



CITY OF ANAHEIM OFFICE OF THE CITY MANAGER

July 28, 2026

The Honorable Maria Hernandez
Presiding Judge
Orange County Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

**Subject: 2025-2026 Orange County Grand Jury Report, "California Housing
Mandates: The Unintended Reshaping of Orange County Neighborhoods"**

Honorable Judge Hernandez:

As the City Manager of the City of Anaheim (City), I am pleased to respond on behalf of the City to the 2025-2026 Orange County Grand Jury Report, "California Housing Mandates: The Unintended Reshaping of Orange County Neighborhoods." The response contained in this letter has been approved by the Anaheim City Council. The City's response addresses the Orange County Grand Jury Report's findings and recommendations in accordance with the California Penal Code Section 933(c).

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.

City Response to F1: Anaheim 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.

City Response to F2: Anaheim agrees with this finding, noting that the Southern California Association of Governments (SCAG) is planning on implementing a revised RHNA methodology for the 7th cycle RHNA.

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.

City Response to F4: Anaheim agrees with this 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.

City Response to F5: Anaheim agrees with this 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.

City Response to F6: Anaheim partially agrees with this finding, noting that the City was able to adequately plan to meet its RHNA obligation. However, the City remains concerned that RHNA allocations may not fully account for local constraints, including limited available land, built-out urban conditions, infrastructure capacity, environmental considerations, public health and safety requirements, and other factors that can affect the feasibility of housing development. The City also continues to have significant concerns regarding the ongoing reduction of local zoning control through State housing mandates.

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.

City Response to F7: Anaheim partially agrees with this finding. While many residents prioritize neighborhood character and preservation, there also are residents who actively advocate for increased housing production and policies that facilitate residential development.

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

City Response to F8: Anaheim partially agrees with this finding. While general construction costs can present challenges to development, the City believes that its permitting fees are appropriate and do not, by themselves, constitute a significant barrier to housing production. The City recognizes that housing development feasibility is influenced by a variety of factors, including land costs, financing, market conditions, labor costs, and regulatory requirements.

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.

City Response to F9: Anaheim partially agrees with this finding. New low-income housing, defined as units at 80% or less of the area median income (AMI), is generally not financially feasible without public subsidy. Over the past five years, 386 units with affordability covenants were produced at or below 80% AMI, of which 385 were financed with public subsidy. Anaheim clarifies that total development costs include not just construction costs but also land costs, soft costs (design, permits, impact fees, etc.), financing costs, operating reserves, and developer fees. Completed low-income housing within the last five years leveraging public subsidy ranged from \$500,000 to \$630,000 per unit for total development costs, with construction costs comprising 60-65% of total development costs.

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.

City Response to F10: Anaheim agrees with this 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.

City Response to F11: *Anaheim partially disagrees with this finding. Cities seeking to produce low-income housing continue to rely on both public and private subsidies and development incentives in order to achieve meaningful affordable housing production. While private market developers have relied on State Density Bonus incentives to build affordable housing, it has been the City's experience that these incentives often function primarily as a mechanism to reach densities already contemplated under the City's General Plan framework, rather than to increase density beyond what is otherwise anticipated for the site.*

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.

City Response to F12: Anaheim 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)

City Response to R7: *The recommendation will be implemented by participating in any future reassessment process conducted by OCCOG; however, the City intends to closely monitor potential budgetary issues, fairness, and the prioritization of resources during such process. As such, the City cannot commit to any future reassessment of dues until it has a full understanding of the potential impact to the City.*

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)

City Response to R8: *The recommendation will be implemented by collaborating with the County of Orange during its evaluation process to assess infrastructure constraints and their relationship to regional planning needs for infrastructure under County purview; however, the City cannot commit to specific studies, obligations or potential funding until additional details are finalized and it has a full understanding of the potential impact to the City and would encourage any such effort to utilize existing studies as the basis for any future analysis.*

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.

City Response to R9: *The recommendation will not be implemented by the City. The City of Anaheim does not have control over the County Board of Supervisors and is unsure how this specific*

recommendation relates to municipal operations. However, Anaheim will provide technical input to support a unified countywide database of housing sites if requested. It should be noted that SCAG maintains a Preliminary Data/Map Book for its member jurisdictions, including Anaheim, which provides information on land use designations and priority development areas. The public can also access the map and list of both 5th and 6th Cycle Housing Element sites through the City's website.

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)

City Response to R11: The recommendation has been implemented as the City staff has been consistently participating in SCAG and OCCOG activities and will continue to do so during RHNA-methodology development.

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)

City Response to R12: The recommendation has been implemented as the City staff has been consistently participating in SCAG and OCCOG activities and will continue to do so during RHNA-methodology development.

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)

City Response to R14: The recommendation has been implemented. The City's Annual Progress Report for 2026, which contains the relevant data, is already available to the public.

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)

City Response to R15: The recommendation will be partially implemented. The City already provides public information regarding the RHNA/Housing Element process through its public engagement activities and public hearings when applicable, as well as through Annual Progress Reports. As the 7th Cycle RHNA process advances, the City will seek policy direction, as applicable, regarding the updates to the 7th Cycle RHNA methodology and allocation.

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)

City Response to R16: The recommendation has been implemented. The City conducted an affordable housing workshop engaging both not-for-profit and for-profit housing developers to

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encourage affordable housing development. Anaheim maintains strong non-profit developer partnerships and will continue to do so.

I would like to express my appreciation for the efforts of the Orange County Grand Jury. Should you have any questions or need additional information, please contact Heather Allen, Planning and Building Director, at (714) 765-4958 or HAllen@anaheim.net.

Respectfully submitted,



Greg Garcia
Interim City Manager

Cc: Orange County Grand Jury
City Clerk, City of Anaheim