



July 21, 2026

Honorable Sheila F. Hanson, Presiding Judge
Superior Court of California, County of Orange
700 Civic Center Drive West
Santa Ana, California 92701

Re: City of Laguna Beach Response to 2025–2026 Orange County Grand Jury Report, *California Housing Mandates, The Unintended Reshaping of Orange County Neighborhoods*

Dear Judge Hanson,

At the July 21, 2026 Laguna Beach City Council meeting, the City Council reviewed the 2025–2026 Orange County Grand Jury report entitled *California Housing Mandates, The Unintended Reshaping of Orange County Neighborhoods* (“Report”). In the Report, the Grand Jury required the City of Laguna Beach to respond to Findings F1, F2, F4, F5, F6, F7, F8, F9, F10, F11, and F12 (“Findings”), and to Recommendations R7, R8, R9, R11, R12, R14, R15, and R16 (“Recommendations”). (See Report, p. 44.)

Pursuant to California Penal Code sections 933(c) and 933.05 (a) and (b), I hereby submit the attached responses to the Findings and Recommendations on behalf of myself and my City Council colleagues.

If you or any members of the Grand Jury have questions about our response, please contact Belinda Deines, Principal Planner, at (949) 497-0314 or bdeines@lagunabeachcity.net.

Respectfully submitted,

Mark Orgill
Mayor, City of Laguna Beach

CC: Orange County Grand Jury
700 Civic Center West
Santa Ana, California



Responses to Findings

Finding F1: In recent years, the [State of] California [(“State” or “California”)] Legislature has enacted an unusually large and burdensome volume of housing-related laws intended to strengthen compliance with State Housing Mandates.¹

Response: *The City of Laguna Beach generally agrees that the City has experienced a substantial increase in the number, complexity, and frequency of State housing laws affecting local land use, zoning, ministerial approvals, Housing Element implementation, the attendant application of the California Environmental Quality Act (“CEQA”), and related issues. As a result of some of these housing laws (such as SB 9 and the ADU statutes), the City has had to expend significant staff time, legal resources, and funds in both regularly amending its Municipal Code and Local Certified Coastal Program (“Certified LCP”) to comply with certain housing laws and processing a high volume of housing applications that require technical expertise, involve opposing lawyers, tight deadlines, the potential for deemed approvals, and may create impacts on the environment and coastal resources for which the City’s control has been limited.*

Uniquely in Laguna Beach, almost the entire City sits within the coastal zone and is thus subject to the California Coastal Act (“Coastal Act”), creating significant added complexity to the application of the State housing laws as they intersect with the Coastal Act. The City is obligated to comply with both sets of laws, which include competing standards and objectives. Unique to Laguna Beach, the City’s Certified LCP—which is how the City implements its compliance with the Coastal Act—is comprised of, inter alia, the entire Zoning Code, much of the General Plan, and several specific plans. Accordingly, whenever any of these documents require amendment due to a State housing law, it is a significantly more complex process for the City than other jurisdictions as it is not a mere amendment to a local land use document but instead requires engagement with, and various iterations and ultimate approval by, the California Coastal Commission of an amendment to the Certified LCP.

Thus, while the City recognizes the value of addressing housing affordability and housing supply, the volume and pace of legislative change have created substantial implementation challenges and demand on its resources, particularly due to its location within the Coastal Zone.

¹ The term “State Housing Mandates” (or “Housing Mandates”) is not defined in the Report. However, for purposes of this response, we generally interpret it to mean laws approved by the California Legislature and signed by the Governor that relate to the planning for, accommodation of, or approval of housing within a local agency’s jurisdiction.



The City believes these challenges demonstrate the importance of approaching housing policy through a comprehensive stewardship framework. In Laguna Beach, housing affordability and housing supply must be considered together with wildfire resilience, evacuation capacity, infrastructure, environmental and coastal resource protection, historic preservation, public coastal access, neighborhood compatibility, and fiscal sustainability. These are not competing objectives, but interconnected public responsibilities. State housing policy will be most effective when it provides sufficient flexibility for coastal communities to advance housing opportunities while responsibly protecting the natural, cultural, and community resources entrusted to them for the benefit of current and future generations.

Finding F2: Housing Mandates are implemented through a [Regional Housing Needs Allocation (“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.

