

Eric Sunada
805 East Pine St.
Alhambra, CA 91801

May 1, 2012

Office of the City Manager
Attention: Administrator for Public Comment to the Draft Annual Action Plan
City of Alhambra
111 S. First Street
Alhambra, CA 91801

Dear Sir/Madam:

The basis for allocating investments continues to be provided with little traceability to the HUD national objectives. In fact, Section 2 on page 7 shows either a misinterpretation by the city of the national objectives or a leap of judgment for which no justification is provided.

As per the official HUD objectives [reference www.hud.gov], not less than 70 percent of CDBG funds must be used for activities that benefit low- and moderate-income persons. In addition, each activity must meet one of the following **national objectives** (emphasis mine) for the program: benefit low- and moderate-income persons, prevention or elimination of slums or blight, or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available.

But the city somehow derives from these clear objectives two of their own which have no traceability or justification provided: enhance suitable living environments and promote economic opportunity, per Table 2 of page 7 of the draft Annual Action Plan. Although mention is made that economic opportunity is “especially for low- and moderate-income households,” there is no provision to restrict such funding for those purposes. Indeed, the city has chosen to use the lion’s share of the CDBG funding for projects which do not comply. The city has a history of using such “derived” objectives to justify use of CDBG funding to general development with little to no provisions for those target by the national objectives. For example:

The approved projects list given in Table 1 on page 3 show the single largest line item as the Section 108 Loan repayment that was used for retail development. This payment, which has been occurring for years, represents 56.5% of the entire CDBG budget.

This use of grant funding to subsidize retail development with the rationale that it provides jobs for low-income persons has not provided the benefits promised. Through the use of Section 108 loans, the city continues to fund retail development with the rationale that it provides economic opportunity and sustainability. But the Annual Action Plan fails to show adequate metrics to justify the return on investment to the community. Insufficient controls and conditions are placed on retailers and developers who are subsidized by grant funding. The city needs to obtain more concessions from developers who receive such grant funding, such as affordable housing set-asides, livable wage laws, benefits packages. None of which are being addressed.

The Annual Action Plan needs to provide the number of those employed by these retailers who live in Alhambra, who have health benefits provided by these jobs, and their base salary. The only guarantee for most of these jobs is that those who take them will continue to have a low-income. The rationale of economic sustainability is also in question. Many of these businesses have either let-go of employees or gone out of business altogether. Put simply, the community does not need more places to spend their money. What we need is to get more spending money to those in need through upward mobility. Instead, the city continues to treat the symptoms while ignoring the source of failed businesses. It is time for the CDBG funding to be used for programs truly in line with the national objectives. Money spent on community programs, mental health programs, educational programs, transitional housing, and shelters is money well spent and by its very definition will help those served. This is in contrast to money used to subsidize failed retail businesses or developers.

The obligations we are paying on for existing Section 108 loans are here to stay. But **I am asking the HUD representative responsible for Alhambra** (through this letter, assuming it gets shared with him/her by the city) to truly question future requests for such loans. The city is asking for \$4.9M for another loan for retail at the Shops at the Alhambra and Alhambra Place. This needs to be blocked, lest the entire Annual Action Plan will continue to be an exercise in futility: many pages are spent on programs and promises that are overshadowed by the huge amounts of funding dedicated to Section 108 loans for retail development. And such loans receive an unproportionately low amount of discussion in the document. This does not make sense.

The Annual Action Plan misrepresents the city's performance when it comes to affordable housing. Density bonuses in the past were discriminatory and they continue to either be ignored (ref. the recent Zen Terrace violation where units dedicated for low/mod buyers were sold to a group of investors) or bypassed through the use of Specific Plans which grant density bonuses without the need for receiving affordable units from the developer. The document justifies it compliance with incentivizing affordable housing on page 13. It states that "developers in Alhambra can receive density bonuses of 20 to 35 percent, depending on the amount and type of affordable housing provided. The density bonus regulations allow for exceptions to applicable zoning and other development standards to further encourage development of affordable housing." The reality is that this results in little to no affordable units being developed within the

last few years in comparison to the number of market-rate units developed. As mentioned, the city gives away density bonuses and exemptions to developers for free through Specific Plans.

