verify. Resident opinions vary among communities and individuals, and the City cannot conclude that these priorities are consistently expressed throughout Orange County.

Accordingly, while the City recognizes that these issues are important to many residents and are regularly considered in local planning decisions, it cannot affirm the finding as stated.

- F8 *California's regulatory construction costs (i.e. permitting fees) present substantial challenges for private housing developers—particularly those delivering affordable units.*

**The City is unable to fully affirm this finding as stated.**

The City recognizes that regulatory requirements and associated development costs, including local permitting fees and other locally imposed development impact requirements, can present financial and procedural challenges for private housing developers. These challenges can be more pronounced in the context of affordable housing projects, where funding constraints and pro forma limitations reduce flexibility to absorb additional costs.

At the same time, the finding broadly characterizes "California's regulatory construction costs" as permitting fees, which oversimplifies a complex framework that includes a range of state and local requirements, such as development

impact fees, utility connection fees, environmental review compliance, and applicable design and building standards. The magnitude and significance of these costs vary considerably depending on project type, location, financing structure, and other project-specific factors.

Accordingly, while the City acknowledges that regulatory costs are an important consideration in housing development and affordability, it is not in a position to conclude that permitting fees alone uniformly constitute substantial challenges across all housing development contexts.

- F9 *The cost of constructing a single affordable housing unit in California typically ranges from approximately \$500,000 to \$800,000 per unit when fully complying with current state regulations. New low-income housing is generally not financially feasible without public subsidy.*

**The City is unable to fully verify this finding as stated.**

The City recognizes that the cost of constructing affordable housing in California is high and that such projects often present significant financial challenges. Affordable housing developments frequently require a combination of public and private financing sources, including local, state, and federal funding, to achieve financial feasibility. These challenges may be compounded by site conditions, construction costs, labor requirements, environmental review, and applicable regulatory standards.

The City does not have independent statewide data to verify a typical per-unit construction cost range for affordable housing in California. Construction costs vary considerably depending on project location, design, financing structure, and other project-specific factors.

The City also notes that affordable housing projects have been successfully completed within the City, demonstrating that affordable housing can be developed under current regulatory and financing frameworks, while recognizing that assembling financing and delivering such projects is often complex and resource-intensive.

Accordingly, while the City acknowledges that public subsidy is frequently an important component of affordable housing development, it is not in a position to verify the statewide cost range or generalize regarding the financial feasibility of affordable housing projects as stated in the finding.

- F10 *Prior to their dissolution in 2012, redevelopment agencies served as a primary mechanism for cities and counties to finance affordable housing and related infrastructure. The loss of redevelopment has reduced cities' ability to support construction of affordable units.*

**The City agrees with this finding.**

Prior to their dissolution, redevelopment agencies provided cities and counties with a significant source of funding for affordable housing and related



infrastructure improvements. The elimination of redevelopment agencies reduced the financial resources available to local governments to support affordable housing development and other community investment activities.

The City also recognizes that redevelopment programs were subject to statutory restrictions, administrative requirements, and implementation challenges.

- F11 *Because public subsidy is limited and highly competitive, cities seeking to produce meaningful quantities of low-income housing must rely in part on private development incentives, often resulting in higher overall development densities and unit counts than the RHNA allocation.*

**The City is unable to fully verify this finding as stated.**

The City recognizes that public funding for affordable housing is limited and highly competitive, and that local governments frequently rely on development incentives, including those established by state law, to facilitate the production of affordable housing.

The City also recognizes that development incentives may, in some circumstances, result in increased development densities or unit counts. However, development intensity is influenced by numerous factors, including market conditions, site constraints, financing considerations, construction costs, and developer objectives. In some cases, developers may pursue projects at densities below those permitted or encouraged by applicable regulations.

Accordingly, while development incentives can support affordable housing production, the relationship between such incentives, development density, and RHNA allocations varies by jurisdiction and by project. The City is therefore unable to affirm the finding as a general statement applicable to all jurisdictions.

