

An aerial photograph of the San Francisco Bay Area Peninsula, showing a dense urban grid, water bodies, and infrastructure. The entire image is overlaid with a semi-transparent blue filter.

# Investment and Disinvestment as Neighbors

A Study of Baseline Housing Conditions  
in the Bay Area Peninsula

JANUARY 17, 2020

Center for Community Innovation



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The Center for Community Innovation (CCI) at UC Berkeley nurtures effective solutions that expand economic opportunity, diversify housing options, and strengthen connection to place.

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# Executive Summary

This study establishes and analyzes baseline housing conditions in three communities—the Belle Haven neighborhood of the City of Menlo Park, San Mateo County’s unincorporated area of North Fair Oaks, and the City of East Palo Alto, pursuant to Facebook’s Development Agreement with the City of Menlo Park. The focus on these communities stems not just from their proximity to the Facebook campus, but also their history as low-income communities of color that may be particularly vulnerable to displacement.

For this study, the Center for Community Innovation collaborated closely with the Y-PLAN initiative of the Center for Cities and Schools (CC+S). Y-PLAN partnered with the East Palo Alto Phoenix Academy (EPAPA) and the Boys and Girls Clubs of the Peninsula to build the capacity of local students to develop their own research and recommendations for stabilizing East Palo Alto, the Belle Haven neighborhood, and the North Fair Oaks area. The Y-PLAN results point to the severity of the housing crisis in the area, in terms of high housing costs, overcrowding, homelessness, and displacement.

## Methodology

We use multiple primary and secondary data sources – ranging from stakeholder interviews, to neighborhood observation, to census and real estate data – to provide an in-depth picture of housing conditions in the three communities. This research differs from the existing housing studies in the area by analyzing patterns of housing investment and disinvestment at the parcel and block level, rather than just looking at aggregate census geographies. We define “study area” as the combined communities within the City of East Palo Alto (East Palo

Alto), the San Mateo County’s unincorporated area of North Fair Oaks (North Fair Oaks), and the Belle Haven neighborhood of the City of Menlo Park (Belle Haven).

## Community Profiles

East Palo Alto, Belle Haven, and North Fair Oaks have all historically been low-income, working-class communities. Most of the housing stock is over 30 years old, with little recent construction. Yet, there are indications of recent changes: increasing population turnover, declining school-age population, and homelessness on the rise. High housing prices and low incomes have led to a high incidence of rent-burdened households and overcrowding. North Fair Oaks and East Palo Alto in particular have more than double the share of overcrowded housing units that the county has. Over 40% of households in San Mateo County spend more than 35% of their income on rent—but in Menlo Park’s Belle Haven neighborhood, the figure is closer to 60%. And, the three communities, particularly East Palo Alto, are experiencing much more turnover in recent years, with more than 40% of the households moving in during this decade.

## Residential Real Estate Patterns

This report produced a wealth of information on observable housing conditions in East Palo Alto, North Fair Oaks, and Belle Haven. In conjunction with the individual stories of current and former residents collected by students, this analysis of real estate patterns confirms that the three study communities experience disproportionate pressure on their housing market, relative to the rest of San Mateo County.

We find that of the three study areas, East Palo Alto had the most observable signs of disinvestment in our neighborhood survey, with for example higher rates of overgrown lawns, absentee owners and sidewalks missing or in poor condition. The Belle Haven neighborhood, on the other hand, was found to often have a higher rate of both signs of investment and real estate speculation. One question to examine further is whether lots with higher rates of disinvestment are associated with absentee owners and housing units being rented out, which are both relatively high in East Palo Alto (35% and 65%, respectively).

Our analysis reveals that the study area experiences fewer remodels, more foreclosures, more code violations, and has a greater percentage of absentee homeowners compared to the areas surrounding it, suggesting that disinvestment is much more prevalent within the study area. Contrasting this newly created dataset with the qualitative information provided by students and stakeholders augments the findings: there is a lot that cannot be perceived from street observation or from publicly available datasets alone, in particular in regards to what a converted garage, for example, means for a student's experience at home, or how a new backyard cottage can symbolize opportunity.

We also find evidence of specific individuals driving actual displacement for profit, whether through flips, absentee homeownership, or short-term rentals. Although housing prices are lower than in the surrounding jurisdictions, overall local homeownership is still becoming more inaccessible to current residents as the housing market tightens post Great Recession and the price per square foot continues to increase. Finally, we find that jurisdictions react to residents' investment or disinvestment differently, in particular in regards to willingness to issue code violations, and that although residents are eager to turn to ADUs as a means to produce new housing and reduce unhealthy overcrowding, the process for financing, permitting and building ADUs is still a barrier and illegal conversions remain common.

## Local and State Housing Policies

The three jurisdictions that house the study communities have largely been unsuccessful in effectively supporting the production of new housing, in particular for low income residents and through innovative housing types like ADUs. While East Palo Alto remains a leader locally in mitigating the displacement of tenants, in general, the other jurisdictions fall short in implementing policies to prevent displacement. Recent legislative efforts at the state level provide some relief, particularly by removing restrictions on ADU construction.

## Recommendations

### Production

- There should be a no net loss (one-for-one replacement) policy for any rental housing demolished for new construction.
- As new housing is constructed, jurisdictions should have measures for affordable housing preservation and tenant protection in place already.
- The cities—and businesses such as Facebook—should invest in intermediaries familiar with ADU construction and outreach, user-friendly interfaces, and innovative ADU financing mechanisms.
- The communities should expand community land trust models.

### Preservation

- Jurisdictions should consider channelling housing trust fund monies in the communities toward preservation rather than new construction: Community land trusts, as well as housing trust fund monies, can be used to acquire, rehabilitate, and convert non-subsidized units into subsidized ones.
- Jurisdictions should couple code enforcement with technical and financial support to correct the violations. For ADUs, the jurisdictions should consider developing formal amnesty programs, perhaps



involving training (i.e., sweat equity as recommended by the high school students).

- To regulate short-term rentals, the cities should design policies that restrict the ability of outside investors to remove housing units from the long-term rental market. Passing local Transient Occupancy Taxes that apply to hosting platforms like Airbnb and VRBO could potentially help raise additional funding for local housing trust funds.
- Jurisdictions should explore the feasibility of legislation that limits speculation by outsiders.

### Tenant Protection

- Jurisdictions should implement anti-displacement programs to protect tenants such as tenant counselling and rental assistance.
- Jurisdictions should implement right of return or community preference policies offer displaced tenants a place on the waitlist for subsidized housing, as well as relocation benefits programs.

### Monitor

Local housing conditions should be actively monitored, and a tool created for housing data collection and dissemination. The following are examples of conditions and datasets to develop and incorporate:

- Housing speculation
- Historic and current data from short-term rental platforms
- Evictions
- Renter registry

### Internal Opportunities

Large employers such as Facebook should consider how internal policies affect local housing conditions. In addition, large employers should act on their opportunity to help employees recognize the structural and historical factors which shape racial disparities and economic inequities in the Bay Area.

### Summary

In summary, we find that the three communities are under considerable housing pressures. Housing costs are growing much faster than incomes, families are developing a variety of coping strategies to deal with overcrowding, and turnover is relatively high. The communities experience a disproportionate amount of real estate speculation (compared to the rest of the county), including flipping of properties and absentee and/or corporate ownership. City actions such as code enforcement only exacerbate the crisis. Yet, there are a number of policies that could help stabilize the communities and promote more inclusive growth.

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# Part 1:

# Introduction

# Introduction

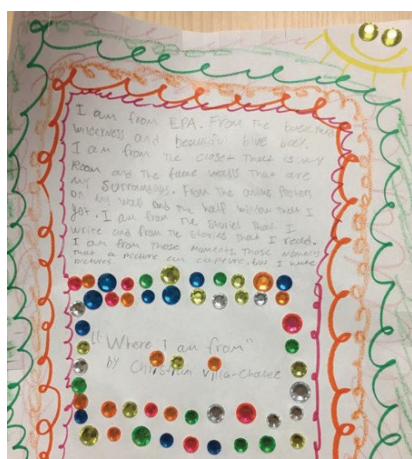
In San Mateo County, Facebook has more than just an online presence in residents' lives. With nearly 15,000 employees, the company's iconic headquarters at 1 Hacker Way in Menlo Park is home to one of the biggest employers of the region. The company moved to Menlo Park in 2011 as the region recovered from the Great Recession and the accompanying housing market reset. At that time, San Mateo County was already experiencing high rates of displacements, foreclosures, and gentrification. Today, as the San Francisco Bay Area struggles to deal with an ongoing housing crisis that has particularly impacted long-term low-income residents, establishing a baseline of current housing conditions in the area around Facebook can help guide thoughtful actions by the company to be a good neighbor.

In December 2016, Facebook entered into a Development Agreement with the City of Menlo Park. Pursuant to Section 8.1.1 of the Agreement, Facebook agreed to conduct a Housing Inventory and Local Supply Study to “assess the conditions, occupancy, and resident profiles of residents living in the immediate vicinity of the Property (including, but not limited to Belle Haven,

Fair Oaks and the City of East Palo Alto). The purpose of this study is to establish a baseline understanding of the housing conditions in the area, to facilitate the development of an informed regional housing strategy, and to develop concrete recommendations to help to support the preservation of affordable and workforce housing.”

Thus, this study establishes and analyzes baseline housing conditions in these three communities—the Belle Haven neighborhood of Menlo Parks, San Mateo's unincorporated area of North Fair Oaks and the city of East Palo Alto—in comparison to the rest of San Mateo County. The focus on these communities stems not just from their proximity to the Facebook campus, but also their history as low-income communities of color that may be particularly vulnerable to displacement. The company has become today an important piece of a complex web of social and economic change.

In order to refine the research questions and study approach, the Center for Community Innovation collaborated closely with the Y-PLAN initiative of the



“I am from EPA. From the backyard wilderness and beautiful blue bay. I am from the closet that is my room. And the fake walls that are my surroundings. From the anime posters on my wall and the half window that I got. I am from the stories that I write and from the stories that I read. I am from those moments. Those moments that a picture can capture. But I hate pictures.”

- WHERE I'M FROM, CHRISTIAN VILLA-CHAVEZ



Center for Cities and Schools (CC+S). Y-PLAN empowers young people to tackle real-world problems in their communities through project-based civic learning experiences. For this study, Y-PLAN partnered with the East Palo Alto Phoenix Academy (EPAPA) and the Boys and Girls Clubs of the Peninsula to build the capacity of local students to develop their own recommendations for stabilizing East Palo Alto, the Belle Haven neighborhood, and the North Fair Oaks area. Throughout 2018, CCI and CC+S staff worked closely with the students to train them in research methods such as neighborhood observation, interviewing, and surveys, as well as the use of descriptive statistics and data science tools to analyze the data. Students assessed neighborhood conditions on the ground and interviewed their networks—in both English and Spanish—about experiences of displacement. Quotes from this work are relayed throughout this report. The students then developed recommendations for policy and created a [Story Map](#) to display their findings and presented their work several times at Facebook and local city council meetings. A full description of their work can be found in Appendix A, Menlo Park Policy Brief.

The Y-PLAN results point to the severity of the housing crisis in the area, not just in terms of housing costs but also in terms of shortage of supply. Most students know someone who has been displaced. Overcrowding is the norm, with multiple families living in units meant for one, and garages being used as primary living spaces; many

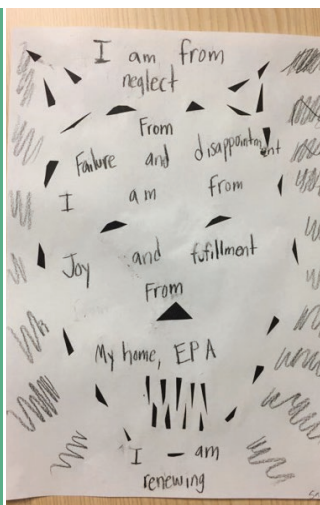
students have personal experience with overcrowding. Homelessness is an epidemic; almost every student mentioned knowing someone who lives in their vehicle or on the street. Other themes included concerns about sea level rise, traffic, and a fear of losing the community's local culture and identity. Many families value multi-generational housing, and the long-term renters seek paths to home ownership that would allow them to remain in the community.

This report draws from the students' research, particularly their interview findings and neighborhood observations. The concerns highlighted by the students also shifted the focus of the study, to look more in depth at how dynamics related to real estate speculation shape conditions on the ground. Finally, this report provides support for the policy recommendations that the students put forth and continue to recommend in ongoing engagement with Facebook.

Building on the students' work, we surveyed every residential block in the three communities, creating an index of investment and disinvestment. Supplementing these observations are detailed profiles of each community using American Community Survey data. Then, we analyzed patterns of real estate development and speculation in each community, looking at residential permit activity and transactions over time, along with current rental characteristics. Next, a review of housing related policies demonstrates local efforts to produce, protect and preserve affordable housing. We conclude with some recommendations to slow real estate speculation, stem displacement, and stabilize communities.

"I am from neglect  
From Failure and disappointment  
I am from joy and fulfillment  
From My home, EPA  
I am renewing."


- WHERE I'M FROM,  
CHRISTIAN VILLA-CHAVEZ



# Part 2:

## Background & Methodology





“Over the last couple of years, rent has constantly increased. A friend of mine and her son live in a garage because that is the most affordable. Many of my friends have moved to other cities in order to obtain a comfortable living space.”