Response: *The City of Laguna Beach partially agrees with this finding. On the one hand, the RHNA process involves a defined methodology established through State law and implemented by State and regional agencies, including the Department of Housing and Community Development (“HCD”) and the Southern California Association of Governments (“SCAG”), using multiple technical inputs such as demographic projections, employment data, housing need determinations, and policy objectives. The use of a formula and defined inputs are seemingly transparent. On the other hand, the methodology is complex and difficult to review without technical expertise and further, due to being formula driven, does not adequately account for unique local conditions that create meaningful disparity in the ability for different local agencies to plan for housing at the same rate.*

The City also recognizes that the RHNA process includes formal procedures for public review, comment, and appeal at various stages. While these procedures provide opportunities for participation, the technical nature and timing of the process may limit the ability of some stakeholders to engage effectively or to meaningfully appeal.

Finding F4: Meaningful participation by Orange County cities in both [Orange County Council of Governments (“OCCOG”)] and SCAG meetings is critical to ensuring that local perspectives are represented during the development and implementation of Housing Mandates policies.

Response: *The City of Laguna Beach agrees with this finding. Participation in OCCOG, SCAG, and discussions with State representatives is important to help ensure that*



Laguna Beach's local conditions—including the City's Coastal Act obligations and wildfire considerations—are considered in regional planning discussions.

The City supports early engagement in the 7th Cycle RHNA process. While the City recognizes that the RHNA process is governed by State law and regional methodologies, it also acknowledges that local jurisdictions face challenges when allocations fail to reflect unique local constraints and conditions that may make the allocations unattainable.

Finding 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.

Response: *The City of Laguna Beach partially agrees with this finding. The City agrees that SCAG's 6th Cycle RHNA assigned Orange County 183,861 housing units for the 2021–2029 planning period, and that the allocation process resulted in significant housing planning obligations across the County. The City also acknowledges that, to the extent higher allocations were concentrated in jurisdictions with major population and employment centers, that approach may be consistent with accepted planning principles, including reducing vehicle miles traveled, supporting access to jobs and services, encouraging housing near existing or planned transit, and promoting more efficient use of existing infrastructure. On January 7, 2020, the Laguna Beach City Council adopted Resolution No. 20.002, opposing the RHNA methodology approved by SCAG for the 6th Cycle Housing Element and requested HCD intervention.*

However, as to the Grand Jury's characterization of Orange County's total allocation as "questionable," the City cannot independently verify whether the 183,861-unit allocation was appropriate, excessive, or inadequate for the 6th Housing Element Cycle. The City recognizes that California continues to face a significant housing shortage, that housing supply constraints contribute to affordability challenges, and that state and regional housing policy has increasingly focused on increasing housing capacity in response to long-term housing underproduction. At the same time, the City supports greater transparency, clearer methodology, and more robust opportunities for local review and input in future RHNA cycles, including consideration of local infrastructure, public safety, environmental, coastal, and market-feasibility constraints.

Finding 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.



Response: *The City of Laguna Beach partially agrees with this finding and partially disagrees. As applied to Laguna Beach, the City agrees that the construction of RHNA units during the current planning cycle is highly challenging for the City due to limited vacant land availability, built-out conditions, infrastructure constraints, environmental and coastal resource considerations, wildfire and evacuation issues, and public safety requirements. The City also notes that the potentially greatest factor constraining development of affordable units in Laguna Beach is land value, construction costs (particularly where prevailing wage is triggered by certain housing laws), financing limitations and subsidy availability, and overall market feasibility. For these reasons, the City therefore agrees that actual production of all allocated units during the current cycle may be difficult or unrealistic under conditions.*

However, the City disagrees to the extent the finding suggests that Laguna Beach cannot realistically comply with its legal obligations under Housing Element Law. RHNA obligations generally require cities to plan for and accommodate housing capacity through the Housing Element, zoning, programs, and related implementation measures. They do not require the City itself to construct the assigned units. Actual housing production depends on factors that are not fully within the City's control. The City has an HCD-certified Housing Element and can continue to implement its Housing Element programs and comply with applicable State law. Accordingly, while the City agrees that actual housing production may be highly challenging, the City disagrees that compliance with its Housing Element planning obligations is unrealistic or unattainable.