Zero funding is allocated from the annual budget for homeless needs and strategies. The city has performed and continues to perform unsatisfactorily toward addressing homelessness. We continue to “drag our feet” to implement emergency shelters and transitional housing. And we continue to rationalize that we do not have a homeless problem based on questionable data. Councilmembers and planning commissioners have said that there are little to no homeless visible. This is a shockingly ignorant and shortsighted statement in that most homeless are not out on the streets but rather are living in cars, motels, or with relatives. The Annual Action Plan states that it takes a “regional approach to homelessness” can only be interpreted to mean that it relies on other cities and the county to provide.

Yet the city is highly parochial when it comes to attracting other businesses and developers from surrounding cities with promises of subsidies and exceptions to ordinances with no concessions gotten for our residents. From a regional standpoint, this is a race to the bottom.

I question the development of the Annual Action Plan. Page 11 specifies that it was developed with and “analysis of demographic and housing market characteristics and their impacts on housing and community development needs using statistical and empirical data; Housing and Community Development Needs Survey completed by residents; and a community workshop.” The plan should show the data, survey results, and minutes from the workshop to give the HUD manager a sense for the merit behind these claims.

I encourage and expect this correspondence to be acted upon. I also hope that it is shared with the HUD representative and that open discussion will ensue.

Sincerely,

A handwritten signature in black ink, appearing to read "Eric Sunada", with a long, sweeping horizontal stroke at the end.

Eric Sunada
Alhambra Resident

City of Alhambra

Office of the City Manager

May 10, 2012

Mr. Eric Sunada
805 East Pine Street
Alhambra, CA 91801

Dear Mr. Sunada,

The City of Alhambra appreciates the comments you submitted on May 1, 2012 with regard to the 2012-2013 Annual Action Plan. In an attempt to best address each concern, I formatted them according to your original letter.

1. As per the official HUD objectives, not less than 70 percent of CDBG funds must be used for activities that benefit low and moderate income persons. In addition, each activity must be used to meet one of the following national objectives for the program: benefit low and moderate income persons, prevention of elimination of slums or blights; or address community development needs having a particular urgency because existing conditions pose a serious and immediate threat to the health or welfare of the community for which other funding is not available. But the City somehow derives from these clear objects two of their own which have no traceability of justification provided: enhancing suitable living environments and promote economic development opportunity.

City Response: Use of CDBG and HOME funds must meet one of the three national objectives as stated above. To meet these national objectives, HUD further prescribes that each funded activity must meet one of the three performance objectives and one of the three outcome measures as established by HUD in the Federal Register Notice dated March 7, 2006, as follows:

General Objective Categories <u>Activities will meet one of the following:</u>	General Outcome Categories <u>Activities will meet one of the following:</u>
<ul style="list-style-type: none">• Decent Housing (DH)• A Suitable Living Environment (SL)• Economic Opportunity (EO)	<ul style="list-style-type: none">• Availability/Accessibility (1)• Affordability (2)• Sustainability (3)

For details and backgrounds on these objectives and outcome measures, please refer to HUD notices on <http://www.hud.gov/offices/cpd/about/performance/>.

2. The approved projects list given in Table 1 on page 3 show the single largest line item as the Section 108 Loan repayment that was used for retail development. This payment, which has been occurring for years, represents 56.5% of the entire CDBG budget.

This use of grant funding to subsidize retail development with the rationale that it provides jobs for low-income persons has not provided the benefits promised. Through the use of Section 108 loans, the City continues to fund retail development with the rationale that it provides economic opportunity and



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sustainability. But the Annual Action Plan fails to show adequate metrics to justify the return on investment to the community. Insufficient controls and conditions are placed on retailers and developers who are subsidized by grant funding. The City needs to obtain more concessions from developers who receive such grant funding, such as affordable housing set-asides, livable wage laws, benefits packages. None of which are being addressed.

City's Response: The City utilized Section 108 loans for the development of the Fremont Plaza project and rehabilitation of existing properties along Main Street. These projects were completed by 2000 and have improved the business environment in the area and created and retained many jobs for Alhambra residents. The businesses assisted with Section 108 loans were subject to recruitment requirements that advertised the availability of jobs in the vicinity of the project sites. The accomplishments (full- and part-time jobs created) of these existing loans were reported years ago when the projects were undertaken. Repayments of Section 108 loans are City obligations pursuant to HUD regulations.

