CITY OF SANTA ANA

August 3, 2026

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

RE: Response to the 2025-2026 Orange County Grand Jury Report Titled, "California Housing Mandates: The Unintended Reshaping of Orange County Neighborhoods"

Honorable Judge Hanson,

In accordance with Penal Code Section 933.05(a) and (b), the City Council of the City of Santa Ana authorized the submittal of the following responses to the 2025-2026 Orange County Grand Jury report titled, "California Housing Mandates: The Unintended Reshaping of Orange County Neighborhoods."

Should you require additional information, please do not hesitate to contact me at anunez@santa-ana.org.

Sincerely,

Alvaro Nuñez
City Manager

2025-2026 Responses to Orange County Grand Jury Findings and Recommendations
"California Housing Mandates: The Unintended Reshaping of Orange County Neighborhoods"

Finding	City Position (1 or 2)*	Response to Finding
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.	1	The City of Santa Ana concurs with this perspective, as local jurisdictions throughout Orange County have increasingly struggled to balance municipal zoning authority with the unprecedented influx of complex, state-mandated housing regulations. This unprecedented volume of legislation often strains local resources and limits the City's ability to align state growth targets with distinct community needs and infrastructure capacities.
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.	1	The City of Santa Ana shares the view that the Regional Housing Needs Assessment (RHNA) process operates as an opaque, top-down mechanism. Local officials across the region frequently find that the state's complex mathematical models fail to account for local constraints, leaving municipal leaders and residents with virtually no meaningful way to audit or contest the allocations.
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.	1	The City of Santa Ana agrees that active participation by Orange County cities in both OCCOG and SCAG meetings is essential to ensuring that local constraints and community voices are genuinely reflected in regional housing policy decisions.
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.	1	The City of Santa Ana concurs that SCAG's 6th Cycle allocation for Orange County relied on a methodology that disproportionately burdened major population and employment centers without fully accounting for local land capacity or existing high-density development.
F6: RHNA allocations are unrealistic and not attainable within the current planning cycle due to limited available land, built-out urban conditions,	1	The City of Santa Ana agrees that 6th Cycle RHNA allocations present an immense, systemic challenge due to limited available land, built-out urban conditions, infrastructure constraints, environmental factors, and public health and safety requirements. While Santa Ana has

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infrastructure constraints, environmental factors, and public health and safety requirements.		successfully leveraged proactive planning to remain on track to meet and exceed its specific housing unit targets, these outcomes have strained municipal staff resources and forced the City to navigate the unique complications of infill development in an entirely built-out urban environment, where new housing projects must frequently displace vital, revenue-generating commercial and industrial uses.
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.	1	The City of Santa Ana supports this finding because local residents consistently express this perspective during long-range planning outreach efforts and during public hearings when the City reviews specific housing development applications.
F8: California's regulatory construction costs (i.e. permitting fees) present substantial challenges for private housing developers—particularly those delivering affordable units.	1	While California's regulatory construction costs present a financial hurdle for private housing developers, particularly for affordable housing developers, municipalities are caught in a difficult position. As a local jurisdiction, the City is legally required to recover the substantial administrative and operational costs associated with reviewing, processing, and inspecting residential development to ensure health, safety, and infrastructure standards are met. Because local governments cannot subsidize private development through their general funds without jeopardizing core public services, the high cost of regulatory compliance is a systemic challenge driven by expanding state mandates, leaving both developers and municipalities to operate within an increasingly constrained financial framework.
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	1	The stated cost range of $500,000 to $800,000 per unit accurately reflects the current reality of developing affordable housing in Santa Ana. This high cost is driven by a combination of factors, including stringent state regulatory compliance, prevailing wage requirements, and the escalating cost of materials and land in built-out urban areas.

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housing is generally not financially feasible without public subsidy.		Because restricted rents permitted for low-income households cannot generate enough revenue to support these immense capital costs, a severe funding gap exists for every unit and new low-income housing is challenging without substantial public subsidies such as Low-Income Housing Tax Credits (LIHTC), local affordable housing funds, and state or federal grants.
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.	1	Prior to their dissolution by the state legislature in 2012, local redevelopment agencies were an effective tool to finance affordable housing and the infrastructure needed to support it. By leveraging tax-increment financing, these agencies provided a reliable, locally controlled revenue stream that was legally mandated to generate and preserve low- and moderate-income housing. The elimination of redevelopment stripped municipalities of their primary vehicle for assembling fractured land parcels, revitalizing underutilized urban corridors, and supplying the vital local matching funds required to secure highly competitive state and federal tax credits. Ultimately, the loss of redevelopment has severely diminished the capability of cities to catalyze affordable housing production at a scale that matches the current regional demand.
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.	1	The shortage and competitive nature of public subsidies forces municipalities to rely on incentives like density bonuses to produce affordable housing. To financially offset the cost of these below-market-rate units, developers must scale up, resulting in development densities that frequently exceed baseline RHNA targets.
F12: The 6th Cycle RHNA methodology included numerous technical inputs published by SCAG and	2	The complex technical inputs and models employed by SCAG and HCD made it difficult for local jurisdictions to independently verify or audit their 6th Cycle allocations. While Santa Ana possesses the professional

