

Eric Sunada
805 East Pine St.
Alhambra, CA 91801

September 20, 2011

Jessica Keating
Assistant to the City Manager
City of Alhambra
111 S. First Street
Alhambra, CA 91801

Ms. Keating:

The national objectives of HUD block grant funding are clear. Specifically, it is required that funding directly addresses at least one of these objectives:

- elimination of slums and blight and blighting influences;
- benefitting low to moderate income persons or neighborhoods; and/or
- meeting other urgent community needs imposing an immediate threat to safety and health.

The author of the CAPER goes on to interpret the national objectives as the following:

- “providing decent housing;
- providing a suitable living environment; and
- expanding economic opportunities, principally for lower income persons.”

Metrics used to assess the effectiveness of the funding are grouped into the following categories:

- “expanding availability and accessibility;
- enhancing affordability; and
- promoting sustainability.”

The interpretation and performance metrics are questionable in that their vagueness permits usage of grant funding for clearly unintended purposes. Programs such as those benefitting community-based facilities and support services are clearly acceptable. But a significant percentage of grant funding is used on projects which are questionable at best and provide no community benefit at worst.

The contradictory nature of the CAPER is exemplified in section 3. The programmatic accomplishments listed are by priority. While the priorities are, for the most part, consistent with the intended purpose of the funds (e.g., priorities 1-4 relate to affordable and fair housing and latter priorities relate to code enforcement, commercial rehabilitation, and subsidized retail development as masked behind Section 108 loans), the amount of funding allocated is not.

For example, only \$23K was used for the important Exterior Rehabilitation Program for home improvements. This disappointment is only compounded by the fact that overhead costs exceeded the amount actually put to projects (\$33K). Low-income households are in desperate need of exterior rehabilitation. This represents one of the truly noticeable signs of decay that we have in the city. The fact that most of the allocated budget is not being used would suggest that the city's outreach is lacking.

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 and year 2000 statistics. 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 CAPER 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. I am requesting that the following statement be removed from the CAPER unless the city is prepared to show solid data based on 2011 statistics and surveys: "The relatively small need in the City does not justify designing a program specifically for the homeless."

About \$275K is spent on code enforcement with only 17% of fielded calls being located in low to moderate income areas. Only 26% of confirmed violations were located in these areas. There are a couple of problems associated with this. First, it appears a disproportionate amount of funding is being used to fund the code enforcement budget. More importantly, of the 956 violations found in low/mod income areas, it often puts a strain on such homeowners to remedy the violations. Yet the Exterior Rehabilitation grant funding budget goes largely unused. The city needs to do a better job coordinating because spending grant money on enforcement which results in an added burden on low/mod income households is certainly not consistent with HUD priorities.

Probably the most egregious use of grant funding is to subsidize retail development with the rationale that it provides jobs for low income persons. 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 CAPER 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 CAPER 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 be low-income. The rationale of economic sustainability is also in question. Many of these businesses have either laid-off their employees or gone out of business altogether. The number of retail establishments has saturated the city into unsustainable growth. 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. Repayment of Section 108 loans represents the single largest line item in the CDBG budget. And it promises to continue this way with \$4.9M being proposed for another loan for retail at the Shops at the Alhambra and Alhambra Place. In addition, on August 22, 2011, an amendment to the Annual Action Plan allows \$480K of additional funds to be used to assist businesses and developers this year.

A glaring hole in the CAPER is the lack of investment in the community. If the city can fund retail developments to the tune of millions of dollars, they can certainly justify custom or unique community based programs such as those related to adult education, literacy, apprenticeships, and attracting well-paying manufacturing or other jobs with livable wages.

The CAPER misrepresents the city's performance when it comes to affordable housing. Taking credit for Housing Element compliance is an overstatement when over 95% of the affordable rental units subsidized by city funding are restricted to seniors only. This represents age discrimination and serving a minority when compared to other special needs groups. 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 Special Tract Maps which grant density bonuses without the need for receiving affordable units from the developer.

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 cursive script that reads "Eric Sunada".

Eric Sunada
Alhambra Resident

City of Alhambra

Office of the City Manager

September 27, 2011



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

Dear Mr. Sunada,

The City of Alhambra appreciates the comments you submitted on September 22, 2011 with regard to the 2010-2011 Consolidated Annual Performance and Evaluation Report (CAPER). In an attempt to best address each concern, I formatted them according to your original letter.

