



CITY OF RANCHO SANTA MARGARITA

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July 9, 2026

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

Subject: Response to Orange County Grand Jury Report, *California Housing Mandates, The Unintended Reshaping of Orange County Neighborhoods*

Dear Judge Hanson:

The City of Rancho Santa Margarita has reviewed the Orange County Grand Jury Report entitled "California Housing Mandates, The Unintended Reshaping of Orange County Neighborhoods." As required by California Penal Code sections 933 and 933.05 (a) and (b), the City of Rancho Santa Margarita is responding to the applicable findings and recommendations included within the Report. Each of the findings and recommendations is listed below in italics, followed by the City's response.

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.

Response: The City of Rancho Santa Margarita 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.

Response: The City of Rancho Santa Margarita 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.

Response: The City of Rancho Santa Margarita partially agrees with this finding. The City participates in both OCCOG and SCAG and it is unclear how or if past, current, or future participation will impact Housing Mandates policies, especially those passed by the legislature.

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.

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City Manager
Jennifer Cervantez, Ph.D.

Response: The City of Rancho Santa Margarita 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.

Response: The City of Rancho Santa Margarita agrees with this 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 Rancho Santa Margarita agrees with this 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 Rancho Santa Margarita disagrees with this finding. The City of Rancho Santa Margarita's fees are set at the cost of providing the service pursuant to State law.

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 state regulations. New low-income housing is generally not financially feasible without public subsidy.

Response: The City of Rancho Santa Margarita agrees with this 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 Rancho Santa Margarita 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.

Response: The City of Rancho Santa Margarita partially agrees with this finding. This is not the City's experience or expertise, but may reflect the view of other cities.

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 Rancho Santa Margarita 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)

Response: The recommendation will not be implemented. No information was provided about any proposed modified fee structure and how additional funding would allow OCCOG to more effectively represent the City of Rancho Santa Margarita in SCAG processes and the 7th Cycle RHNA determination in particular.

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)

Response: The City is open to partnering with the Orange County Board of Supervisors to develop a regional plan of this nature. However, this would be a Board of Supervisors initiative, not the City's. Therefore, this recommendation will not be implemented.

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)

Response: This recommendation is outside of the City of Rancho Santa Margarita's purview. Therefore, it will not be implemented.

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: This recommendation has been implemented. The City of Rancho Santa Margarita participates in monthly OCCOG TAC meetings, and monitors agendas related to SCAG committees.

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. (F-4)

Response: This recommendation has been implemented. A City staff member has been assigned to monitor RHNA related committees.

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 permit and completed units, ensuring that County and city-determined capacity assumptions remain aligned with actual production. (F13)

Response: This recommendation will not be implemented because the City complies with all California Department of Housing and Community Development and Housing Element requirements including Annual Progress Reporting. HCD provides a robust dashboard fulfilling this need.

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)

Response: This recommendation has been implemented. The City conducted rigorous outreach and education about RHNA during the 6th Cycle Housing Element and endeavors to keep the public informed about the process going forward into the 7th Cycle RHNA.

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)

Response: This recommendation has been implemented via the City's Housing Element programs.

Should you have any questions or need any additional information, please contact Cheryl Kuta, Assistant City Manager/Development Services Director, at 949-635-1816 or via e-mail at ckuta@cityofrsm.org.

Respectfully,



L. Anthony Beall
Mayor

Cc: Orange County Grand Jury
700 Civic Center West
Santa Ana, CA 92701