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August 19, 2026

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

**Subject: SCAG Response to 2025–2026 Orange County Grand Jury Report –
*California Housing Mandates***

Dear Judge Hanson:

On behalf of the Southern California Association of Governments (SCAG), I am submitting SCAG's response to the 2025-2026 Orange County Grand Jury Report entitled "*California Housing Mandates: The Unintended Reshaping of Orange County Neighborhoods*," in accordance with California Penal Code §§ 933 & 933.05(a) and (b).

SCAG recognizes the concerns expressed by Grand Jury regarding the need for housing policies to reflect local conditions and preserve meaningful community participation. As a regional planning agency, SCAG remains committed to working constructively with its member jurisdictions to advance housing solutions that are feasible, responsive to community priorities, and coordinated with the infrastructure and resources necessary for successful implementation, while also adhering to state statute.

The attached response addresses the findings and recommendations assigned to SCAG. Should you have any questions, please do not hesitate to contact Ma'Ayn Johnson, Housing Department Manager at SCAG, at (213) 236-1975 or johnson@scag.ca.gov.

Sincerely,

Ray Marquez
President
SCAG

FINDINGS

F3: OCCOG coordinates RHNA regional planning in partnership with the SCAG for Orange County. OCCOG lacks adequate influence with SCAG.

Response to Finding 3:

SCAG agrees that the Orange County Council of Governments (OCCOG) coordinates regional planning in partnership with SCAG for Orange County. SCAG's Regional Council is intentionally structured to provide representation from across the entire six-county SCAG region. OCCOG handles the administration and conducts the elections for the 13 Regional Council districts in Orange County. Three additional RC positions are appointed by the County of Orange, the Orange County Transportation Authority, and the Transportation Corridor Agencies. In total, 15 of SCAG's 64 Regional Council positions represent Orange County member jurisdictions, consistent with county's share of the regional population.

The representatives delineated above participate in planning and housing policy decisions, including the Community Economic and Human Development Committee (CEHD) and the RHNA Subcommittee. Additionally, SCAG's 6th Cyle RHNA and Housing Element Reform subcommittee was chaired by then-Regional Council Member Peggy Huang, a City of Yorba Linda councilmember. SCAG believes that OCCOG has adequate opportunities to influence the RHNA process through its representation on these governing bodies.

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

Response to Finding 4:

SCAG agrees that meaningful participation by Orange County cities, as well as all jurisdictions within the SCAG region, strengthens regional planning efforts and helps ensure local perspectives are considered during the development and implementation of housing policies, including state housing mandates. SCAG provides multiple opportunities for participation through the Regional Council, policy committees, stakeholder workshops, and public comment opportunities. During the 6th Cycle RHNA process, SCAG convened RHNA Subcommittee meetings and conducted extensive outreach regarding the RHNA methodology. For the 7th Cycle RHNA process, SCAG will continue to conduct extensive outreach to facilitate participation by all member jurisdictions, including Orange County cities, to the extent possible given statutory timing requirements.

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 to Finding 5:

SCAG agrees that Orange County jurisdictions received a total allocation of 183,861 housing units for the 6th Cycle, and that a substantial share of the allocation was assigned to jurisdictions with major population and employment centers. This result is consistent with the RHNA methodology adopted by the SCAG Regional Council. The methodology was developed with input from the RHNA subcommittee and CEHD, both of which included representatives from Orange County cities, and directly furthers the five statutory objectives outlined in Government Code Section 65584(d).

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 to Finding 12:

SCAG partially agrees with this finding. SCAG agrees that the 6th Cycle RHNA methodology incorporated numerous technical inputs and datasets published by both SCAG and the California Department of Housing and Community Development (HCD). However, SCAG provided substantial documentation and opportunities for review to support transparency and local understanding of the process. These resources included the Final RHNA Methodology, RHNA Methodology Data Appendix, Final RHNA Allocation Plan, and supporting materials published through SCAG's RHNA website and Regional Data Platform. In addition, SCAG conducted workshops, public hearings, and technical assistance activities throughout the RHNA development process to assist jurisdictions in reviewing and understanding the methodology and resulting allocations.

F13: The California State Auditor's 2022 review found significant deficiencies in HCD's regional determination process—including inadequate documentation, data-entry errors, and insufficient justification for key assumptions—raising concerns that similar issues may affect the 7th Cycle process.