1. The author of the CAPER goes on to interpret the national objectives as the following:
 - Provide decent housing;
 - Providing a suitable living environment; and
 - Expanding economic opportunities, principally for lower income persons

Metrics used to assess the effectiveness of the funding are grouped into the following categories:

- Expanding availability and accessibility;
- Enhancing affordability; and
- Promoting sustainability.

The interpretation and performance metrics are questionable in that their vagueness permits usage of grant funding for clearly unintended purposes.

City's Response: The interpretation of the national objectives and performance matrix presented in the CAPER are established by HUD, in accordance with the Federal Register Notice dated March 7, 2006.

2. A significant percentage of grant funding is used on projects which are questionable at best and provide no community benefit at worst.

City's Response: This CAPER assesses the City's accomplishments in implementing the CDBG and HOME programs based on the FY 2010-2011 Annual Action Plan, which was approved by HUD for compliance with program requirements and eligibilities. All of these activities are consistent with the national objectives and program requirements for CDBG and HOME, as well as the City's HUD-approved 2010-2015 Consolidated Plan.

3. The contradictory nature of the CAPER is exemplified in Section 3. The programmatic accomplishments listed are by priority. While the priorities are, for the most part, consistent with the intended purpose of the funds (e.g., priorities 1-4 relate to affordable and fair housing and latter priorities relate to code enforcement, commercial



rehabilitation, and subsidized retail development as masked behind Section 108 loans), the amount of funding allocated is not.

City's Response: The CDBG program is a flexible program with three national objectives (decent housing; suitable living environment; and expand economic opportunities), 15 specific objectives, and numerous eligible activities. As long as the activities meet these objectives and eligibility, HUD does not prescribe the funding allocation for the City.

4. For example, only \$23K was used for the important Exterior Rehabilitation Program for home improvements. This disappointment is only compounded by the fact that overhead costs exceeded the amount actually put into projects (\$33K)...The fact that most of the allocated budget is not being used would suggest that the City's outreach is lacking.

City's Response: The City must maintain project staff to administer the program regardless of the year-to-year fluctuations of participants. The CAPER reports only those projects that have been completed; most of this year's CDBG Exterior Rehabilitation Program projects were started in prior years, resulting in smaller expenditures this year. Several additional projects were started this program year and will be completed next program year.

The same staff that oversees the CDBG Exterior Rehabilitation Program also oversees the HOME Housing Rehabilitation Program. The HOME program is a much more extensive program in that it encompasses the entire residence (inside and outside). The staff completed 5 HOME rehabilitations and expended \$204,694 in grants/loans with no overhead costs.

City staff has made outreach efforts this year by creating flyers for all public counters, information on the City's website, and placing ads in the *Around Alhambra* newspaper which is sent to every household in the City as an effort to promote the CDBG and HOME Housing Rehabilitation Programs. The result of the marketing outreach is such that over 100 applications were received between March and June 30, 2011. Staff continues to review applications, respond to resident inquires, and implement eligible rehabilitation projects. Code enforcement field staff also helps connect income eligible households to the City's Housing Rehabilitation Programs.

5. 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.

City's Response: This CAPER reports progress in implementing the FY 2010-2011 Action Plan, which implements the goals and objectives established in the 2010-2015 Consolidated Plan. Because the City of Alhambra does not have a significant homeless population, the Consolidated Plan (adopted by the City Council and approved by HUD) does not identify the use of CDBG or HOME funds for homeless services. The City of Alhambra continues to participate in the local Los Angeles Continuum of Care (CoC) Strategy as the primary delivery system of comprehensive and coordinated housing and services for the homeless.

The County's regional CoC uses cooperative relationships with nonprofit organizations, such as the Housing Rights Center, the Los Angeles Homeless Service Authority (LAHSA), and over 100 other agencies that provide emergency, transitional, and permanent supportive housing, plus services, to address the needs of the homeless.

In addition, the Consolidated Plan, Action Plan, and CAPER point to the use of Federal Homeless Prevention and Rapid Re-Housing Program (HPRP) funds to provide homeless prevention assistance to Alhambra households who would otherwise become homeless due to the economic crisis, and to provide assistance to rapidly re-house persons who are homeless. The emphasis is on serving households that are most in need of temporary assistance and are most likely to achieve stable housing after the program concludes. The City of Alhambra received \$567,605 under the HPRP program and began implementation of the program in FY 2010-2011. This program is being administered by the Los Angeles Homeless Service Authority (LASHA).