-KARINA, 45

# Methodology

The research for this study took place over a two-year period, in three phases. The first phase involved developing the study scope in conjunction with local stakeholders. In the Phase II community-based participatory research, which lasted about a year, we engaged local high school students to refine the research questions and begin primary data collection. Phase III involved secondary data collection and analysis. Based on the development agreement, researchers focused on gathering data about the study area. We define “study area” as the combined communities within the City of East Palo Alto (East Palo Alto), San Mateo County’s unincorporated area of North Fair Oaks (North Fair Oaks), and the Belle Haven neighborhood of the City of Menlo Park (Belle Haven). For comparison, we collected data on Redwood City, Menlo Park outside of Belle Haven, and San Mateo County, depending on data availability.

## Phase I: Developing study scope

From June to August 2017, the Center for Community Innovation (CCI) interviewed 39 stakeholders in East Palo Alto, Belle Haven/Menlo Park, and North Fair Oaks. The interviews were semi-structured covering the topics of the housing crisis, barriers to addressing it, stakeholder landscapes, and suggestions for a housing research project. Most interviews were conducted in person with several consisting of pairs or small groups from an agency or organization. Stakeholders ranged from elected officials and government staff to community-based organization workers and resident activists. A summary memo was written for each interview, which were coded and analyzed for themes using the qualitative analysis software Dedoose.

Interviews suggested that, at the core of the housing crisis in the Bay Area, is the escalation of housing costs, driven by rapid job growth. Nearly all stakeholders described how steadily rising rents and home values make each community increasingly unaffordable for long-time residents and low-income households. Locals point to the role of specific actors, particularly landlords capitalizing on the strong rental market by pushing rents even higher and investors buying up local property. These housing challenges then lead to multiple harmful impacts on local communities, from the displacement of families, often to distant areas, to the secondary impacts on quality of life, such as congested streets. Stakeholders report that displacement occurs in different ways. Evictions result not just from no-fault formal eviction processes, but also code enforcement that deems homes unsafe and mandates expensive improvements. Exclusionary displacement means that children of families already in the area themselves cannot afford to move back into the communities where they grow up. In the face of displacement, families and individuals have few options for securing housing. In addition to seeking out new ways to earn income, households respond to displacement by overcrowding into smaller units (sometimes just during the work week), moving into unpermitted secondary units like garages, or becoming homeless.

Another common theme that emerged from interviews is the challenges of accessing housing programs and supports, whether because of long or confusing waitlists, rules restricting participation by formerly incarcerated residents, landlord discrimination against Housing Choice Voucher holders, weakness of tenant protections, or intimidation of undocumented residents.





YPLAN, Summer 2018. Photo: Center for Community Innovation

Stakeholders suggested many different topics to research. Those that were consistent with the study's overarching goal of assessing local housing conditions included: analyzing the coping strategies of local households facing housing pressures; quantifying the number of existing ADUs; identifying patterns of real estate speculation; and identifying key supports that will allow families to stay in their homes. Other topics of interest beyond the scope of this study include analyses of the impacts of job growth on local housing markets, the number and destination of displaced residents; the relative costs of new housing construction and acquisition/rehab; impacts of housing instability on educational outcomes; and the potential effectiveness of policies like rent control and housing production in mitigating displacement.

Aside from suggestions for potential research topics, stakeholders interviewed also shared perspectives on their visions for an impactful research project. The

research should be **solution-oriented**, identifying specific policies and actions; **humanizing**, highlighting personal stories; and with **lasting community effects**, for instance by incorporating workshops that train local residents.

## Phase II: Community-based participatory research

The next phase of the study began in January 2018, when the Y-PLAN team began working with a class at EPAPA high school (for full details, please see Appendix A, Peninsula Policy Brief). Students were given an overarching question to address: How can improving housing, transportation, schools, public spaces and better connecting them to each other, improve the quality of life and make a more resilient community for all young people and families in EPA? In a diverse set of activities, students explored their connection to the city, and then began conducting interviews and surveys about local

housing conditions. They presented findings at a UC Berkeley conference in April 2018.

In the summer of 2018, about a dozen EPAPA students continued their work as paid interns for CCI. UC Berkeley faculty and students trained the students in interview and observation methods, and students began collecting data (see Appendices B and C). In small groups, accompanied by UC Berkeley undergraduates, the high school students walked around most of the residential blocks in East Palo Alto, observing conditions on each parcel. Students also conducted interviews with up to five family members, friends, or acquaintances (over the age 18) who had experienced housing challenges of some kind.

In Fall 2018, the Y-PLAN team began working with the Boys and Girls Clubs in East Palo Alto and Redwood City. After a set of trainings on housing research, students were asked to conduct interviews focusing on the following question: How can we stabilize the communities of Belle Haven and North Fair Oaks by making housing more affordable through these methods: ADUs, home repair assistance for seniors, and preservation of affordable units? Are there other methods you propose? Meanwhile, CCI continued its work with EPAPA students in the classroom, training them to analyze the data collected in the summer using data science tools in Python.

Finally, in Fall and Winter of 2018, a team of UC Berkeley undergraduate students, supervised by graduate students, completed the neighborhood observation data collection, walking around the blocks (primarily in Belle Haven and North Fair Oaks) that had not been surveyed by the local high school students.

### Phase III: Analyzing primary and secondary data

Phase III began in late 2018 and continued for almost a year. The following explains how we collected, cleaned, and analyzed each dataset used in the study.



Observation location map. Photo: Center for Community Innovation

**Neighborhood observation.** The neighborhood observation exercise involved collecting data for 2,053 parcels in North Fair Oaks, 2,916 parcels in East Palo Alto, and 996 parcels in Belle Haven, for a total of almost 6,000 parcels. Students entered data about each site into a Google form on their cell phones. Data from the forms was compiled into a single spreadsheet for each community. Surveyors typically conducted the first check of the data, and then graduate student researchers cleaned the data further for consistency. In a limited number of cases (less than five percent of all parcels), duplicate data was collected, and researchers made decisions about which to keep, using Google Earth for verification.

Variables collected to construct indicators of investment or disinvestment included exterior paint or siding condition; yard and landscaping condition; and window coverings. Evidence specific to investment include ongoing renovations and fences for appearance purposes. For disinvestment, we also looked at signs of

disorder such as dumping or graffiti. Other indicators that suggest overcrowding, neglect, or safety issues include parking (number and location of cars), accessory structures or garages used as living spaces, sidewalk conditions, and security measures. To construct composite indices of investment or disinvestment, we used a quadratic calculation adopted by Hwang and Sampson (2014) that reflects the compounding effect of these multiple indicators. Finally, we visualize the indices by block in order to protect confidentiality of individual homeowners.

**American Community Survey.** To develop profiles of the communities, we gathered and analyzed the most recent American Community Survey data available (2013-2017) at the census tract level.

**Code violations.** For the study, each city (and San Mateo County for North Fair Oaks) provided its database of code violations. For consistency, we analyzed data from 2010 to 2018. Using a text classifier, we filtered out code violations that were not clearly related to investment or disinvestment. We analyzed this data at the block level to protect the confidentiality of individual homeowners.

**Building permits.** Each jurisdiction also provided its database of building permits. We used this database primarily to identify major remodels and additions (either interior or exterior), as well as new ADU permits. Again, we used a text classifier to identify these remodels, and visualized the data at the block level.

**ZTRAX.** The ZTRAX transaction and tax assessor data, available at the University of California-Berkeley through a special arrangement with Zillow, offers more than 20 years of data on residential property transactions, plus assessor data including property characteristics, geographic information, and prior valuations. Although San Mateo County has just over 220,000 parcels, most have had multiple financial transactions over the past two decades, resulting in a database of millions of records. We analyzed this data using Python on the UC Berkeley Econometrics Lab server. Based on the ZTRAX

data, we conducted analysis of real estate transactions, price changes, speculation, ownership patterns, and foreclosures (again presented at the block level).

**DataQuick.** Parcel-level tax assessor data from DataQuick (now part of CareLogic) provides point-in-time parcel level ownership information, as of June 2014 for San Mateo County. We used the DataQuick data to analyze absentee ownership and LLC/INC ownership of residential properties.

**HMDA.** The mortgage originations universe is limited to single-family (one-to-four-unit), owner-occupied purchase activity, first lien, conventional and FHA/VA backed loans based on methodology previously used to study home mortgages by the Urban Institute. Home Mortgage Disclosure Act is made available at the Census Tract Level through the Consumer Financial Protection Bureau.

**Short-term rentals.** A point-in-time data scrape was done for each of the case studies using publicly available data from Airbnb.com between October 1st and November 5th, 2019. We collected information on individual listings including per night rate, weekly and monthly rate discounts, type of housing unit, and listing availability in the future. From the listings we compiled a list of active hosts, the number of listings they each had, and quotes from their description of themselves and their listings. Quotes were pulled directly from publicly available reviews by guests.

**Homelessness.** Data on homelessness was provided by San Mateo County's "One Day Homeless Count and Survey" published in June 2019.

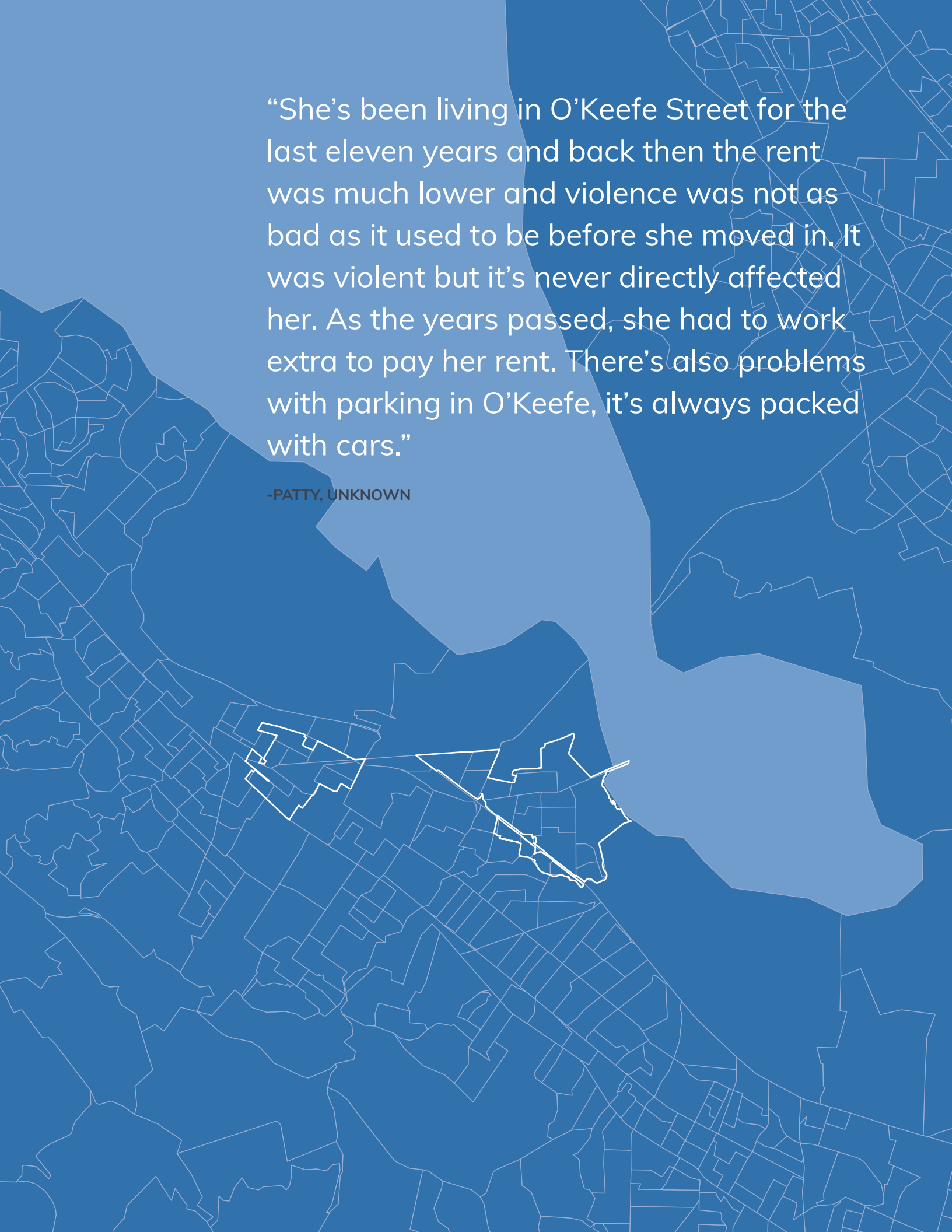
**Housing policies.** We compiled information on individual jurisdictions' housing elements and housing-related policies from publicly available documents, meeting notes and news articles between September and November 2019.



## Methodology Summary

Altogether, these primary and secondary data sources provide an in-depth picture of housing conditions in the three communities. This research differs from the existing housing studies in the area by analyzing patterns of housing investment and disinvestment at the parcel and block level, rather than just looking at aggregate census geographies. Still, we were unable to analyze all of the housing issues that arose in the study scoping. For instance, we were not able to gather data on evictions, since there is no comprehensive and accurate digital source for that data. Although we were able to gather extensive information on anti-displacement policies and best practices, further research will be necessary to determine what would be most effective in this context.

# Part 3: Community Profiles



“She’s been living in O’Keefe Street for the last eleven years and back then the rent was much lower and violence was not as bad as it used to be before she moved in. It was violent but it’s never directly affected her. As the years passed, she had to work extra to pay her rent. There’s also problems with parking in O’Keefe, it’s always packed with cars.”