The City supports further State evaluation of how accessory dwelling units are credited toward regional housing obligations. Where ADUs receive streamlined zoning review, the State should consider mechanisms that allow jurisdictions to verify whether ADUs are available for residential occupancy and, where ADU are represented as affordable units, whether the ADUs remain available at the applicable income level. Standardized mechanisms, including funding opportunities for inspections and oversight, would improve housing planning, help distinguish genuine housing production from additions that are not placed into the housing market, and provide a more accurate measure of progress toward regional housing needs.

The City also believes that long term housing planning is most effective when evaluated through a stewardship lens that considers housing needs alongside wildfire safety, evacuation capacity, infrastructure, environmental resources, coastal access, historic preservation, fiscal sustainability, and neighborhood compatibility. These considerations are interconnected and should inform future Housing Element and General Plan updates.



Finding 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.

Response: *The City of Laguna Beach generally agrees with this finding as applied to Laguna Beach, but notes that the finding does not fully reflect the range of community priorities expressed by City residents.*

The City agrees that many Laguna Beach residents have consistently expressed strong interest in local planning decisions that protect neighborhood character, public safety, environmental quality, coastal resources, open space, wildfire safety, evacuation capacity, infrastructure reliability, the City's unique community identity, and other community priorities. The City further agrees that local community priorities should be meaningfully considered in housing policy and land use planning, while recognizing that state law increasingly limits local discretion in certain areas.

Finding F8: California's regulatory construction costs, i.e., permitting fees, present substantial challenges for private housing developers—particularly those delivering affordable units.

Response: *The City of Laguna Beach partially agrees with this finding and partially disagrees. As it relates to Laguna Beach, the City agrees that regulatory compliance costs and overall development costs present substantial challenges for housing development, particularly affordable housing development. Affordable housing units can significantly affect project economics because they are subject to income and rent restrictions and often require tax credits, grants, local funding, land contributions, density incentives, or other subsidies to be financially feasible. In addition, certain state housing laws and funding programs may trigger prevailing wage or other labor requirements, which can substantially increase construction costs.*

The City partially disagrees, however, to the extent the finding characterizes "regulatory construction costs" as synonymous with permitting fees or suggests that local permitting fees alone are a primary cause of housing infeasibility. Permitting and impact fees are only one component of overall development cost, and their impact varies significantly by jurisdiction, project type, site conditions, and development program. As applied to Laguna Beach specifically, the City understands its permitting and impact fees to be generally lower than those of many surrounding jurisdictions. The City has also been willing, where legally permissible and appropriate, to consider fee reductions or waivers for projects that provide substantial community benefits.



The City supports continued review of its development-related fees to ensure they are reasonable, legally compliant, and not unnecessarily burdensome. At the same time, the City must retain the ability to recover the reasonable costs of providing planning, building, public works, public safety, and related municipal services, because unrecovered development processing costs are otherwise borne by the City's General Fund and taxpayers.

Finding 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.

Response: *The City of Laguna Beach agrees that affordable housing development is often not financially feasible without public subsidy, land write-downs or donations, tax credits, grants, or other financial assistance. The City also agrees that affordable housing development is affected by many of the same cost pressures that affect housing construction generally, including land acquisition, labor and materials, financing, insurance, environmental review, building code compliance, utility improvements, infrastructure needs, regulatory compliance, and project delays. These challenges can be particularly significant for affordable housing projects because income and rent restrictions limit project revenue and often make some form of subsidy or financial assistance necessary for the project to be financially feasible.*

However, the City cannot independently verify that the stated \$500,000 to \$800,000 per-unit range applies to affordable housing projects statewide, in Orange County, or in Laguna Beach. Per-unit costs vary significantly based on land acquisition costs, site conditions, project size and type, parking requirements, labor requirements, financing structure, environmental constraints, infrastructure needs, and market conditions. Accordingly, the City agrees with the finding to the extent it recognizes that affordable housing development is often financially infeasible without subsidy or other assistance, but does not take a position on the accuracy or general applicability of the specific per-unit cost range stated in the finding.

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.

Response: *The City of Laguna Beach generally agrees with this finding with respect to the financing of affordable housing and related infrastructure. Redevelopment agencies*



historically provided cities with an important tool to finance affordable housing, infrastructure, and community revitalization. The dissolution of redevelopment agencies reduced local funding capacity and removed an important local financing mechanism that many jurisdictions previously used to support affordable housing production and related improvements. The City agrees that the loss of redevelopment has made it more difficult for local agencies to financially support affordable housing and related infrastructure improvements.