Response to Finding 13:

SCAG agrees that the California State Auditor's 2022 review found significant issues with HCD's Regional Housing Needs Determination (RHND) process. Following the state audit, SCAG evaluated the findings and participated in efforts to identify potential reforms to improve the RHNA process. SCAG conducted a stakeholder engagement process to

collect input and feedback on RHNA reform. The stakeholder feedback that was received was used to shape SCAG's RHNA reform recommendations. The recommendations were presented to the public in 2023 for additional feedback through a series of outreach efforts, including two public listening sessions, an online survey, and posting of draft recommendations online for public input. SCAG housing staff also participated in HCD's outreach for RHNA reform and evaluated housing bills. Based on the stakeholder feedback received, as well as SCAG's own analysis, SCAG staff updated its draft recommendations. The final recommendations, which were intended to improve transparency, documentation, and public confidence in the RHNA process, were approved by the Regional Council and transmitted to HCD. However, while HCD is required to consult with SCAG as part of the regional determination process, HCD is ultimately responsible for conducting the process in accordance with State housing law.

F14: OCCOG's current resources and organizational structure are insufficient to fully advocate for Orange County jurisdictions during RHNA methodology development, especially when compared with larger or more heavily resourced regional councils of governments that also influence SCAG

Response to Finding 14:

SCAG acknowledges the importance of ensuring that all member jurisdictions have meaningful opportunities to participate in the RHNA process. Orange County jurisdictions played an active role in the development of the 6th Cycle RHNA methodology through their representation on the RHNA Subcommittee, the Community, Economic and Human Development (CEHD) Committee, and the Regional Council. Orange County jurisdictions will continue to be represented throughout the 7th Cycle RHNA process by serving on the RHNA Subcommittee, CEHD Committee, and Regional Council. Through this representation, OCCOG member jurisdictions will have ongoing opportunities to provide input, shape methodology discussions, and participate in the review and approval process at each stage of RHNA development.

SCAG's governance structure is intended to ensure that all counties, including Orange County, are actively engaged in regional planning decisions.

F15: Demands on HCD are anticipated to materially alter methodology for the 7th Cycle, but Orange County jurisdictions have not yet received clear guidance on how these allocations will be translated into SCAG policy or local impacts.

Response to Finding 15:

SCAG has not yet received the RHND from HCD, nor has it begun the process of developing the methodology for the 7th Cycle. As a result, it is unknown at this time how the RHNA methodology will be designed, what allocations that methodology may result in, and what the resulting impacts of those allocations may be for individual jurisdictions. That being the case, it would be premature for SCAG to offer such guidance at this time.

The 7th Cycle RHNA methodology will be developed under the oversight of the RHNA Subcommittee, reviewed by the CEHD Committee, and reviewed and ultimately adopted by the Regional Council. Throughout this process, SCAG will communicate with member jurisdictions, including Orange County jurisdictions, about how certain decisions on the RHNA methodology may impact the resulting allocations. SCAG will offer guidance and recommendations to each of these bodies, all of which are comprised of representatives serving member jurisdictions, and will also provide technical assistance to support local jurisdictions as they implement their housing elements after receiving their final RHNA allocations to the extent possible. However, until the methodology begins to take shape under the guidance of the RHNA Subcommittee, the CEHD Committee, and the Regional Council, SCAG cannot assume potential outcomes and provide guidance accordingly.

F17: The large number of committees, subcommittees, and advisory groups involved in SCAG and OCCOG's RHNA processes promotes broad participation but diffuses accountability, making it difficult to determine who is responsible for specific analytic inputs or process decisions

Response to Finding 17:

SCAG agrees that the RHNA process promotes broad participation and incorporates input from a variety of stakeholders, local jurisdictions, and elected officials. The involvement of multiple committees and subcommittees is intended to ensure transparency, regional representation, and public engagement throughout the development of the RHNA methodology.

However, SCAG does not agree that the process diffuses accountability for RHNA decisions. Roles and responsibilities within the RHNA process are clearly defined. The RHNA Subcommittee is responsible for developing and refining recommendations regarding the RHNA methodology. The CEHD Committee reviews the Subcommittee's recommendations and forwards its recommendations to the Regional Council. The Regional Council, SCAG's governing body, is responsible for approving the RHNA methodology and adopting the final RHNA Allocation Plan.