-PATTY, UNKNOWN

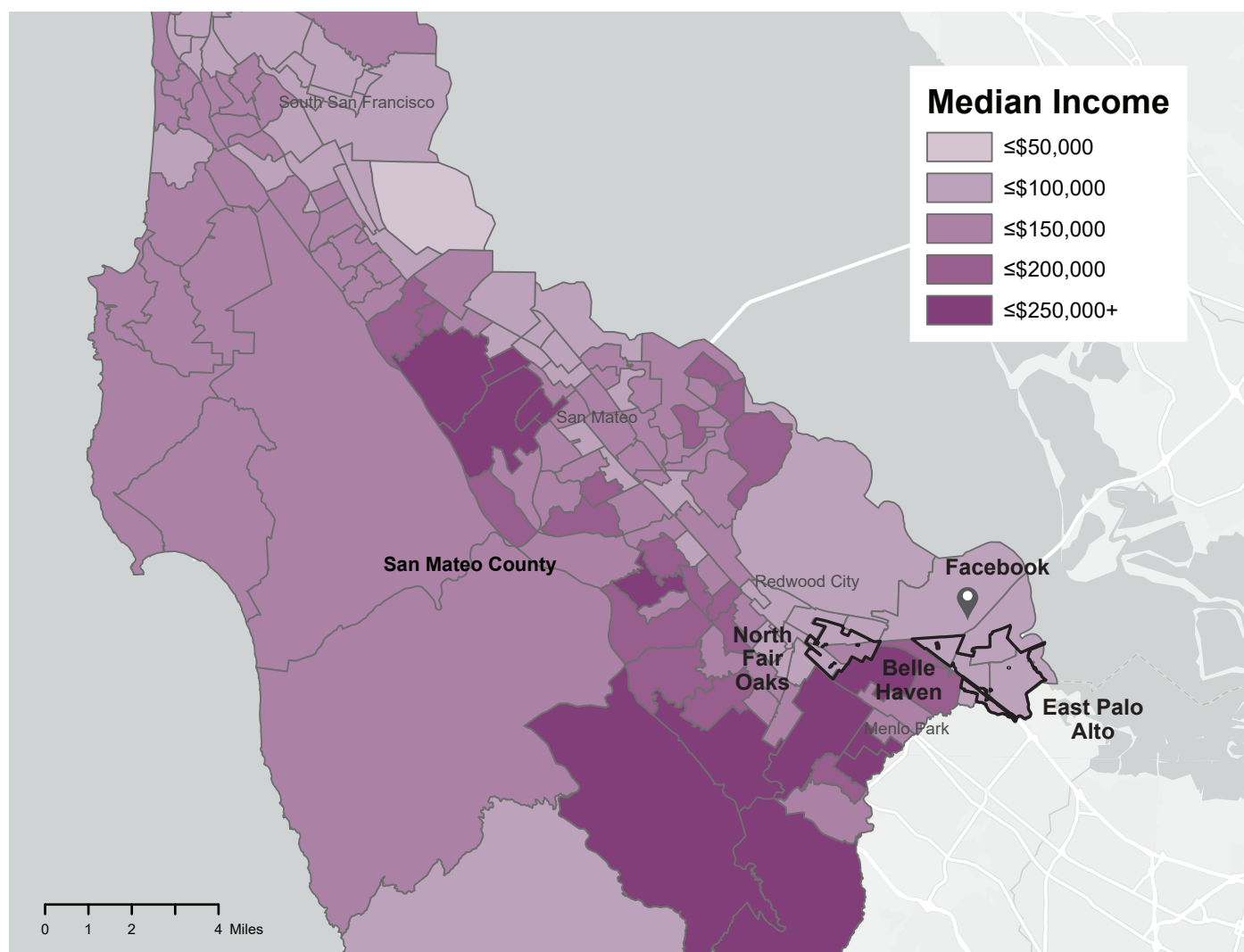


# Study Area

The three study communities share more than geographic proximity: they also are home to large working and middle class communities of color, with relatively high levels of unemployment and poverty compared to the rest of San Mateo County. On the other

hand, each community is of different size, governance structure and has a different history (Figure 3.1). In this section, we profile the communities by using census data on the residents and housing stock. We then look at trends in homelessness in the study area.

**Figure 3.1.** Median Income in the Past 12 Months (in 2017 Inflation-Adjusted Dollars)



Source: US Census, 2013-2017 ACS 5-Year Estimates

# East Palo Alto

## History

East Palo Alto (EPA) is a city located on the eastern edge of San Mateo County, by the cities of Menlo Park and Palo Alto. The Baylands Nature Preserve, the largest tract of undisturbed marshland remaining in the San Francisco Bay Area, borders the city to the east.

The area only recently became a city, incorporating in 1983. In part due to the city's late incorporation, for most of the 20th century East Palo Alto residents had less local power to enact exclusionary housing practices as well as prevent locally unwanted land uses. As a result,

“As the years passed, East Palo Alto has become the complete opposite of what it used to be.”

**JORGE, 53**

the city became home after WWII both to many Black families and a chemical waste treatment plant and a county landfill.<sup>1</sup> East Palo Alto went from majority white in 1960 to majority Black by 1970, with many families settling in after being displaced from San Francisco while white residents were ushered out by real estate agents using block-busting tactics to turn a profit.<sup>2</sup> East Palo Alto became “an important center for African American culture and politics in the Bay Area,” inspiring a movement of self-determination and community empowerment, in particular in the realm of education with the establishment of Nairobi College, a small radical left junior college and an affiliated preschool.<sup>3,4</sup>

In the mid-60's, the Bayshore Freeway was widened, further isolating and segregating East Palo Alto's working class and diverse community from the more white and affluent cities of Menlo Park and Palo Alto. As Cahan writes, “the new, wider highway not only cut off East Palo Alto from its neighbors but also divided the community internally, isolating the westernmost portion, which included the strip of bars, liquor stores, retail outlets, and non-profit offices that represented one of East Palo Alto's neighborhood commercial and retail centers during a time when planners sometimes deliberately used urban redevelopment and highway projects to create physical and social barriers between white and Black communities.”<sup>5</sup> The area, known as Whiskey Gulch by some and “Over the Ramp” by residents, was later redeveloped.

For nearly two decades, starting in 1958, East Palo Alto was home to a high school, Ravenswood High, that some called a model school for interracial, innovative education.<sup>6</sup> The school district shut the school down in 1976, citing “depleted enrollment, the negative image of East Palo Alto, cost savings and a district wide desegregation” which led to the majority of East Palo Alto youth being bused to majority white schools outside of their city.<sup>7</sup>

In the 1990s, East Palo Alto was 43% Black.<sup>8</sup> Between 1990 and 2000 East Palo Alto's population boomed, growing at a rate of 26%, three times the rate of surrounding San Mateo County. The growth, which increased by 103% from 1990 to 2000,<sup>9</sup> was driven by an influx of Hispanic residents.

East Palo Alto was hit hard by two distinct crises: first, the Savings and Loan Crisis in the 1980s and 1990s,

followed by the Great Recession starting in 2008, which led to many residents losing their life savings and their homes.<sup>10</sup>

## Current Demographics

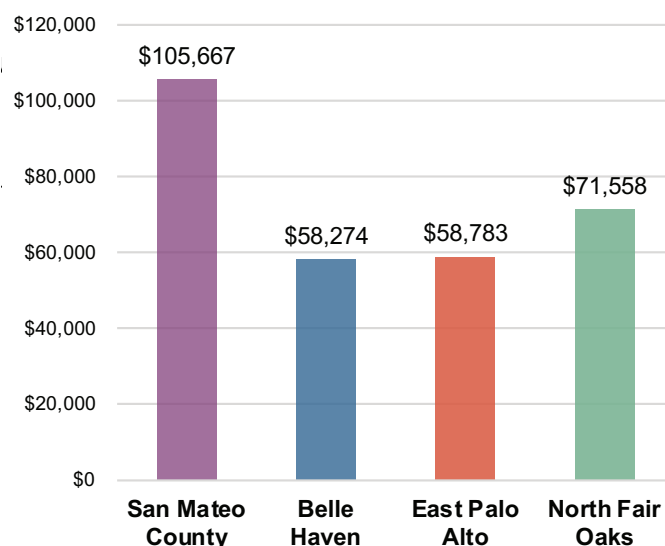
Nearly 30,000 people call East Palo Alto home today.<sup>11</sup> To this day, East Palo Alto remains a locale whose residents are primarily non-white. Notably, East Palo Alto is home to a large Hispanic community of 18,726 people, who comprise 63% of the total population. Additionally, 11% of the population is African American, 10% is Pacific Islander, and 4% is Asian.<sup>12</sup> In comparison, the Hispanic community in San Mateo County only accounts for about 25% of the total population. This number drops even further, to 7%, in neighboring Palo Alto. Only 2% of San Mateo County's population is African American. However, the white population in the county is around 40%.<sup>13</sup> Nearly 70% of the foreign-born population of East Palo Alto, 8,679 people in total, are not U.S. citizens.

## Income and Jobs

Nearly 40% of the residents of East Palo Alto work in the service sector, while only 18% work in the business, science, and arts occupations; these statistics are almost exactly flipped for the county, where 18% work in the service industry and 40% in business, science, and the arts.<sup>14</sup> This difference in the types of jobs held by residents of East Palo Alto versus the surrounding county is reflected in the income of households. 23% of San Mateo County's households have an income over \$200,000 per year; however, only 5% of those households live in the City of East Palo Alto. Instead, the majority of East Palo Alto households earn between \$35,000 to \$100,000. 10% of all East Palo Alto families fall below the poverty line.<sup>15</sup>

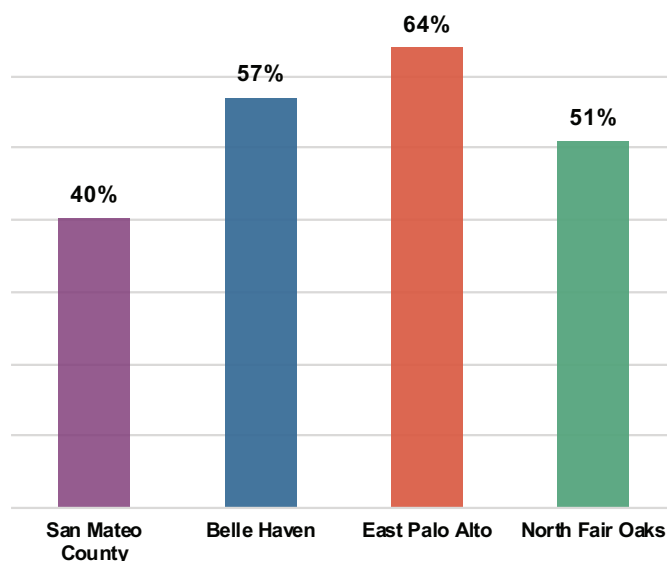
East Palo Alto is home to nearly 8,000 housing units, 5% of which are currently vacant. Two thirds of all housing units in East Palo Alto are rented out (see Figure 3.3). As seen in Figure 3.4, 54% of the structures are single-unit, detached homes, and 21% are high-density

**Figure 3.2. Average Household Income**



Source: ACS 5-year estimate, 2013-2017, S1901

**Figure 3.3. Percentage of Rental Housing Units**



Source: Source: 2017 ACS 5-Year Survey, Table DP04

structures, at 20 or more units.<sup>16</sup> The rapid growth during the early 2000s in East Palo Alto compared to the rest of the county is evident in the number of structures built in that era; while only 5% of the county's housing was built between 2000 and 2009, 16% of East Palo Alto's housing stock was built during that same decade.<sup>17</sup> Although data from the American Community Survey may underestimate overcrowding (due to respondent fear of repercussions, among other reasons), we can see that East Palo Alto has an average household size of 3.9, while the county as a whole only has an average household size of 2.9.<sup>18</sup>

According to the American Community Survey's guidelines, a measure of greater than one person per room is considered overcrowded; 30% of East Palo Alto reports more than one person living in the same room. Additionally, East Palo Alto is a relatively stable community: although only 66% of San Mateo County's residents have lived in the county since 2000, this number jumps to nearly 80% for East Palo Alto.

Internet access is important for community stability, since it acts as "a tool for the uploading and sharing of culturally relevant content that is determined and created by community members themselves."<sup>19</sup> Despite being in Silicon Valley, the residents of East Palo Alto face disparities in internet access: Although residents of San Mateo County are connected to broadband at a rate of 88%, only 73% of East Palo Alto residents have the same access at home.

## Education

In East Palo Alto, 68% of residents have a high school diploma or higher; this is low compared to both the county (89%) and the state as a whole (82%).<sup>20</sup> However, 22% of those in East Palo Alto have less than a 9th grade education, over double the share of those in the county and the state. Charter school enrollment has gone up 12% since 2014, with 30% of all Ravenswood students attending a charter school in the 2018-2019 school year. Overall, however, enrollment has declined rapidly: the school district only reported 3,436 enrolled students in the 2018-2019 school year, down from 4,216 in 2014.<sup>21</sup>



# North Fair Oaks

## History

North Fair Oaks is an unincorporated area of about 798 acres in San Mateo County, whose neighboring cities include Atherton, Menlo Park, and Redwood City.<sup>22</sup> Although the Fair Oaks region of the peninsula became incorporated as the city of Atherton and the city of Menlo Park in 1923, the area which is today known as North Fair Oaks remained outside of the borders of these new cities. Unincorporated areas tend to be underserved and politically underrepresented.<sup>23</sup> North Fair Oaks is governed by the county board of supervisors and a community council whose members are appointed by the county supervisors.

A community plan for North Fair Oaks was first developed in 1979 in order for the county to help meet the needs of the unincorporated area. Being a low income community located outside of city boundaries can come with significant political, economic and health disadvantages<sup>24</sup> and create challenges in building a sense of place: some residents characterize the

“I used to live in the ranch with a house with 3 bedrooms and 2 bathrooms with a garage and parking outside, and now I live in a 1 bedroom 1 bathroom and live with three other people.”