- F12 *The 6th Cycle RHNA methodology included numerous technical inputs published by SCAG and HCD; however, these inputs were highly complex and difficult for cities to interpret or independently verify.*

**The City agrees with this finding.**

## **RECOMMENDATIONS**

- R7 *OCCOG, all Orange County cities and the County of Orange should reassess the current dues structure, by September 30, 2026, to ensure that OCCOG has the resources necessary to effectively represent Orange County jurisdictions in SCAG processes, including RHNA methodology development and appeals. (F3, F15)*

**Status: Partially Agree | Not Implemented (Not within City control)**

The City partially agrees with this recommendation to the extent it encourages evaluation of regional governance resources.

However, the establishment and modification of OCCOG dues are governed through OCCOG's own board and member agency processes and are not actions independently initiated or implemented by individual cities. Any reassessment of the dues structure would need to occur through OCCOG governance and would depend on the scope of services, responsibilities, and regional roles expected of OCCOG.

The City will participate in OCCOG-led discussions regarding funding and resource needs; however, implementation of any revised dues structure is not solely within the City's control.

- R8 *By December 31, 2026, the Orange County Board of Supervisors should partner with cities to evaluate countywide infrastructure capacity—including water, wastewater, flood control, transportation, and public-safety systems—and develop a coordinated regional plan capable of supporting the level of housing growth required under state law. (F6)*

**Status: Partially Agree | Not Implemented (County-led / multi-agency)**

The City partially agrees with the intent of this recommendation to promote regional coordination in evaluating infrastructure capacity in relation to housing growth.

However, the recommendation is directed to the Orange County Board of Supervisors as the lead agency. Many of the infrastructure systems identified—including water, wastewater, transportation, and other services—are planned, operated, or regulated by a range of agencies, including special districts and regional transportation entities such as the Orange County Transportation Authority.

The City participates in infrastructure planning through applicable responsible agencies. Implementation of a comprehensive countywide infrastructure evaluation would require multi-agency coordination led by the County and is not solely within the City's control.

- R9 *By September 30, 2026, the Orange County Board of Supervisors should strengthen its engagement with OCCOG and increase staff support to develop a shared, countywide database of potential housing sites and key development-feasibility factors. (F15)*

**Status: Not Directed to City | Not Applicable**

This recommendation is directed to the Orange County Board of Supervisors and not to the City. Accordingly, no implementation action by the City is required.

The City maintains and updates its own housing and land use data through its Housing Element and planning processes and participates in regional data efforts as appropriate.



- R11 *The County of Orange and each city should ensure consistent participation in SCAG and OCCOG committees by September 30, 2026, including the Technical Advisory Committee (TAC), to strengthen regional representation during RHNA-methodology development. (F3, F4, F15)*

**Status: Implemented (Ongoing Practice) | Implemented**

The City agrees with this recommendation and confirms that it is already being implemented.

The City maintains ongoing participation in regional planning processes, including involvement in SCAG and OCCOG committee activities as applicable. City staff actively participates in OCCOG Technical Advisory Committee (TAC) meetings. The City is also represented on OCCOG through appointed board members serving in regional capacities, including representation through the Orange County Transportation Authority and the Transportation Corridor Agencies.

The City will continue its existing practice of consistent participation in relevant regional committees to support coordination in RHNA methodology development and related planning efforts.

- R12 *The County of Orange and each city should designate a single technical representative, by September 30, 2026, along with an alternate, for all RHNA-related SCAG and OCCOG committees to ensure continuity of participation and eliminate gaps in representation across multiple decision-making bodies. (F4)*

**Status: Agree | Implemented (Ongoing Practice) | City Responsibility**

The City agrees with this recommendation and confirms that it is already being implemented.

The City has designated two senior planners as the primary staff technical representative for RHNA-related SCAG and OCCOG committees, with an alternate designated to ensure continuity of participation. This designation is intended to support consistent representation and coordination across relevant regional planning and technical advisory forums.