F20: Cities and other stakeholders encounter difficulty explaining RHNA outcomes to elected officials and the public due to a lack of clear, consolidated documentation describing how allocation decisions are derived from the underlying data.

Response to Finding 20:

SCAG agrees that the RHNA process is highly technical and that explaining RHNA outcomes to elected officials and the public can be challenging. However, SCAG does not agree that the 6th Cycle RHNA process lacked clear or consolidated documentation describing how allocation decisions were derived. During the 6th Cycle, SCAG published the RHNA Methodology, RHNA Methodology Data Appendix, Final RHNA Allocation Plan, supporting datasets, and other explanatory materials that documented the methodology, data inputs, assumptions, and formulas used to develop allocations. These materials were made publicly available on the SCAG website to provide jurisdictions and stakeholders with information regarding how RHNA allocations were determined. Furthermore, SCAG also delivered dozens of presentations to individual jurisdictions, agencies, stakeholders, and the general public to help explain RHNA, including its various nuances.

SCAG remains committed to making the RHNA process as transparent and understandable as possible. As part of the 7th Cycle RHNA process, SCAG will continue to publish information about the RHNA methodology and underlying data on its website.

F21: The absence of a clearly articulated and easily understandable description of the RHNA allocation algorithm contributes to perceptions that discretionary or political considerations may influence outcomes, even when allocations are made in compliance with state housing law.

Response to Finding 21:

SCAG disagrees with this finding. The 6th Cycle RHNA allocation methodology was developed through a transparent process that included multiple levels of public review and comment. The methodology was discussed at publicly noticed meetings of the RHNA Subcommittee and subsequently reviewed and approved by the CEHD Committee and the Regional Council. These meetings provided opportunities for local jurisdictions, stakeholders, and members of the public to review the methodology, ask questions, and provide input before its adoption, and both the staff reports and the associated staff presentations clearly delineated how the methodology worked.

In addition, SCAG published a detailed RHNA Methodology and Data Appendix that documented the factors, formulas, assumptions, and data inputs used to develop the final

allocations. These materials were made publicly available to allow jurisdictions and interested parties to understand how the methodology was applied and how final RHNA allocations were derived. SCAG also developed an interactive workbook where jurisdictions could review the Final RHNA Allocation Plan and experiment with the various factors to see how different numbers would result in a different allocation for each jurisdiction in the SCAG region.

F22: Improved transparency and communication regarding RHNA methodology would enhance public confidence in the process and reduce misunderstandings among member jurisdictions.

Response to Finding 22:

SCAG agrees that transparency and communication regarding the RHNA methodology enhance public confidence in the process and reduce misunderstandings among member jurisdictions. During the 6th Cycle RHNA process, SCAG conducted extensive outreach, including public workshops, public hearings, technical assistance, and the publication of detailed methodology documents and supporting materials to assist jurisdictions in understanding the methodology and resulting allocations.

During the 7th Cycle, SCAG will continue to communicate proactively about the RHNA methodology and ensure that all local jurisdictions and members of the public have access to relevant documents and opportunities to meaningfully participate in the process.

RECOMMENDATIONS

R5: OCCOG should request that SCAG and HCD, by December 31, 2026, provide written guidance explaining how HCD's recommendations will be applied in shaping the 7th Cycle RHNA methodology so that jurisdictions can prepare proactively.

Response to recommendation R5:

SCAG appreciates the recommendation and notes that the 7th Cycle RHNA process is governed by state law. HCD is responsible for issuing the RHND for the region and conducting statutory review of SCAG's draft methodology, but HCD does not provide guidance that shapes the development of the methodology itself. SCAG is responsible for developing the RHNA methodology through a public process, consistent with statutory requirements, and then submitting it to HCD for review. SCAG will also be required to obtain HCD's approval of its RHNA methodology prior to adoption, which is a new requirement for the 7th RHNA cycle.

SCAG cannot commit to a December 31, 2026, deadline, as HCD is not statutorily required to deliver the RHND to SCAG until October 2026. However, SCAG is committed to providing jurisdictions with timely information, clear documentation, and meaningful engagement opportunities throughout the methodology development process to support proactive preparation.