—JOSE, 60'S

community as an ‘entity without an identity.’<sup>25</sup> From time to time, proposals to incorporate North Fair Oaks have gained traction on the basis of increasing the public services and facilities available to the community. However, residents who suspect this will lead to higher taxes routinely prevent this from happening.<sup>26</sup> North Fair Oaks is bordered on all sides by the region’s transportation network with Highway 101 to the west, Highway 82 (El Camino Real) to the southwest, and Highway 84 (Woodside Road) to the northeast. In addition, CalTrain and Southern Pacific Railroad tracks cut directly through the community itself, although the closest Caltrain station is a half-mile away at its closest, reducing the transit benefits but not the network burden for this community.<sup>27</sup>

## Current Demographics

Today, North Fair Oaks is home to 15,454 residents, according to the American Community Survey. 70% of the population is Hispanic. The rest of North Fair Oaks population is 19% White, 7% Asian, 2% Native Hawaiian and Pacific Islander, and 1% African American. About half of the population were born in the United States, and 41% were born in California. The other half of the population were born outside of the United States, and 70% of the foreign-born population are not U.S. citizens. However, the majority of foreign born residents (82%) entered the country before 2010. Additionally, the majority of North Fair Oaks residents primarily speak Spanish at home.

## Income and Jobs

The median household income of North Fair Oaks is \$71,558, about \$30,000 less than the median

household income for the county. Of San Mateo County's households, 23% have an income over \$200,000 per year, compared to 15% in North Fair Oaks. However, another 18% of North Fair Oaks households make less than \$24,999. Additionally, 14% of all North Fair Oaks families fall below the poverty line.<sup>28</sup>

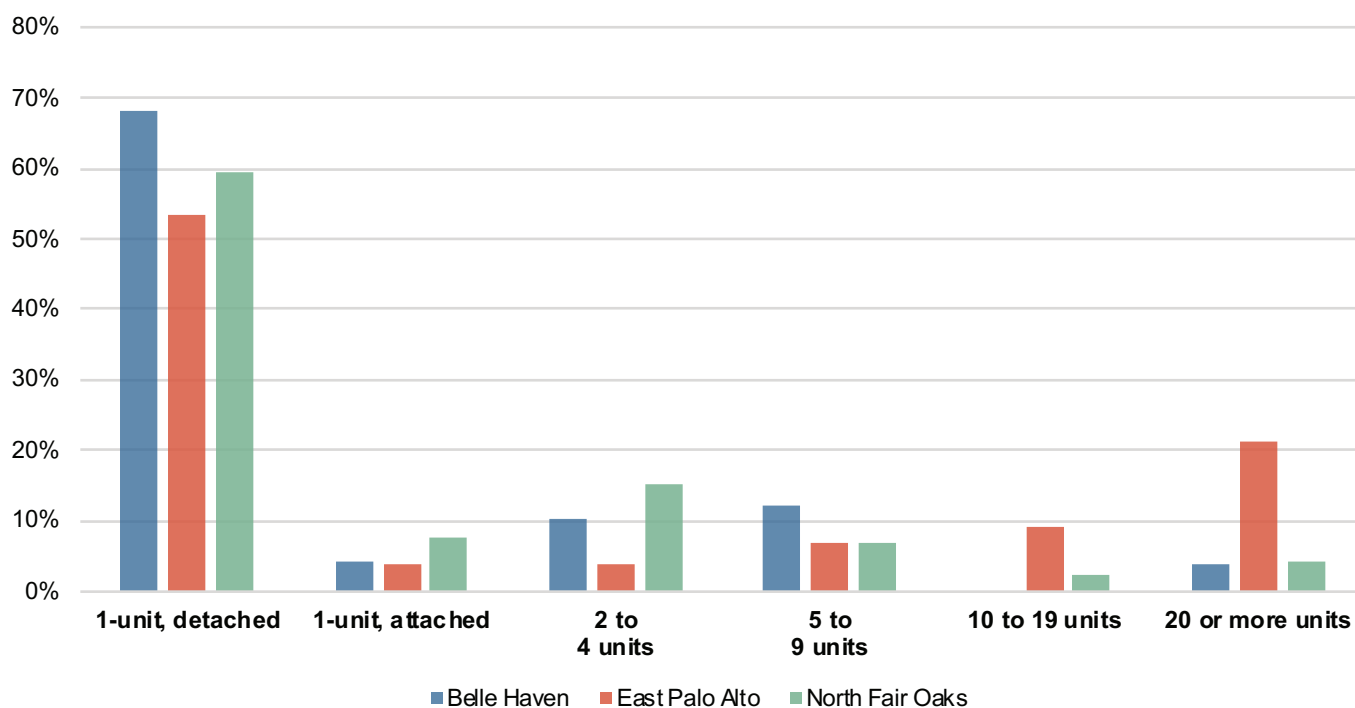
Of the residents of North Fair Oaks, 30% work in the service sector, and 25% work in the business, science, and arts occupations; in the county as a whole, 18% work in the service industry and 40% in business, science, and the arts.<sup>29</sup> Additionally, in North Fair Oaks, 17% work in sales and office occupations and 16% work in natural resources, construction, and maintenance occupations. Overall, the types of jobs held by the residents of North Fair Oaks is more diverse than is seen in the communities of East Palo Alto and Belle Haven.

## Housing

North Fair Oaks has 4,268 units in its housing stock, 1% of which are vacant. This low vacancy rate suggests a high demand for rental housing and a tight housing market.<sup>30</sup> North Fair Oaks housing units are evenly split between renter- and owner-occupied. Compared to East Palo Alto, North Fair Oaks housing stock is less dense. While 59% of North Fair Oaks' housing stock is composed of single-unit, detached homes, only 4% of units are high-density, in buildings with 20 or more units (See Figure 3.4).

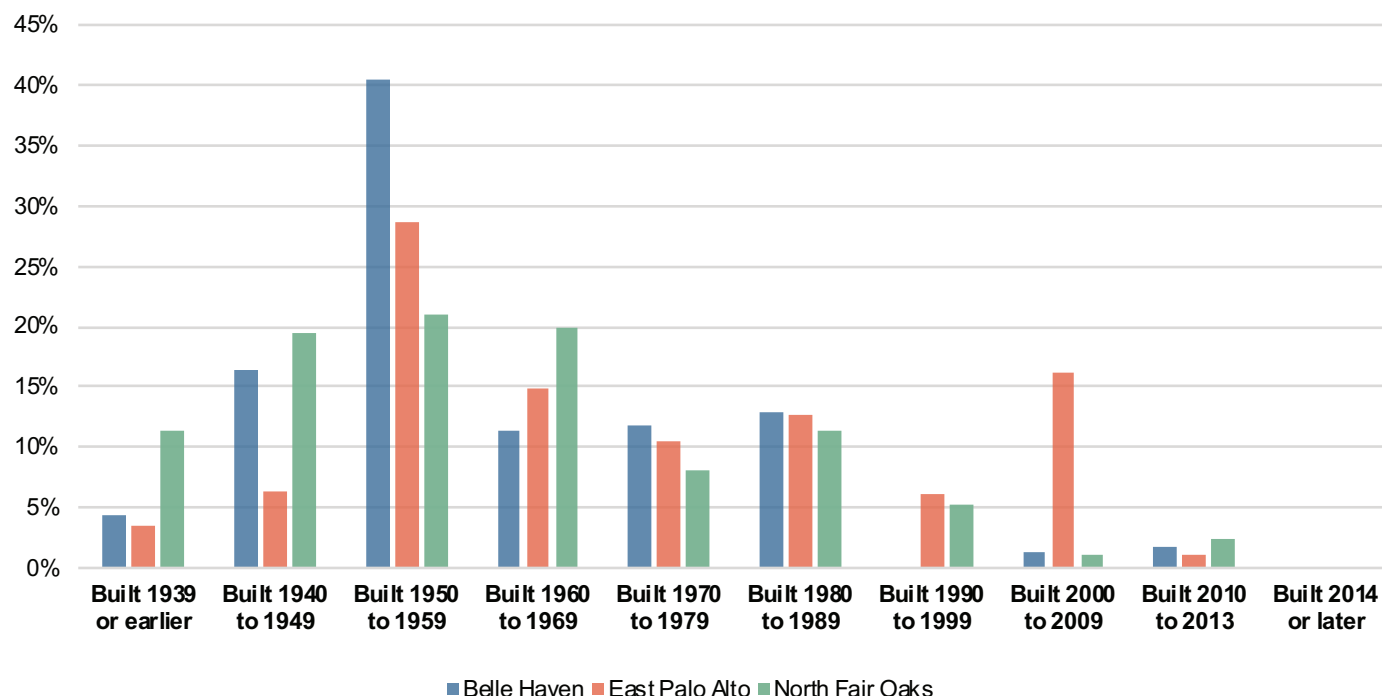
Of these units, most only have 3 bedrooms or less, despite the fact that the community has an average household size of 3.7. This is reflected in the average number of occupants per room; in North Fair Oaks; 24%

Figure 3.4. Housing Types



Source: ACS 5-year estimate, 2013-2017, DP03

Figure 3.5. Housing Units by Construction Year



Source: ACS 5-year estimate, 2013-2017, DP04

of housing units have more than one occupant per room, pointing to possible overcrowding. Renter households make up just over half of the community's housing units, which count an additional person per household on average compared to owner-occupied units. Additionally, although non-relatives and relatives other than children or spouses only make up 17% of San Mateo County's households, in North Fair Oaks they make up 34% of households.

The median home price in North Fair Oaks is \$739,100, which exceeds that in the communities of Belle Haven and East Palo Alto by over \$100,000. The median rent in North Fair Oaks is \$1,613, and 56% of renters pay 35% or more of their income on rent alone, indicating that the price of rent is not affordable for those in the community.

Compared to the county, the North Fair Oaks has a slightly less stable population. While only 27% of individuals in the community have lived there before the

year 2000, this is true for 34% of the county, and 42% of North Fair Oaks has only lived in the community since 2010. Of the housing units, 72% were built before 1970, and only 3% were built after the year 2000. Additionally, although nearly 90% of the households in North Fair Oaks have access to a computer at home, 23% are still lacking a broadband Internet subscription.

## Education

While only 11% of San Mateo County's residents who are 25 years and older have less than a high school diploma, this number increases to 36% of the residents in North Fair Oaks. Additionally, North Fair Oaks residents over 25 are just half as likely to have a college degree or higher as the residents in the county as a whole.

# Belle Haven

## History

The neighborhood of Belle Haven is located on a small triangular tract of land in northern Menlo Park, isolated from the rest of the city by a freeway. The borders of the Belle Haven neighborhood are between Willow Road (a state highway), the Southern Pacific Railroad, and Highway 101. Although Menlo Park was officially incorporated in 1927, the Belle Haven neighborhood and the Eastern part of the city was still considered a part of what was then Ravenswood district; the Ravenswood School District that serves this area of the city still retains this historic name.<sup>31</sup> During the Great Depression, a real estate developer by the name of David Bohannon constructed and sold over 1,300 single-family homes in the area, with the intention of developing the still-unincorporated district into a primarily working-class neighborhood.<sup>32</sup> To this day, Belle Haven is still known as the home for working and middle class residents of Menlo Park.<sup>33</sup>

The Belle Haven neighborhood of Menlo Park has historically had higher rates of crime compared to the rest of the city. In 2011, there were 44 shootings and 4 deaths in Menlo Park, and all of them occurred in Belle Haven.<sup>34</sup> However, in 2013 the Menlo Park Police Department reported that crimes in Belle Haven had dropped by 44%.<sup>35</sup> The city has increased policing of the Belle Haven neighborhood, partly as a result of Facebook making an annual \$11.2 million donation into Menlo Park's general fund, with the purpose of supporting the creation of an additional police unit near their headquarters.<sup>36</sup> Facebook also contributes to Menlo Park (as well as East Palo Alto) on an ongoing basis to compensate for its traffic impacts.

## Current Demographics

Belle Haven is home to 5,509 residents, and is significantly more diverse than the rest of the County.<sup>37</sup> Of those 5,509 residents, 58% are Hispanic, making the neighborhood an important population center for Hispanic residents throughout the city and county. An additional 21% of the residents are African American, 8% are White, and 3% are Asian.<sup>38</sup> In comparison, San Mateo County's population is 25% Hispanic and only has an African American population of 2%. However, the white population in the county is around 40%. Another distinguishing factor of the neighborhood is the foreign-born population; 37% of Belle Haven's residents were born outside of the United States. Of those foreign-born residents, at least 58% are not U.S. citizens. Due to the challenges of measuring the neighborhood's undocumented population, it is likely that this is an underestimate.