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HCD; however, these inputs were highly complex and difficult for cities to interpret or independently verify.		staff to interpret the information, many other municipalities do not have the same level of administrative resources to analyze it. Because these targets carry severe statutory consequences for local communities, it is critical that future SCAG methodological documents be produced in a clear, accessible manner that is easily understood by municipal leaders and laypeople alike.

*For the purposes of this Orange County Grand Jury Report, City Position 1 indicates that the respondent agrees with the finding, and City Position 2 indicates that the respondent disagrees wholly or partially with the finding.

Recommendation	City Position (1, 2, 3, or 4)*	Response to 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.	3	This recommendation requires further analysis for feasibility, as any adjustment to the current dues structure must ensure that OCCOG member agencies have direct input on the proposed fee structures. Furthermore, this assessment should strictly focus on ensuring the efficient and transparent use of existing funds before requesting additional resources from local jurisdictions.
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.	4	This recommendation is infeasible within the proposed timeframe, particularly without dedicated funding sources to cover the cost of such a study. Organizing a countywide evaluation of multiple distinct infrastructure systems (including independent water districts, sanitation districts, and municipal utilities) requires procurement, inter-agency agreements, and technical analysis that cannot be realistically executed by December 31, 2026. Furthermore, local resources are already impacted by the administrative and fiscal burdens of complying with existing state housing mandates, leaving limited internal capacity to absorb an unfunded regional planning initiative of this scale.
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.	4	This recommendation is infeasible by the proposed September 30, 2026 deadline. The City of Santa Ana's multi-year experience in identifying and vetting residential sites under AB 2011 and SB 6 demonstrates that establishing a citywide parcel database is a highly complex undertaking that requires up to two years of rigorous spatial analysis. Attempting to mandate a similar countywide assessment across dozens of distinct local jurisdictions within a matter of weeks ignores the extensive technical realities it would place on already overburdened local planning staff.

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.	1	The City of Santa Ana maintains active, consistent representation in regional planning bodies to ensure local constraints and priorities are voiced during RHNA-methodology development. The City's actions include attendance in monthly TAC meetings as well as monitoring and participating in SCAG's policy committees, working groups, and general assemblies, particularly during the development, modeling, and feedback windows for the Regional Housing Needs Assessment (RHNA) cycles.
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.	2	The City of Santa Ana recognizes the importance of staff continuity in complex regional planning forums. Prior to September 30, 2026, the City will formally designate a primary technical representative and a qualified alternate from the Planning and Building Agency to participate in all RHNA-related SCAG and OCCOG committees. This action will formalize current staff coverage.
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.	4	California municipalities are legally mandated to submit comprehensive annual reports on housing production to the state by way of Annual Progress Reports (APRs). Furthermore, the California Department of Housing and Community Development (HCD) already maintains and publishes a centralized public data dashboard for all cities and counties based directly on those APR submissions. Creating and maintaining separate, localized dashboards would result in an unnecessary and redundant expenditure of public resources, as the state's existing framework already tracks housing element implementation, entitlement pipelines, and actual production metrics against local capacity assumptions.
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	1	The City of Santa Ana consistently educates the public about the Regional Housing Needs Assessment (RHNA) process and its implications for the local community. Rather than operating as a separate, isolated initiative, these public education efforts are

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.		embedded into the everyday operations, ongoing dialogue with stakeholders, and explanations during public hearings. Through these integrated touchpoints, the City informs residents on how state-mandated housing targets influence local zoning, community character, and long-range planning, while simultaneously providing guidance on how community members can effectively participate in municipal decision-making and engage with state legislative representatives to advocate for realistic housing policies.
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.	1	The City of Santa Ana maintains strong, long-standing relationships with not-for-profit affordable housing developers, which have directly resulted in the production of deed-restricted units. Because of these established partnerships and proactive strategies, the City is on track to meet its below market-rate RHNA allocations for the 6th cycle.
*For the purposes of this Orange County Grand Jury Report, City Position 1 indicates the recommendation has been implemented, with a summary regarding the implemented action; City Position 2 indicates the recommendation has not yet been implemented, but will be implemented in the future, with a timeframe for implementation; City Position 3 indicates the recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a timeframe for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable (timeframe shall not exceed six months from the date of publication of the grand jury report); and City Position 4 indicates the recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.		