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)

Response to recommendation R11:

SCAG appreciates the recommendation and recognizes the importance of consistent participation by Orange County and its member cities in SCAG and OCCOG committees to support effective regional coordination during the development of the 7th Cycle RHNA methodology. SCAG also welcomes participation by Orange County jurisdictions, as well as all jurisdictions in the SCAG region, in its various committees. However, it should be clarified that the OCCOG Technical Advisory Committee does not develop the RHNA methodology.

The development of the 7th Cycle RHNA methodology will be overseen by the SCAG RHNA Subcommittee, which includes a comprehensive public comment and hearing process. This subcommittee is responsible for recommending the final methodology to the CEHD Committee and the SCAG Regional Council, and ultimately serves as the final hearing body for any submitted RHNA appeals.

Under the 7th Cycle structure, as directed by SCAG's Regional Council, Orange County jurisdictions will be represented by up to three members on the RHNA Subcommittee, ensuring direct and consistent participation in the methodology's development.

SCAG will continue to provide regular meeting opportunities, public comment periods, and outreach to support meaningful participation by all member jurisdictions. The first meeting for the RHNA Subcommittee for the 7th Cycle was held on August 13, 2026.

R19: By September 1, 2026, SCAG should conduct a formal review of its RHNA allocation methodology and clearly document, in understandable language, the inputs, assumptions, weighting, and decision points used in the allocation algorithm. This documentation should be publicly released and designed to improve transparency, reduce perceptions of political influence, and enhance public understanding of how allocations are determined. (F21)

Response to recommendation R19:

Under state law, the RHNA allocation methodology follows a multi-step process, which will clearly document, in understandable language, the inputs, assumptions, weighting, and decision points used in the allocation methodology. SCAG will begin the development of the methodology after the first RHNA Subcommittee meeting, which was held on August 13, 2026. After the development of a proposed methodology, SCAG will conduct a public comment process and then develop a draft methodology to send to HCD. Prior to adopting the final methodology, SCAG must receive HCD's approval of the methodology. Due to these multiple steps that will take place over many months, SCAG will be unable to have a methodology available for formal review by September 1, 2026.

R20: By September 1, 2026, SCAG should revise its RHNA appeals process to improve procedural transparency and responsiveness by clearly defining appeal criteria, documenting staff analyses and recommendations, providing written explanations for appeal decisions, and ensuring jurisdictions have meaningful opportunities to present and respond to staff findings. (F22)

Response to recommendation R20:

SCAG appreciates the recommendation to improve procedural transparency and responsiveness in the RHNA appeals process. However, Government Code Section 65584.05 currently limits RHNA appeals to three statutory bases:

- 1. The council of governments or delegate subregion, as applicable, failed to adequately consider the information submitted pursuant to subdivision (b) of Section 65584.04.*
- 2. The council of governments or delegate subregion, as applicable, failed to determine the share of the regional housing need in accordance with the information described in, and the methodology established pursuant to, Section 65584.04, and in a manner that furthers, and does not undermine, the intent of the objectives listed in subdivision (d) of Section 65584.*
- 3. A significant and unforeseen change in circumstances has occurred in the local jurisdiction or jurisdictions that merits a revision of the information submitted pursuant to subdivision (b) of Section 65584.04. Appeals on this basis shall only be made by the jurisdiction or jurisdictions where the change in circumstances has occurred.*

By statute, appeals based on local ordinances, underproduction in prior cycles, or stable population growth are prohibited. Under current law, this framework is expected to apply to the 7th RHNA cycle, unless subsequently amended by the Legislature. SCAG does not have the authority to expand or modify the appeal criteria beyond what state law permits. Consistent with prior RHNA cycles, SCAG will continue to implement procedures that support transparency and responsiveness in the appeals process, including providing written procedures, publishing guidance materials such as FAQs, and conducting public hearings where jurisdictions can present information and respond to staff findings. The published staff reports and associated staff presentations, which are delivered at public hearings, will explain the reasoning for the staff recommendation. Appeal determinations will continue to be publicly documented in writing.

SCAG will continue these practices for the 7th Cycle RHNA process and will make materials available in a clear and accessible format to support understanding by jurisdictions and the public. SCAG staff will remain available to answer technical questions and provide process-related guidance throughout the appeals process.