## Income and Jobs

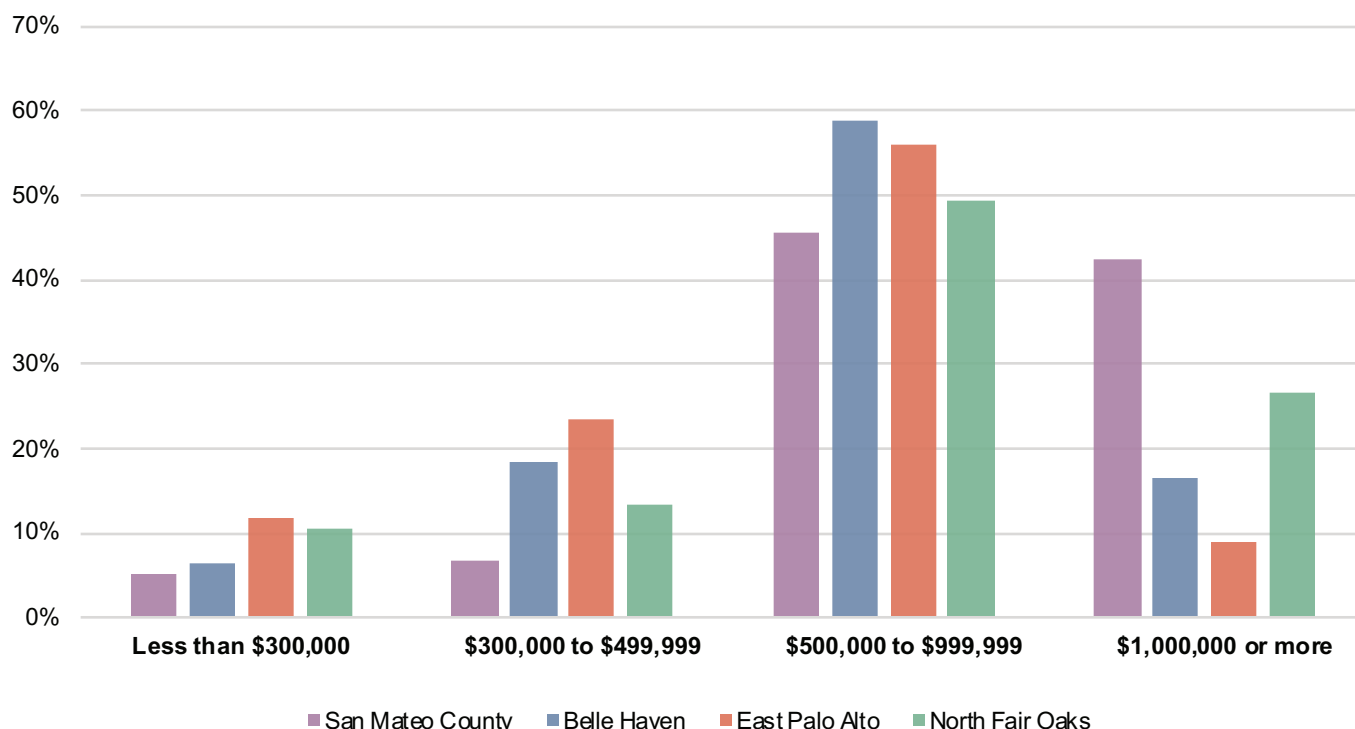
Whereas only 17% of San Mateo County residents work in the service industry, 34% of Belle Haven residents have jobs in this sector. This contrast is reflected in household income; the median household income in Belle Haven is \$58,274, which is slightly over half the median income of the county (\$105,667). Additionally, the Belle Haven neighborhood compared to San Mateo County has double the rate of poverty, at 15%.

## Housing

Rents and home prices are relatively high in San Mateo County, and are rising in the neighborhood of Belle



Figure 3.6. House Values



Source: ACS 5-year estimate, 2013-2017, DP04

“Rent was one of those things that was always ‘part of the routine.’ Once the rent began to increase, it affected the amount of hours I worked.”

JUAN, 21

Haven. The median price for a home in Belle Haven is \$668,000, and median gross rent for the neighborhood is \$1,656.<sup>39</sup> This is a 51% increase in home values and 42% increase in rents from 2012.<sup>40</sup> Today, over 60% of Belle Haven renters have a high rent burden and spend 35 percent or more of their income on rent.<sup>41</sup> In San Mateo County, 88% of homes are worth over over \$500,000, with 42% of the total housing stock over \$1,000,000.<sup>42</sup> In Menlo Park, 77% of owner-occupied home are worth over a million dollars, and 17% are between \$500,000 and \$999,999.<sup>43</sup> Although 16% of Belle Haven homes are worth over one million, an additional 59% of the housing stock in Belle Haven is priced between \$500,000 to \$999,999, making the neighborhood slightly more affordable.

Belle Haven has a total of 1,440 housing units, and only about 2% of the units are currently vacant. This low vacancy rate suggests a high demand for rental housing and a tight housing market.<sup>44</sup>

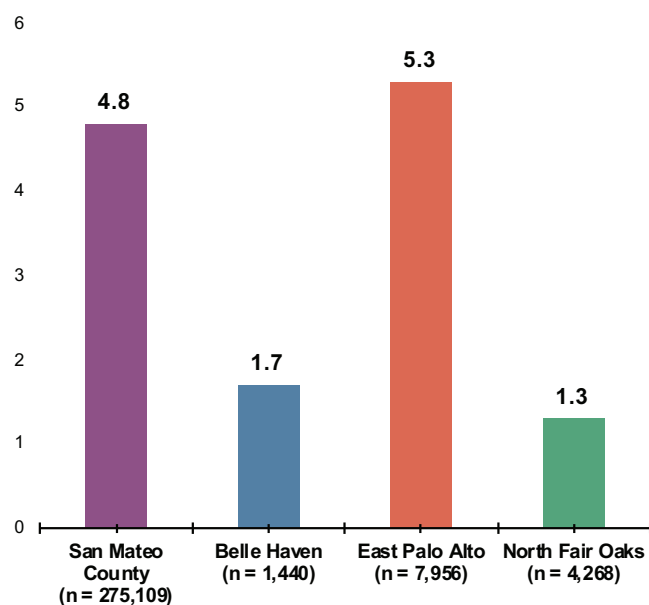
The majority of units (57%) are renter occupied, compared to only 40% for the county, and 68% of the housing stock is single-family detached homes. High-density structures with 20 or more units are rare, and only make up 4% of the housing stock. Additionally, the housing is older than the other communities, as only 3% of the structures were built after 1990. The majority of units, 57% of the total, were built between the years of 1940 to 1959.

Nearly half of the neighborhood's population are fairly new arrivals, as 45% have only lived in Belle Haven since 2010. A small minority of residents, only 15% lived in the neighborhood before 1990. Although slightly lower, Belle Haven's access to technology at home is parallel to that of the county: 89% of residents have access to computer, and 82% have an Internet subscription.

## Education

For the Belle Haven residents over 25 years of age, 20% have less than a 9th grade education, and 25% have at least a high school diploma. Another 18% have a bachelor's degree or higher. The Belle Haven neighborhood, like the city of East Palo Alto, is served by the Ravenswood School District, which has seen a substantial decline in enrollment despite a slight increase in charter school attendance.

Figure 3.7. Vacancy Rates



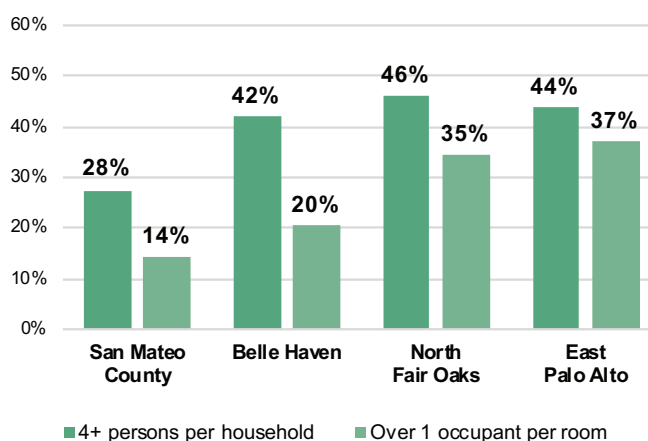
# Summary: Housing Conditions in the Study Area

This introductory overview of American Community Survey data suggests that the study area communities are experiencing considerable housing stress, relative to San Mateo County as a whole. As Figure 3.8 shows, North Fair Oaks and East Palo Alto in particular have more than double the share of overcrowded housing units than in the county, and the three communities also have a greater share of households with four or more people. Over 40% of households in San Mateo County are rent-burdened — but in Belle Haven the figure is closer to 60% (Figure 3.9). And, the three communities, particularly East Palo Alto, are experiencing much more residential turnover in recent years, with more than 40% of the households moving in during this decade (Figure 3.10).

## Summary: The Study Area Communities

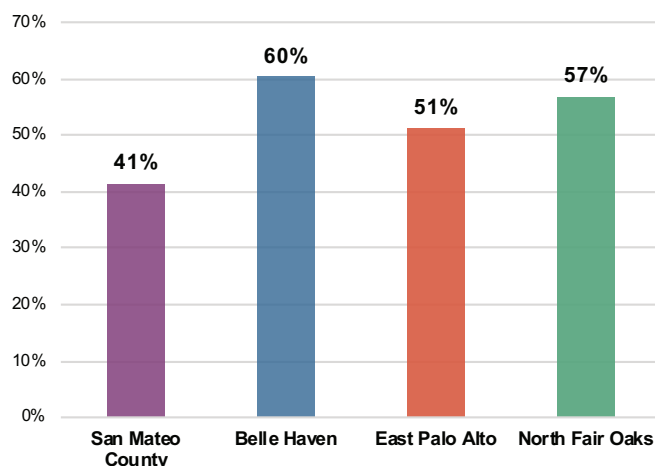
East Palo Alto, Belle Haven, and North Fair Oaks have all historically been low-income, working-class communities. Most of the housing stock is over 30 years old, with little recent construction. Yet, high housing prices and low incomes have led to a high incidence of rent-burdened households and overcrowding. There are indications of recent changes: increasing population turnover, declining school-age population, and homelessness on the rise. In the next section, we explore the real estate dynamics that underlie these changes.

**Figure 3.8. Overcrowding: Large Households and Number of Occupants per Room**



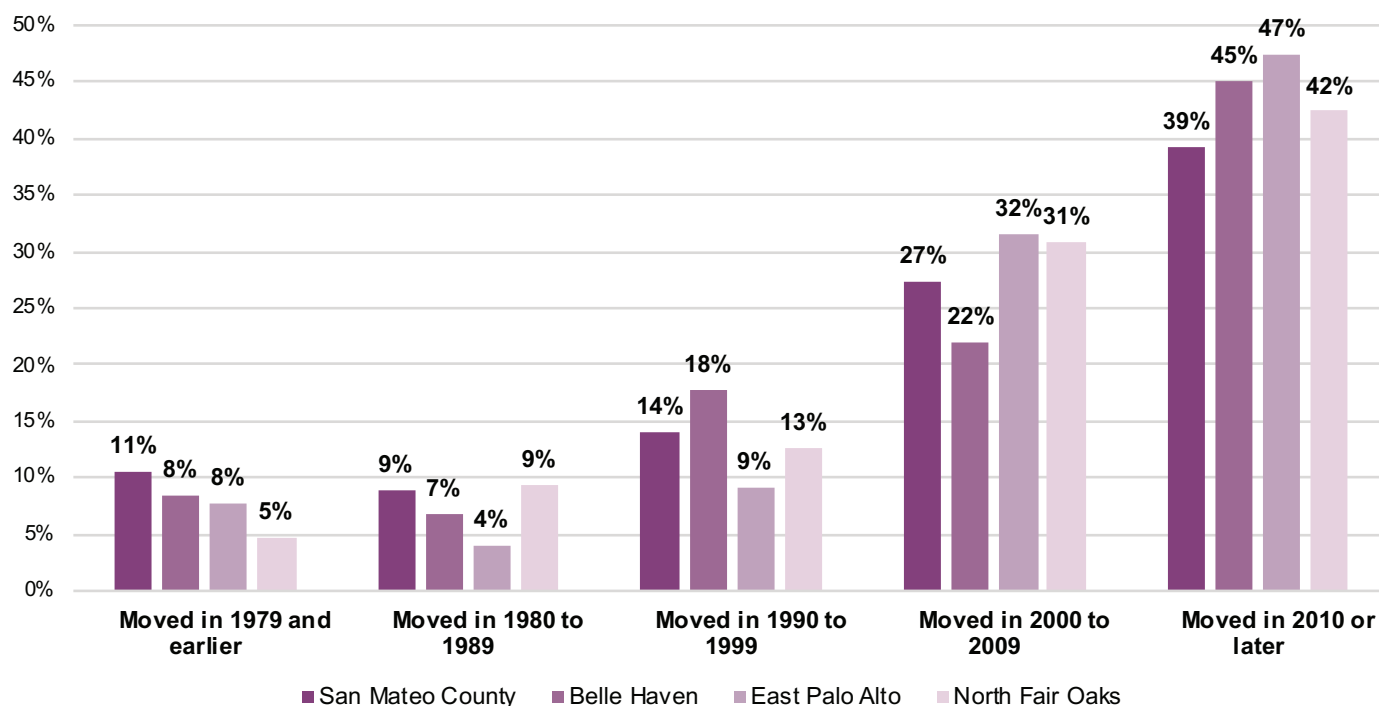
Source: 2017 ACS 5-year Estimates, Table DP04.  
 Universe: Occupied housing units. San Mateo County (N = 261,796); Belle Haven (N = 1,415); North Fair Oaks (N = 4,211); East Palo Alto (N = 7,534);

**Figure 3.9. Share of households paying more than 35% of income for rent**



Source: 2017 ACS 5-year Estimates, Table DP04.