Finding 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.

Response: *The City of Laguna Beach partially agrees with this finding and partially disagrees. The City agrees that public subsidies for affordable housing are limited, competitive, and insufficient to meet the overall need for affordable housing. The City also agrees that private development incentives—such as the incentives, concessions, waivers, reduced parking requirements, and density increases available under the State Density Bonus Law, as well as certain ministerial approval pathways—may be important tools to encourage affordable housing production. These incentives can result in projects with greater density, height, massing, development intensity, or changes to the built environment than would otherwise be permitted under local zoning.*

However, the City does not agree that local agencies “must” rely on private development incentives in all circumstances, or that such incentives necessarily result in overall development densities or unit counts that exceed the RHNA allocation. Whether such incentives result in higher density or additional units depends on the specific project, site conditions, applicable State law, market feasibility, and other regulatory constraints. In Laguna Beach, for example, development feasibility and project design may also be affected by, inter alia, coastal resource considerations, Fire Code requirements, and topography.

The City further notes that RHNA is a planning obligation, not a development cap or production mandate. State housing laws may allow individual projects to exceed otherwise applicable local development standards, but the City is not aware that local agencies generally produce housing units in excess of their RHNA allocations as a result of those laws. Finally, local agencies do not directly produce most private housing units and cannot compel private property owners to develop housing. Accordingly, while the City agrees that private development incentives can be an important affordable housing tool, the City partially disagrees with the finding to the extent it suggests that such incentives are always required or that they generally result in housing production beyond RHNA allocations.



Finding 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.

Response: *The City of Laguna Beach partially agrees with this finding. The City agrees that the 6th Cycle RHNA methodology included numerous technical inputs published by SCAG and HCD, including regional housing need determinations, demographic and household projections, employment data, transportation-related factors, and other policy and planning considerations. To that extent, the process included published methodology documents and data sources that provided a level of transparency regarding the factors used in developing RHNA allocations.*

However, the City also agrees that the methodology was highly technical and difficult for local jurisdictions to interpret, evaluate, or independently verify without specialized expertise. Although the use of formulas and defined inputs may provide transparency in one sense, the complexity of the methodology, the number of assumptions involved, and the timing of public review can make it difficult for cities and members of the public to determine whether the resulting allocations adequately account for unique local conditions. For Laguna Beach, those conditions include Coastal Act obligations, limited vacant land, built-out conditions, wildfire and evacuation considerations, infrastructure constraints, environmental and coastal resource considerations, and public safety requirements.

The City supports greater transparency, earlier release of data, clearer documentation of assumptions, and more meaningful opportunities for local review, public participation, and appeal in future RHNA cycles. These improvements would assist cities in understanding, explaining, and responding to proposed allocations, while also helping ensure that regional housing planning remains data-driven and appropriately responsive to local constraints.



Responses to Recommendations

Recommendation 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.

Response: *The recommendation has not yet been implemented, but will be implemented by September 30, 2026. The City supports evaluating OCCOG's dues structure and resources to help ensure that Orange County jurisdictions are effectively represented in SCAG processes, including the development of RHNA methodology and any applicable appeal processes. The City intends to participate in OCCOG discussions and to review any proposed dues adjustments. Any increase in City dues or other financial commitment would be evaluated through the City's normal budget process or brought to the City Council for consideration, as appropriate.*

Recommendation 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.

Response: *The recommendation has not yet been implemented, but will generally be implemented in the future to the extent within the City's control. This recommendation is directed primarily to the Orange County Board of Supervisors because it calls for a countywide infrastructure evaluation and coordinated regional plan. To the extent the County initiates such an effort, the City will participate, as appropriate and to the extent feasible, with the County, OCCOG, and other regional partners. The City's participation would include providing available public information regarding Laguna Beach infrastructure, public safety, transportation, evacuation, and planning constraints, subject to staffing capacity, data availability, budgetary considerations, and applicable legal limitations.*

Recommendation 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.