City staff continues to actively participate in RHNA-related committee processes, including OCCOG Technical Advisory Committee (TAC) meetings, and the City is also represented on OCCOG through appointed board members serving in regional capacities, including representation through the Orange County Transportation Authority and the Transportation Corridor Agencies.

- R14 *By April 30, 2027, the County of Orange and each city should publish annual monitoring dashboards showing (a) entitlement pipeline conditions, (b) realistic site yield, (c) assembled funding sources for affordable units, and (d) conversion rates from planned capacity to issued permits and completed units, ensuring that County and city-determined capacity assumptions remain aligned with actual production. (F13)*

**Status: Agree | Will Be Implemented | City Responsibility**

The City agrees with this recommendation.

By April 30, 2027, the City will evaluate opportunities to consolidate existing housing planning and development information into an annual monitoring summary or similar publicly accessible format. Existing City information already includes development entitlement applications and Housing Element sites inventory information identifying sites designated to accommodate the City's RHNA allocation.

The City anticipates expanding this information, as appropriate, to identify housing opportunity sites that have received development approvals, building permits, or completed construction.

With respect to affordable housing funding, the City has limited available local funding sources. Existing affordable housing funding primarily consists of Affordable Housing In-Lieu Fees, which are collected from market-rate residential developers when affordable units are not constructed on-site, as well as the Low and Moderate Income Housing Asset Fund, which contains remaining former redevelopment housing funds. These funding sources are limited and continue to decline over time.

The City intends that these efforts will improve public understanding of housing production, development activity, and Housing Element implementation while utilizing existing planning and reporting resources.

- R15 *By September 30, 2026, and ongoing, the County Board of Supervisors and all city councils should make a coordinated and sustained effort to educate their constituents about the RHNA process—its requirements, its impact on local planning and community character, and the role residents can play in shaping outcomes. Public education efforts should also include guidance on how community members can effectively engage with the California Legislature and advocate for more realistic, data-driven housing policies. (F1, F7)*

**Status: Agree | Implemented (Ongoing Practice) | Shared Responsibility**

The City agrees with this recommendation and confirms that it is being implemented through ongoing local and regional efforts.

As a member agency of OCCOG, the City participates in regional coordination regarding housing issues and RHNA implementation. OCCOG maintains publicly accessible housing information and educational resources through its Housing Orange County program, which provides information regarding RHNA, housing planning requirements, and related housing issues.

In addition, the City provides opportunities for public participation through Housing Element updates, housing-related planning activities, and public hearings. The City will continue to support public awareness regarding state



housing requirements, local planning processes, and opportunities for community participation through both local and regional efforts.

- R16 *By December 31, 2026, all cities should look to enhance their relationships with not-for-profit affordable housing developers to increase the opportunity to develop more affordable housing. (F8, F10, F12)*

**Status: Agree | Implemented (Ongoing Practice) | City Responsibility**

The City agrees with this recommendation and confirms that it is being implemented through ongoing housing planning and development activities.

The City recognizes the important role that not-for-profit affordable housing developers can play in the production of affordable housing. The City has previously facilitated the development of affordable housing projects within the community and remains receptive to opportunities to work with qualified affordable housing developers, including not-for-profit organizations.

The City has already established practices that support and maintain relationships with affordable housing developers and will continue those efforts moving forward.

When funding for an affordable housing project becomes available, City staff issues a Notice of Funding Availability (NOFA) to interested parties, including not-for-profit affordable housing developers, to ensure qualified organizations have the opportunity to apply for available funding resources.

Additionally, the City maintains ongoing relationships with existing affordable housing operators within the community and engages in regular communication with these organizations on an annual basis. These existing partnerships allow the City to remain informed of affordable housing needs, development opportunities, and potential future collaboration.

The City will continue fostering relationships with affordable housing developers and supporting opportunities for future affordable housing development as funding and development opportunities become available.

If you have any questions, please contact Ron Santos – Senior Planner at [rsantos@lakeforestca.gov](mailto:rsantos@lakeforestca.gov) or (949) 461-3449.

Sincerely



Debra D. Rose  
City Manager

cc: Orange County Grand Jury  
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