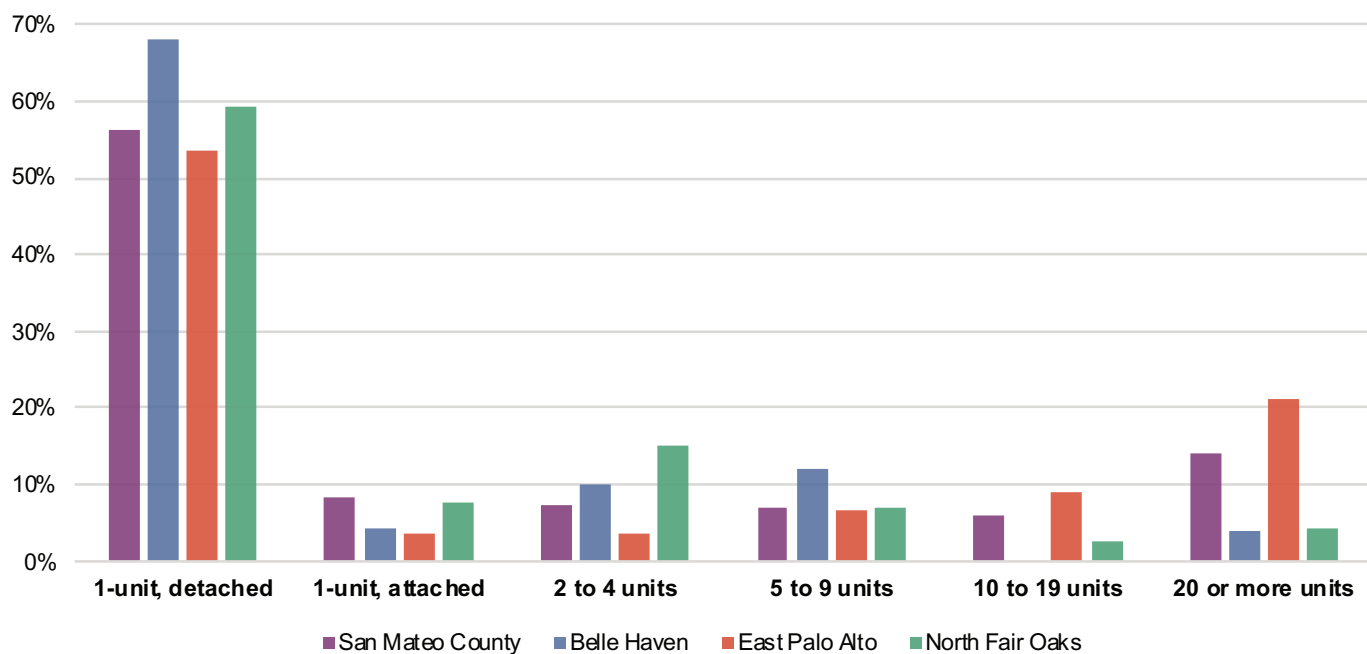
Figure 3.10. Share of Housing Units by Year moved in



Source: 2017 ACS 5-year Estimates, Table DP04.

Universe: Occupied housing units. San Mateo County (N = 261,796); Belle Haven (N = 1,415); North Fair Oaks (N = 4,211); East Palo Alto (N = 7,534);

Figure 3.11. Number of Units in Housing Structure



Source: 2017 ACS 5-Year Survey, Table DP04.

Universe: Total housing units. San Mateo County (N = 275,109), Belle Haven (N = 1,440), East Palo Alto (N = 7,956), North Fair Oaks (N = 4,268)

# Homelessness in San Mateo County

Every two years, a county-wide survey is conducted in San Mateo County in order to establish the levels of homelessness in the area. On January 31, 2019, four hundred volunteers went out and collected data on the homeless population. 1,512 people were experiencing homelessness at that point in time, 901 of whom were deemed unsheltered.<sup>45</sup>

In the city of Menlo Park in 2019, 27 people were documented as unsheltered, down from 47 the prior year and 72 in 2011 (see Figure 3.12). In East Palo Alto, 107 people were documented as unsheltered, a slight increase from 2015 and 2017 but a 72% decrease from 2011. The number of people that are unsheltered in East Palo Alto represents nearly 12% of the entire unsheltered homeless population in San Mateo County. The Point-in-Time survey also counted zero unsheltered people in South County unincorporated areas, where North Fair

Oaks is located. Only seven individuals were counted as unsheltered on January 31, 2019 in San Mateo's southern unincorporated area.

In recent years, the homeless count has increased, driven primarily by an increase in the number of people living in RVs, which accounted for 55% of the total count in San Mateo County.<sup>46</sup> The count documents no unsheltered homeless families with children living on the street in 2019, though 16 are estimated to have been living in RVs, cars, and tents or encampments, and 103 were counted in transitional housing and emergency shelters. The count also notes that families with children are likely to live in places that do not meet HUD standard of homelessness (i.e. living temporarily with friends or families) rather than living on the street, but should still be considered precariously housed.

**Figure 3.12.** Homelessness Point in Time Count, 2011-2019

	2011	2013	2015	2017	2019
San Mateo County	1162	1299	775	637	901
East Palo Alto	385	119	95	98	107
Menlo Park	72	16	27	47	27
Unincorporated South (Includes North Fair Oaks)	-	-	10	5	7

Source: 2019 San Mateo County One Day Homeless Count and Survey. Published by the County of San Mateo Human Services Agency. June 2019



# Part 4:

# Residential Real

# Estate Patterns

A purple-toned map of a city with a white outline of a specific neighborhood. The map shows a dense grid of streets and building footprints. A white outline highlights a specific area in the upper-middle part of the map, which appears to be a residential neighborhood. The background is a solid purple color.

“I was so happy growing up in this house,  
until we couldn’t afford it anymore. My  
parents had to work to support us, even  
when we didn’t know about anything.”

MARTIN, 17

# Residential Real Estate Patterns

Our team specifically looked at indicators of investment and disinvestment within residential neighborhoods in the study area. When possible, we extended the analysis to the neighboring jurisdictions or to the entirety of San Mateo County. Within our analysis, we considered city data regarding code violations and building permits, Zillow's Transaction and Assessment Database (ZTRAX), Home Mortgage Disclosure Act data and a comprehensive set of neighborhood observations. Community perspectives from our interviews also motivate and inform the following analysis of disinvestment and investment.

## Signs of Disinvestment

Based on both our observations of the neighborhood and secondary data, we constructed indicators of disinvestment, ranking each residential block in the three communities. Indicators described below include observations of disorder (such as dumping), municipal code violations, foreclosures, and absentee ownership.



## Neighborhood Observation Data

Our team collected observational data on the physical condition of every residential property in Belle Haven, North Fair Oaks, and East Palo Alto by walking around each block with residential uses. During the summer of 2018, local high school students were enlisted to help our research team survey properties, pictured left. The work was continued by UC Berkeley students in Fall 2018, Spring 2019 and Summer 2019.

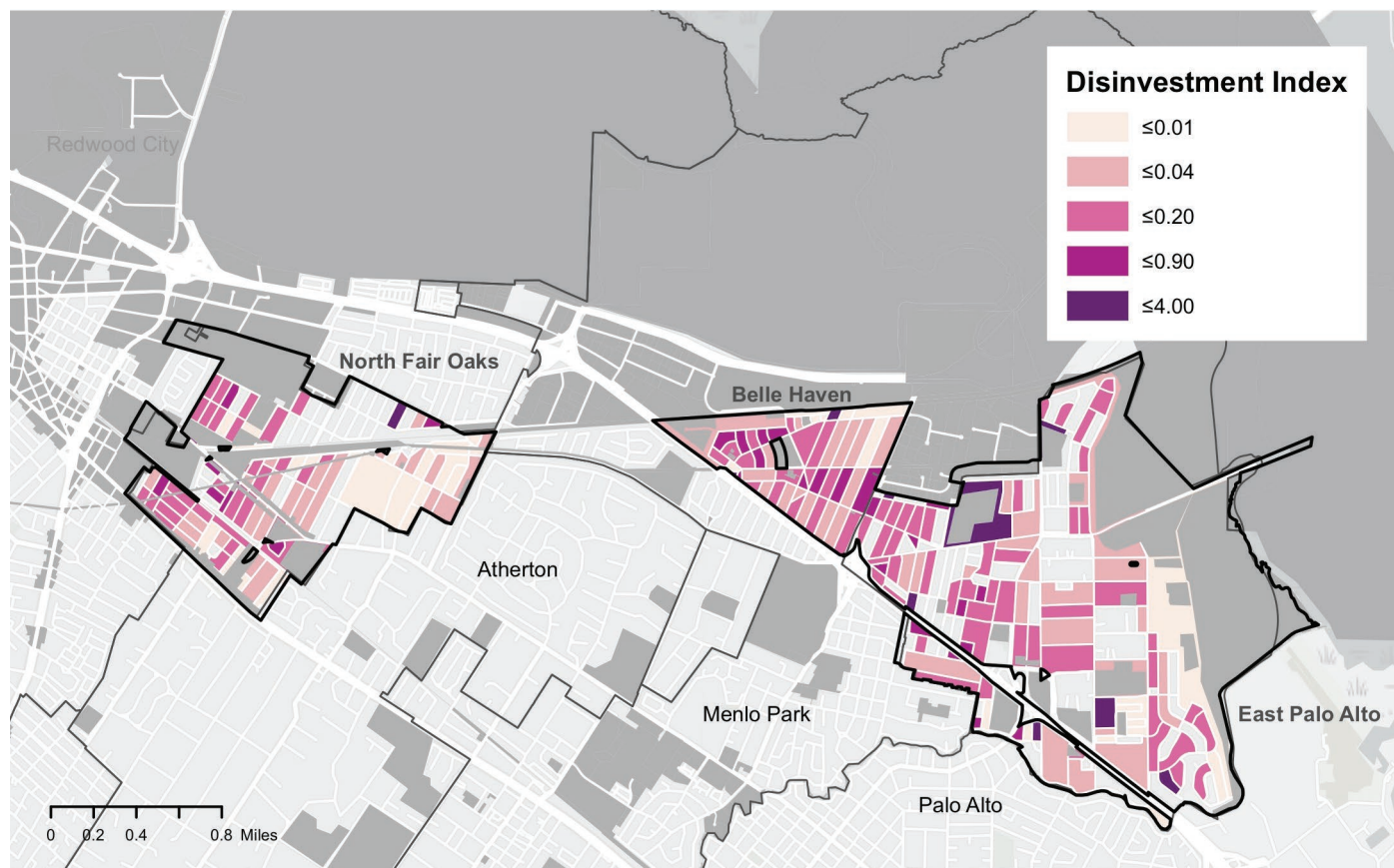
“Our landlord wants to kick us out and destroy the house to build a new one.”

LESLIE, 21

The data collected by students included signs of physical disinvestment (e.g., exterior paint condition, window covering condition, yard condition, etc.) as well as safety investment, ADUs, and real estate investment. The full survey form can be found in Appendix B.

The observation data was cleaned and aggregated to create an indicator for parcel disinvestment. We created quadratic indicators for disinvestment with substantially higher values for parcels with multiple violations to account for cumulative impact of signs of decline. The indicators for each parcel were averaged at the block level to assign overall disinvestment levels to

**Figure 4.1.** Physical Disinvestment in Belle Haven, East Palo Alto, and North Fair Oaks (2019)



Source: Authors, 2019

**Figure 4.2.** Percentage of lots with example signs of disinvestment

	Belle Haven	East Palo Alto	North Fair Oaks
Appears abandoned	1.8%	1.1%	0.4%
Trash and debris present	19.8%	18.5%	12.2%

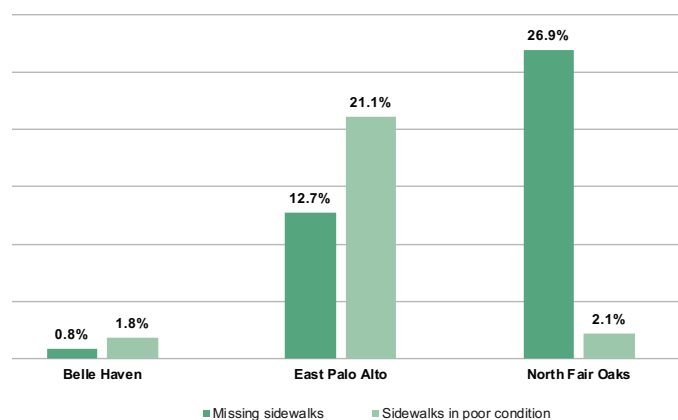
Source: Authors, 2019

each block. The higher the index, the greater the rate of disinvestment recorded by observers in a given block. We find that of the three study areas, East Palo Alto had the most observable signs of disinvestment (see Figure 4.1). Specifically, a greater percentage of properties in East Palo Alto had unmaintained lawns, non-operative cars, broken or dirty windows, and signs of overcrowding—compared to Belle Haven and North Fair Oaks.

Some signs of disinvestment were infrequently observed. Specifically, there were very few properties with graffiti or clear signs of physical abandonment. However, presence of trash and debris was high in Belle Haven in particular, on nearly 20% of lots surveyed.

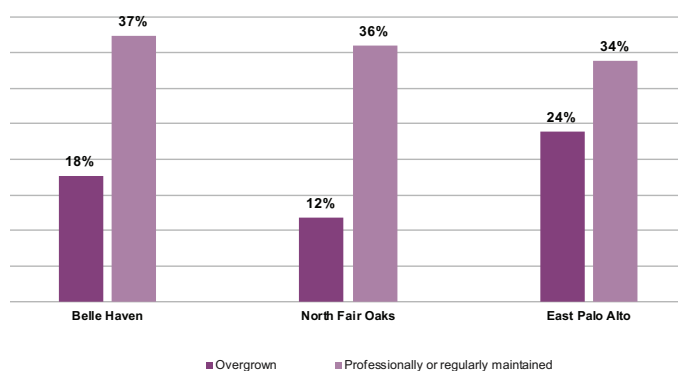
Surveyors observed very few missing sidewalks or sidewalks in poor condition in Belle Haven, a neighborhood in Menlo Park. Comparatively, the City of East Palo Alto had a high number of both missing and deteriorated sidewalks. North Fair Oaks had a high rate of missing sidewalks, which is typical of unincorporated areas.<sup>40</sup> Cities can pass on sidewalk maintenance responsibility to property owners. Menlo Park and East Palo Alto, for example, both require owners to maintain sidewalks, parking strips, curbs, retaining walls and other infrastructure between the property line and the street, unless the damage is caused by a city tree.<sup>47</sup>

**Figure 4.3. Lack of Investment in Sidewalks**



Source: Authors, 2019

**Figure 4.4. Observed Yard and Landscape Maintenance**



Source: Authors, 2019

Note: Observers marked lawns as either “Overgrown”, “Professionally or regularly maintained”, or “Regular”.

