

LOCAL NEWS

Experts: City of Industry home ownership creates ground for corruption, malfeasance



15626 Nelson Ave. pictured May 4, 2015. Properties owned by the City of Industry, Calif., including these nine Nelson Avenue residences that face La Puente High School and are adjacent to the Industry civic center, are part of a SGVN investigation along with former mayor David Perez's companies in the city of Industry, surrounding cities and unincorporated areas pictured May 4, 2015. The State Controller's Office has begun probing the city's finances also. (Photo by Leo Jarzomb/San Gabriel Valley Tribune)

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INDUSTRY >> Eighty-six of the 97 registered voters in the City of Industry live in homes that are either owned by the municipal housing authority or companies controlled by former Mayor Dave Perez, according to an analysis of voter registration, conflict of interest statements and rental records done by this news organization.

In the wake of an audit of city finances that found the city paid more than \$326 million to companies owned by Perez and his family over the past 20 years, experts say the home ownership situation creates a breeding ground for corruption and malfeasance.

“There’s got to be something done,” open government activist Gil Aguirre said. “On the one hand it seems Perez figured out he can control who is in office by owning and amassing property all over the City of Industry. And, on the flip side of this, the city is controlling who can live in the other homes. Really, they are using the property they own to leverage people into those homes that support whatever it is they want to do.”

The Los Angeles County District Attorney’s Office and California state Controller Betty Yee have begun parallel investigations into Industry’s finances and the city’s two-decade long relationship with the Perez family. Companies owned or controlled by the family haul trash for city-owned homes and, until recently, conducted all the maintenance, street sweeping and some landscaping at those locations.

Records show that the majority of Industry’s 220 residents live in four relatively tiny neighborhoods. City-owned homes are managed by the Industry Property and Housing Management Authority, a board which includes the city’s senior planner Troy Helling and Carlos Cuevas, the human resources director. Neither man lives in the city.

Residents typically pay rents between \$600 and \$700 a month for city-owned homes and are only required to pay for utilities. Trash pickup and maintenance costs are included in the rent, said City Manager Kevin Radecki, who pays \$700 a month for a home on Nelson Avenue, adjacent to City Hall.

Among Radecki’s neighbors are Mayor Tim Spohn; City Councilwoman Patsy Marcellin; Cece Dunlop, the city clerk; and six members of the Perez family. Some of the Perez’s rent city-owned homes on Nelson Avenue, according to city documents, while other family members live in homes they bought from the city sometime in the past decade, Radecki said.

“The benefit is that the city gets to have employees that are close,’ Radecki said. “You can pop in for something if there’s something that needs to be taken care of, but the

downside is that you have no real privacy. It's a fishbowl when you live with co-workers, your boss and the people you do business with. It's a trade-off."

All the rentals come with a 30-day cancellation clause.

Two miles east of Radecki, Perez, the former mayor, lives on aptly named Hill Street, which lies south of Temple Avenue near a gated, rear entrance to the city-owned Industry Expo Center. The four homes there are owned and occupied by members of the Perez family, according to conflict of interest statements, voting records and city officials.

Past the gateway to the Expo Center are eight residences — all owned by the city. Rents in the hilltop community, which is adjacent to the Industry Hills golf course and is blessed with sweeping views of the San Gabriel Valley, also run from \$600 to \$700 a month, Radecki said. Among the residents are Radecki's brother Mark; Elise Calvo, the assistant city treasurer; and Andria Welch, a planning commissioner, according to city rental and voter registration records.

About 50 of Industry's residents live at El Encanto, a retirement home that is tucked away on a cul-de-sac between giant food processing plants and a plastic factory. Voter rolls show four residents of the facility are registered to vote, but at least one is dead, according to family members. The other three could not be located. Kenneth Calvo, the city official who oversees El Encanto, lives on the hilltop adjacent to the golf course.

The situation in Industry is similar to one that existed in nearby Vernon until the last two years, when public scrutiny and corruption charges forced Vernon to allow outsiders to move into the city, Aguirre said.

Former Los Angeles County Supervisor Gloria Molina said Industry's housing situation is troubling.

"Cities like Industry, cities like Vernon have been troubling to me for decades, the insular activities, the lack of oversight," she said. "They pride themselves on being a business-oriented city, but at the end of the day, they are not a city."

Part of Molina's concern revolves around the lack of affordable housing in the city, which employs residents of other communities, without offering any of the benefits given to property owners and residents.

"We have heard forever, about wheelings and dealings, the kinds of things they do for one another for certain developers. But we have no oversight — they have their own City Council, their own lawyers ...," she said.

When the Board of Supervisors went after Industry for its lack of affordable housing, the city fought back, Molina said.

“We were always suspicious of the city of Industry because they didn’t follow any rules,” Molina said, referring to affordable housing set-aside mandates.

Radecki and Spohn said more housing may be built in Industry — and soon.

“The council’s been looking at that for sometime,” Spohn said. “We’re in the midst of redoing the general plan and updating our general plan and we’re looking at some of our housing needs. We haven’t made any decisions yet, but we’re looking at that.”

In the meantime, the City of Industry and Perez — its most prominent property owner — will continue to irritate outsiders.

“The place is a mess,” Aguirre said. “I just don’t know what the solution is going to be, for me everything that’s reported leaves me with more questions. Industry is the poster child with what is wrong in some municipal governments. All of this did not transpire in a vacuum.”

Due to a reporting error, a story that ran Friday on Page A1 should have said Industry resident Kenneth Calvo manages El Encanto, a city-run retirement community.

Staff writer Rebecca Kimitch contributed to this story.