6. About \$275K is spent on Code Enforcement with only 17% of fielded calls being located in low to moderate income areas. Only 26% of confirmed violations were located in these areas....First, it appears a disproportionate amount of funding is being used to fund the code enforcement budget.

City's Response: The City must maintain staff to administer Code Enforcement regardless of the year-to-year fluctuation of violations. Overall, 36% of the City's Code Enforcement budget was supported by CDBG funds and 26% of the confirmed violations were located in the low/moderate income areas. Typically, the extent of the housing violations in the low/moderate income areas are more severe compared to those in other parts of the City. Therefore, the level of staff assistance is higher in these areas (including providing technical assistance and connecting income eligible households to City rehabilitation programs). In addition, the accomplishments accounted for under the CDBG-funded Code Enforcement program include only those cases that are CDBG-eligible, i.e. housing code violations that are structurally related. Measuring staff assistance purely by the number of cases can be misleading because it does not take into account the amount of time needed to assist such cases.

There are fewer allowable violations for the Low/Mod Target Area than for the non-CDBG portions of the City. The most common violations such as high grass/weeds, dead landscaping, and other vegetation related violations are not CDBG eligible, and thus not counted in the Target Area total, but *are* included in the citywide total. This skews the number of Target Area violations to be less than if those same violations were outside the Target Area.

7. More importantly, of the 956 violations found in low/mod income areas, it often puts a strain on such homeowners to remedy the violations. Yet the Exterior Rehabilitation grant funding budget goes largely unused. The City needs to do a better job coordinating because spending grant money on enforcement which results in an added burden on low/mod income households is certainly not consistent with HUD priorities.

City's Response: Code Enforcement activities help improve the housing and neighborhood conditions for all persons of the lower and moderate income areas. Code Enforcement and the Housing Division work together to promote the City's Housing Rehabilitation Programs as described in item #4 above.

8. Probably the most egregious use of grant funding is to subsidize retail development with the rationale that it provides jobs for low income persons. 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 CAPER 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 CAPER 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.

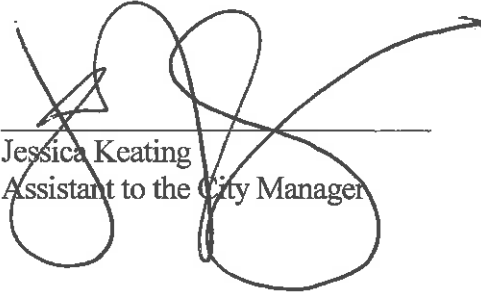
City's Response: The City utilized Section 108 loans for the development of the Fremont Plaza project and rehabilitation of existing properties along Main Street. These projects were undertaken in 1995 and 1996 respectively and completed by 2000. They have improved the business environment in the area 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 and deemed to qualify as low/mod jobs) were reported years ago when the projects were undertaken. HUD does not require the jobs be held by low/mod income persons for any specific period of time, nor does HUD require information regarding health benefits. The City is only repaying the loans at this time, which is amortized over a 20-year period.

9. The CAPER misrepresents the City's performance when it comes to affordable housing. Taking credit for Housing Element compliance is an overstatement when over 95% of the affordable rental units subsidized by City funding are restricted to seniors only. This represents age discrimination and serving a minority when compared to serving other special needs groups.

City's Response: The Consolidated Plan requires that the City discuss other actions undertaken by the City to promote affordable housing. Therefore, including the City's Housing Element efforts in the CAPER is appropriate. The City provides affordable housing assistance to both seniors and non-seniors. The First-Time Homebuyer Program and Residential Rehabilitation Program are utilized primarily by non-senior families. Specifically, the City acquired and rehabilitated five- 3 bedroom houses that were/will be sold to income qualified individuals and/or families. The City is also in the process of constructing eight- 3 bedroom affordable townhomes for individuals and/or families. The City is committed to promoting affordable housing through a variety of available mechanisms.

Again, thank you for your comments. They will be incorporated into the final CAPER 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,



Jessica Keating
Assistant to the City Manager