Figure 4.3 below shows the proportion of observed lawns that were overgrown versus professionally or regularly maintained. Overgrown lawns can be a source of code violation complaints by neighbors, whereas professionally or regularly maintained lawns can be a sign of investment. Of the three study areas, East Palo Alto had the highest proportion of observed overgrown lawns at 24% of all surveyed lots. For all three areas, regularly or professionally maintained lawns accounted for close to 30% of all lots.

We detected association between some indicators of disinvestment. For example, blocks with more overgrown lawns were generally more likely to have chipping or peeling paint on building facades, as well as trash present on the property. Furthermore, homeowners are more likely to invest in safety measures—such as cameras, alarm signage, and fences—in blocks with more signs of physical disinvestment.

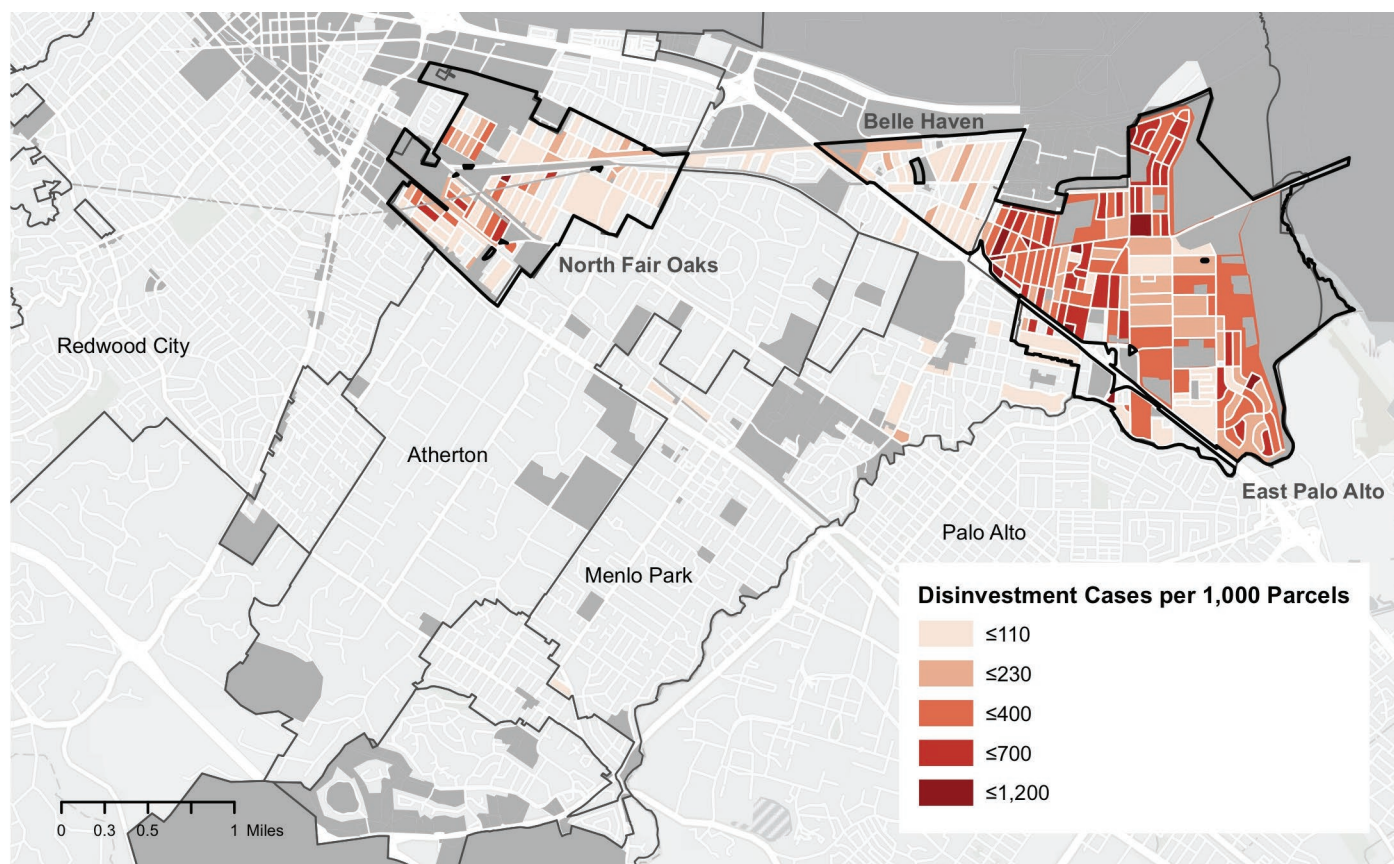
## Code Violations

In stakeholder interviews, a key driver of evictions mentioned in all three communities was code enforcement. East Palo Alto, Menlo Park, and San Mateo County writ large all enforce established housing health and safety codes. Families who are unable to afford the necessary upkeep or who rent may be displaced when building or planning departments deem their properties unsafe and uninhabitable.

As a note, code violations are typically subjectively determined by inspectors, usually based on community and government norms and resources. Thus, unsurprisingly, the incidence of violations varies widely across the study area. In all three jurisdictions, residents are able to report potential violations through a hotline. In East Palo Alto and Menlo Park, residents can also file complaints through an online form. Menlo Park in addition has a phone app for reporting code enforcement complaints. When a code violation is issued, it can lead to a warning, fine or potentially jail time, depending on the severity of the offense. In North Fair Oaks, for example,



Figure 4.5. Code Violations Indicating Disinvestment per 1,000 Parcels (2010-2018)



Source: City of Menlo Park, City of North Fair Oaks, County of San Mateo (2010-2018)

the standard practice is that an owner has approximately two weeks to correct a violation after it is issued. If the owner does not resolve the violation, the city is given the right to correct the violation itself and charge the property owner.<sup>48</sup>

Based on data collected from each jurisdiction, we looked at the distribution of code violations related to disinvestment across the study area between 2010 and 2018. Common examples of violations that suggested disinvestment include those for trash buildup on properties, untrimmed lawns, unsafe electrical wiring, and graffiti. Some of the code violations listed multiple examples of disinvestment. We filtered out violations that were due to unpermitted building activity, minor complaints, and violations in the public right-of-way (e.g.,

sidewalk or street), because they were not clearly related to either disinvestment or investment.

We found that East Palo Alto sees many more code violations related to disinvestment per 1,000 parcels than North Fair Oaks or Belle Haven. This may be evidence that there is more disinvestment in East Palo Alto. However, it may also suggest that East Palo Alto's Building Services Division is more willing to issue violations than inspectors in the other study geographies. In total, we found 1,746 violations indicating disinvestment between 2010-2018, equivalent to one violation per 4.5 housing units. Notably, 362 properties received more than one code violation for disinvestment during the time period, 308 of which were in East Palo Alto. By contrast, Menlo Park had only two properties

flagged for disinvestment-related code violations more than once. This suggests that part of the reason for the greater number of code violations in East Palo Alto is that the city is more willing to tag properties multiple times.

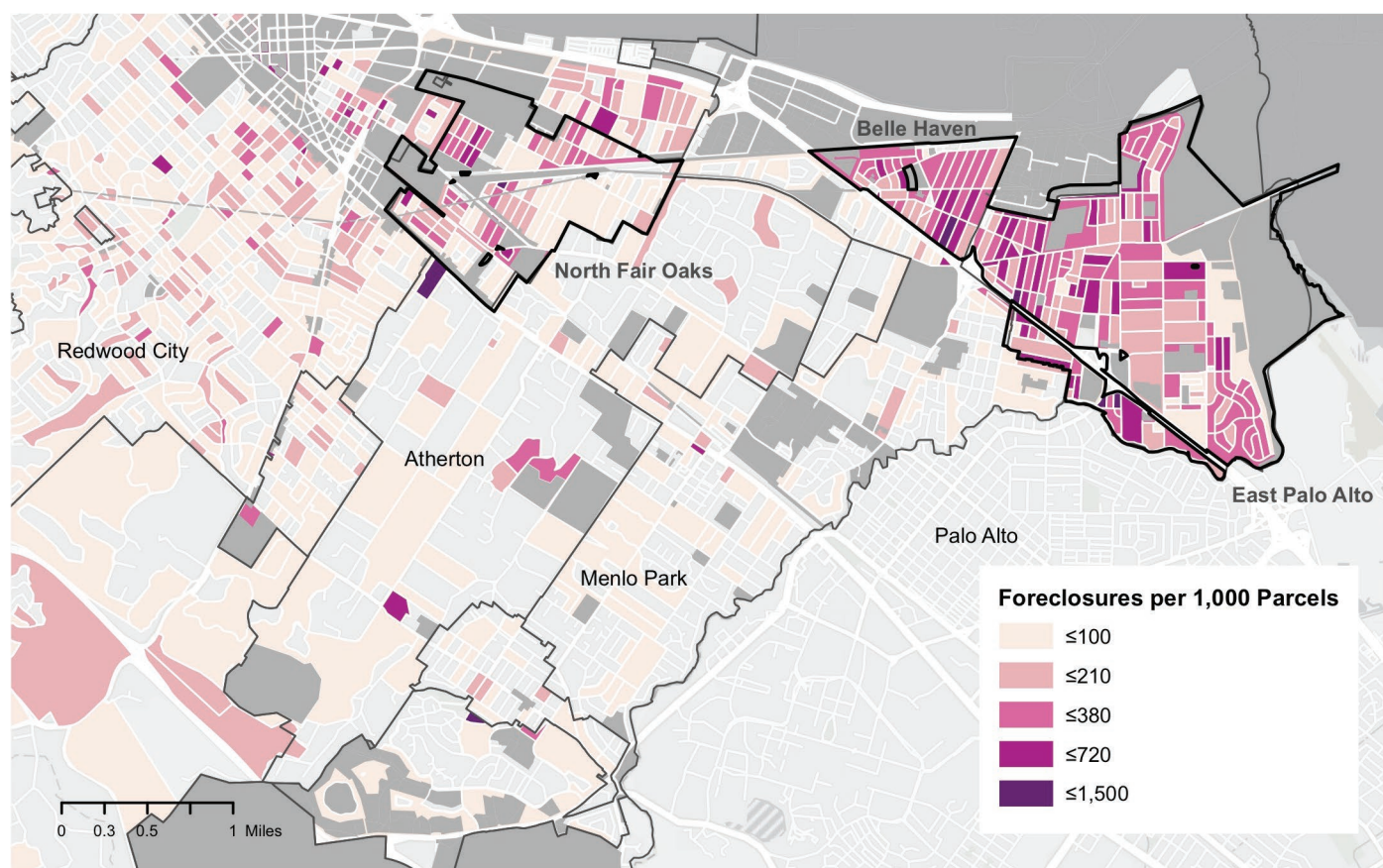
Belle Haven, a neighborhood within the City of Menlo Park, sees significantly more disinvestment violations than the rest of the city. This may be evidence that there are fewer cases of disinvestment in the city's southern neighborhoods. However, stakeholders from the study geography described a pattern of lax code enforcement in wealthier neighborhoods and stricter enforcement within Belle Haven.

Concentrations of disinvestment-related code violations may indicate that properties are unsafe, thereby leading to household displacement. However, the limitations of

our data prevent us from gauging exactly how many households were displaced as a result of disinvestment citations.

Aside from disinvestment cases, another frequent target of code enforcement activity is illegal ADUs. Our interviews with stakeholders also raised a specific concern regarding the growing reliance on unpermitted garage conversions within East Palo Alto. Stakeholders noted that the city “red-tagged” 60 homes in the last 18 months because of concerns over the safety of inhabitants (who may be overcrowding into such dwellings). A red tag signifies that a building has been found unsafe for habitation: this can be due to utilities being shut off, an illegal structure with substandard foundation, or structural damage, and often requires vacating the property within a short amount of time,

**Figure 4.6.** Foreclosures per 1,000 Residential Parcels (2006-2011)



Source: Zillow Transaction and Assessment Database (ZTRAX) (2006-2011)



sometimes hours or days.<sup>49</sup> Of the 668 violations for illegal ADUs across the study geography, 378 were in East Palo Alto. This suggests that conversions are an especially significant target of code enforcement citations in the city (refer to ADU section later in this chapter for more).

## Foreclosures

Using foreclosure data from ZTRAX, Zillow's database of transactions, we identified all transactions with a foreclosure document type attached. The data included foreclosures between 9/27/2006 and 10/20/2017.