Response: *The recommendation has not yet been implemented, but will be implemented in the future to the extent within the City's control. This recommendation is directed primarily to the Orange County Board of Supervisors because it calls for the creation*



and maintenance of a shared countywide database. The City cannot independently create or maintain such a countywide database. However, to the extent the County initiates such an effort, the City will participate to the extent feasible by identifying appropriate staff contacts and providing available public information regarding Laguna Beach's Housing Element sites, zoning, site constraints, and housing production status.

The City also believes that any such database would be most useful if it tracks not only potential housing sites and development-feasibility factors, but also entitled, permitted, constructed, and deed-restricted affordable housing units, so that regional agencies and local jurisdictions can better evaluate both planned capacity and actual housing availability.

Recommendation 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, to strengthen regional representation during RHNA-methodology development.

Response: The recommendation has not yet been fully implemented, but will be implemented by September 30, 2026. The City supports consistent participation in OCCOG and SCAG processes, particularly as the 7th Cycle RHNA methodology develops. The City currently participates in regional planning efforts when matters are relevant to Laguna Beach or otherwise warrant City involvement. The City will identify appropriate staff for RHNA-related OCCOG and SCAG meetings, including the Technical Advisory Committee, where appropriate, and will participate, as appropriate, based on the City's priorities.

Recommendation 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.

Response: *The recommendation has not yet been implemented, but will be implemented by September 30, 2026, subject to the City's staffing limitations and on an informal basis. City management will administratively designate a primary technical representative for RHNA-related SCAG and OCCOG matters. The designated representative will be responsible for monitoring relevant RHNA-related meetings, coordinating internally as needed, and providing updates to City leadership regarding significant regional housing methodology issues. While a single representative is intended to promote continuity, the representative may appoint alternates, as needed. Such designations may be updated by City management as appropriate.*



Recommendation 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.

Response: *The recommendation will not be implemented as stated because it is not warranted or reasonable for the City to undertake and monitor a separate dashboard when the City already provides housing-related information through annual reporting and other means. The City supports public transparency regarding Housing Element implementation and housing-related matters. However, the City already prepares and submits housing-related reporting required by State law, including annual Housing Element progress reports, and provides housing-related information through public staff reports, public meetings, City webpages, permit records, and other available sources.*

The City also notes that some of the requested metrics, including “realistic site yield” and “assembled funding sources,” may be difficult to track or verify on a dashboard because they can depend on private property owner decisions, market conditions, project-specific financing, and related third party considerations. Accordingly, while the City agrees with the transparency goals underlying this recommendation, the City does not believe that creating and maintaining a separate monitoring dashboard is warranted or reasonable at this time. The City will continue to satisfy applicable state reporting requirements and provide housing-related information to the public through existing legally required and publicly available processes.

Recommendation 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.

Response: *The recommendation has already been implemented and will continue to be implemented on an ongoing basis. The City has provided public information regarding the Housing Element, RHNA allocation, housing sites, State law requirements, and proposed housing projects.*

The City agrees that public education should continue, particularly as the 7th Cycle RHNA process begins. The City will continue to use public meetings, staff reports, podcasts,



City webpages, community outreach materials, and other appropriate communication tools to explain RHNA requirements, Housing Element implementation, local planning impacts, and opportunities for residents to participate in local, regional, and state housing policy discussions.

To the extent appropriate, the City will also continue to provide information regarding opportunities for community members to engage with regional and State decision-makers on housing policy issues, including the development of RHNA methodology and other State housing laws affecting local planning.

The City also intends to continue educating the public about the importance of balancing housing objectives with the City's broader stewardship responsibilities, including environmental protection, wildfire resilience, infrastructure, historic preservation, coastal access, and long-term community sustainability.

Recommendation 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.

Response: *The recommendation has already been implemented and will continue to be implemented on an ongoing basis. The City supports coordination with nonprofit affordable housing developers and other affordable housing partners, including those for which it already has a relationship. As previously noted, affordable housing development in Laguna Beach is challenging due to land costs, limited available sites, topography, coastal constraints, infrastructure considerations, and funding limitations.*

The City will continue to consider opportunities to coordinate with nonprofit affordable housing developers where feasible and appropriate, including in connection with Housing Element implementation and potential affordable housing opportunities. However, any specific project, funding commitment, land use approval, partnership agreement, or allocation of City resources would require separate review and approval in accordance with applicable law and the City's normal decision-making processes.