Records for the projects were required to be maintained for five years. Thus, the record-keeping requirement has expired. The City is only repaying the loans at this time, which is amortized over a 20-year period.

Pursuant to HUD regulations, the City is entitled to utilize Section 108 loan guarantees to facilitate large-scale development or improvement projects. Regulations governing the Section 108 program may be found at [24 CFR 570](#), Subpart M, Loan Guarantees. HUD strongly encourages local jurisdictions to utilize this tool for economic development activities.

3. It is time for CDBG funding to be used for programs truly in line with the national objectives.

City Response: Every activity funded by the City meets at least one of the national objectives and HUD performance objectives and outcome measures. HUD must review the Action Plan and approve the projects proposed for funding.

4. The City misrepresented its performance in affordable housing. Density bonuses in the past were discriminatory and they continue to either be ignored or bypassed through the use of Specific Plans which grant density bonuses without the need for receiving affordable units from developers.

City's Response: The City makes use of density bonuses to bring a number of benefits to the community, including (but not limited to) affordable housing. All HOME funds and a portion of the City's CDBG funds are used to provide or improve affordable housing for low and moderate income households. Density bonuses were utilized by many projects to achieve affordable units. Please refer to the City's Housing Element for specific information on density bonus projects. The City's affordable housing inventory can be located at:

http://www.cityofalhambra.org/government/development_services/housing_assistance/downloads/AffordableHousingInventory.pdf

The City's specific plans offer a different density structure to encourage smart growth and sustainable development principles through higher-density development along commercial corridors. The density level is authorized by the specific plans.

5. The City continues to perform unsatisfactorily toward addressing homelessness.

City's Response: The relatively small need in the City does not justify designing a program specifically for the homeless. Rather, through cooperative relationships with nonprofit organizations, such as the Housing Rights Center (HRC), the Los Angeles Homeless Service Authority (LAHSA), and the Greater Pasadena Housing and Homeless Network, the City provides referrals and assistance to homeless individuals. Alhambra continues to participate in the Los Angeles Continuum of Care Strategy as the primary delivery system of comprehensive and coordinated housing and services for the homeless. The County's regional Continuum of Care system includes over 100 agencies that provide emergency, transitional, and permanent supportive housing, plus services to address the needs of homeless persons and enable transition to independent living. Agencies such as Catholic Charities-San Gabriel Region provide services to help people attain self-sufficiency through case management, job placement, skills assessment, and psychological counseling. Often a variety of services are offered, including low-cost child care, emergency utility and other assistance, individual and family counseling, immigration/refugee services, homeless services, welfare to work program, medical and social services, and more.

6. I question the development of the Annual Action Plan. Page 11 specifies that it was developed with an "analysis of demographic and housing market characteristics and their impact on housing and community development needs using statistical and empirical data; Housing and Community Development Needs Survey completed by residents; and a community workshop." The plan should show the data, survey results, and minutes from the workshop to give the HUD manager a sense for the merit behind these claims.

City Response: To gauge the nature and extent of needs in the City and to help the City prioritize the use of limited CPD funds (CDBG and HOME) and develop the Consolidated Plan (adopted in May 2010), the City used a number of research methods, including:

- Analysis of demographic and housing market characteristics and their impacts on housing and community development needs using statistical and empirical data
- Housing and Community Development Needs Survey completed by residents
- A community workshop

The Annual Action Plan also utilizes a participatory process. The City followed the Citizen Participation Plan outreach, noticing, and hearing requirements in the development of the Action Plan. The Plan was developed through a collaborative process which included the participation of HCDA Citizen Advisory Committee, residents, and City staff.

Again, thank you for your comments. They will be incorporated into the final Annual Action Plan before it is submitted to HUD. Additionally, the City will take them into consideration when evaluating our CDBG program in the future. If you have any further questions, please feel free to contact me at (626) 570-5011.

Sincerely,



Handwritten signature of Jessica Keating, consisting of a series of loops and a long horizontal stroke extending to the right.

Jessica Keating
Assistant to the City Manager