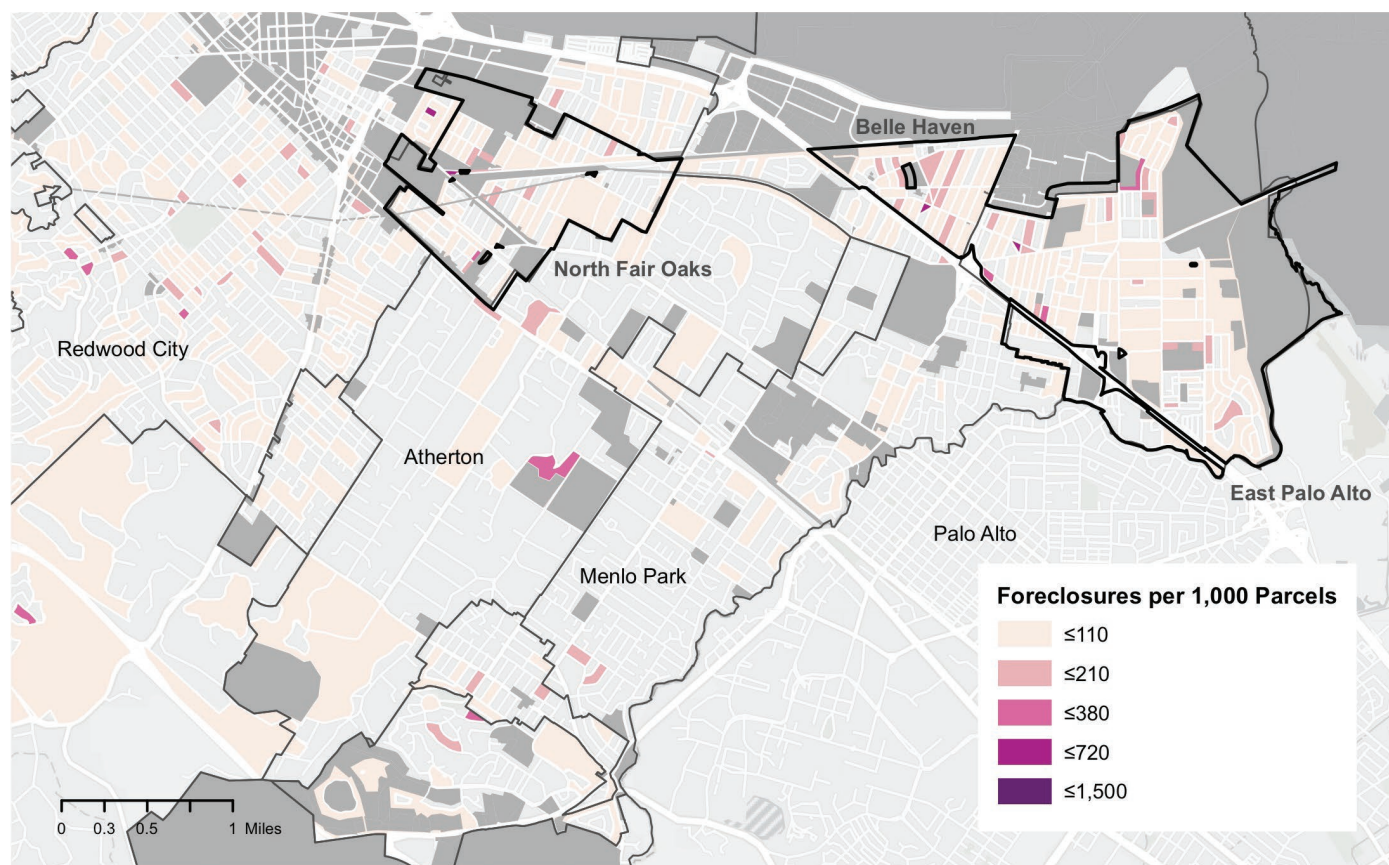
Although all three communities were hard hit by the foreclosure crisis, several blocks in Belle Haven and East Palo Alto experienced the largest rate of foreclosures between 2006 and 2011 within the study area (See

Figure 4.6). For all three study areas, the year with the highest number of foreclosures during the recession was 2009, with 419 losing their homes in East Palo Alto, 99 in Belle Haven, and 115 in North Fair Oaks in a single year.

Notably, low-income neighborhoods such as Belle Haven were hit substantially harder by the foreclosure crisis than wealthier neighborhoods such as South Menlo Park. Between 2006 and 2012, Belle Haven experienced twice as many foreclosures as the rest of Menlo Park despite having only roughly one-quarter of the number of housing units.

Since 2012 and the end of the Great Recession, the number of foreclosures has decreased substantially. Between January 2012 and October 2017, there were 434 foreclosures in the study area compared to 2,134

**Figure 4.7. Foreclosures per 1,000 Residential Parcels (2012-2017)**



Source: Zillow Transaction and Assessment Database (ZTRAX) (2012-2017)

**Figure 4.8. Absentee Ownership Rates Across San Mateo County (2014)**

Absentee Ownership Rate	
Study Area	
Belle Haven	26%
East Palo Alto	35%
North Fair Oaks	32%
Comparison Jurisdictions	
Menlo Park (excluding Belle Haven)	23%
Redwood City	22%
Menlo Oaks	13%
Atherton	20%

Source: DataQuick (2014)

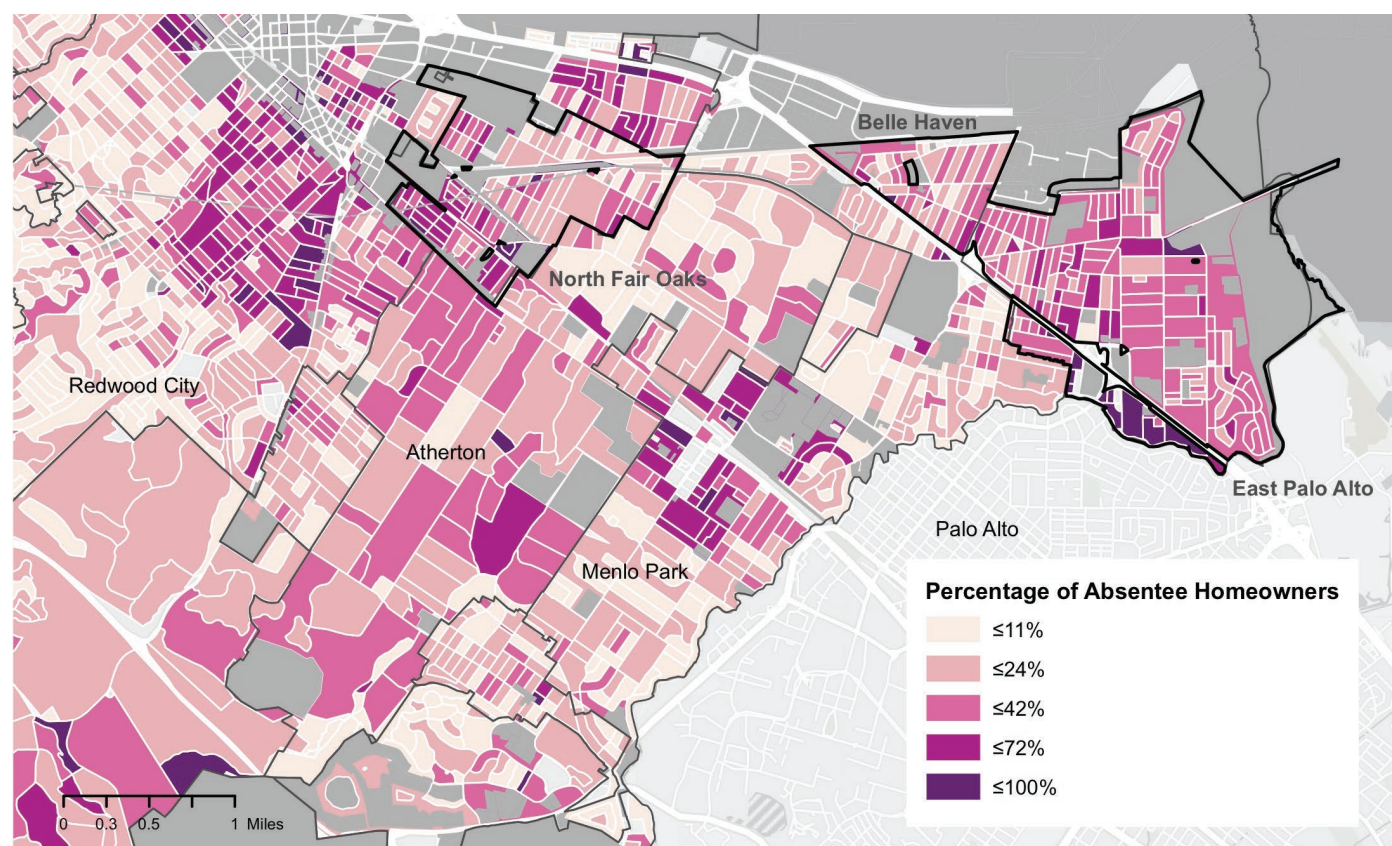
between October 2006 and December 2011. East Palo Alto was home to 256 of the foreclosures, compared to 77 in Belle Haven and 101 in North Fair Oaks. The number of foreclosures across the county hit its low point in 2016.

The decrease in the rate of foreclosures in recent years is a positive sign. However, the dynamics of foreclosures over time suggest that foreclosures have been a substantial driver of displacement over the years. Even now, the study area experiences significantly more foreclosures than the wealthier surrounding neighborhoods.

### Absentee Ownership

Another possible sign of disinvestment to consider is absentee ownership. A parcel has an absentee owner

**Figure 4.9. Percentage of Absentee Homeowners per Block (2014)**



Source: DataQuick (2014)



when the property is not used as a primary place of residence.<sup>50</sup> Absentee owners for residential properties were identified when the tax mailing address did not match the parcel address, and can be analyzed using assessor parcel data. Overall, we found that 21% of parcels with single-family homes, duplexes, triplexes, townhomes, or condos in San Mateo County had absentee homeowners.<sup>51</sup>

Within the study geography, the highest absentee ownership rates were found in East Palo Alto and North Fair Oaks, at 35% and 32% respectively. All portions of the study area had higher rates than the surrounding jurisdictions.

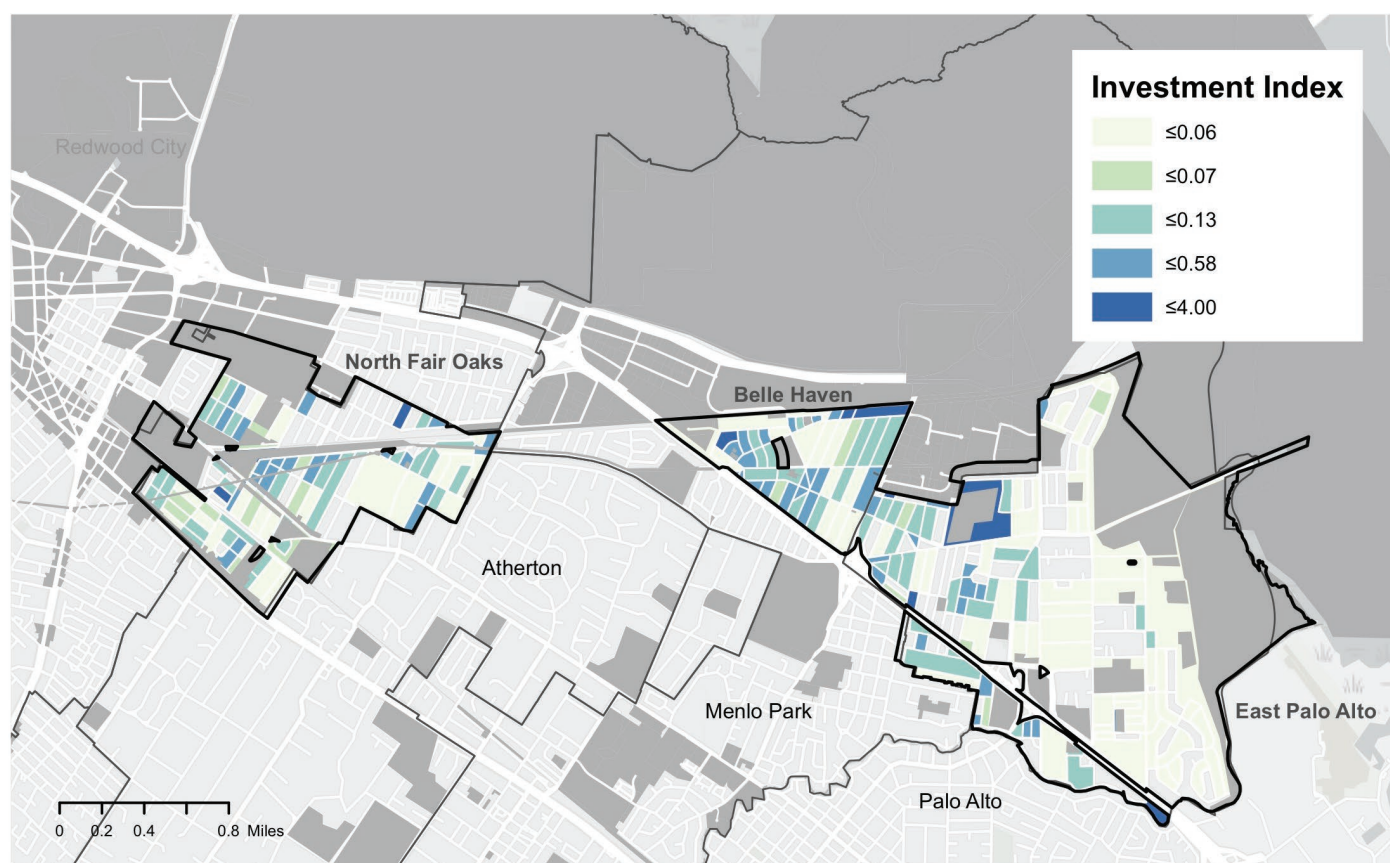
The rate of absentee homeowners found in our analysis was higher than expected. This may be due to limitations with the data provided by the assessor's office. We also cannot determine the reasons for absentee ownership. For example, the units could be rented on a short or long-term basis, or held as speculative investments.

## Signs of Investment

### Neighborhood Observation Data

In addition to information regarding disinvestment, our student surveyors observed characteristics of buildings suggesting substantial investment. These included for-sale and for-rent signs, evidence of ongoing renovations,

**Figure 4.10.** Physical Investment in Belle Haven, North Fair Oaks, and East Palo Alto (2019)

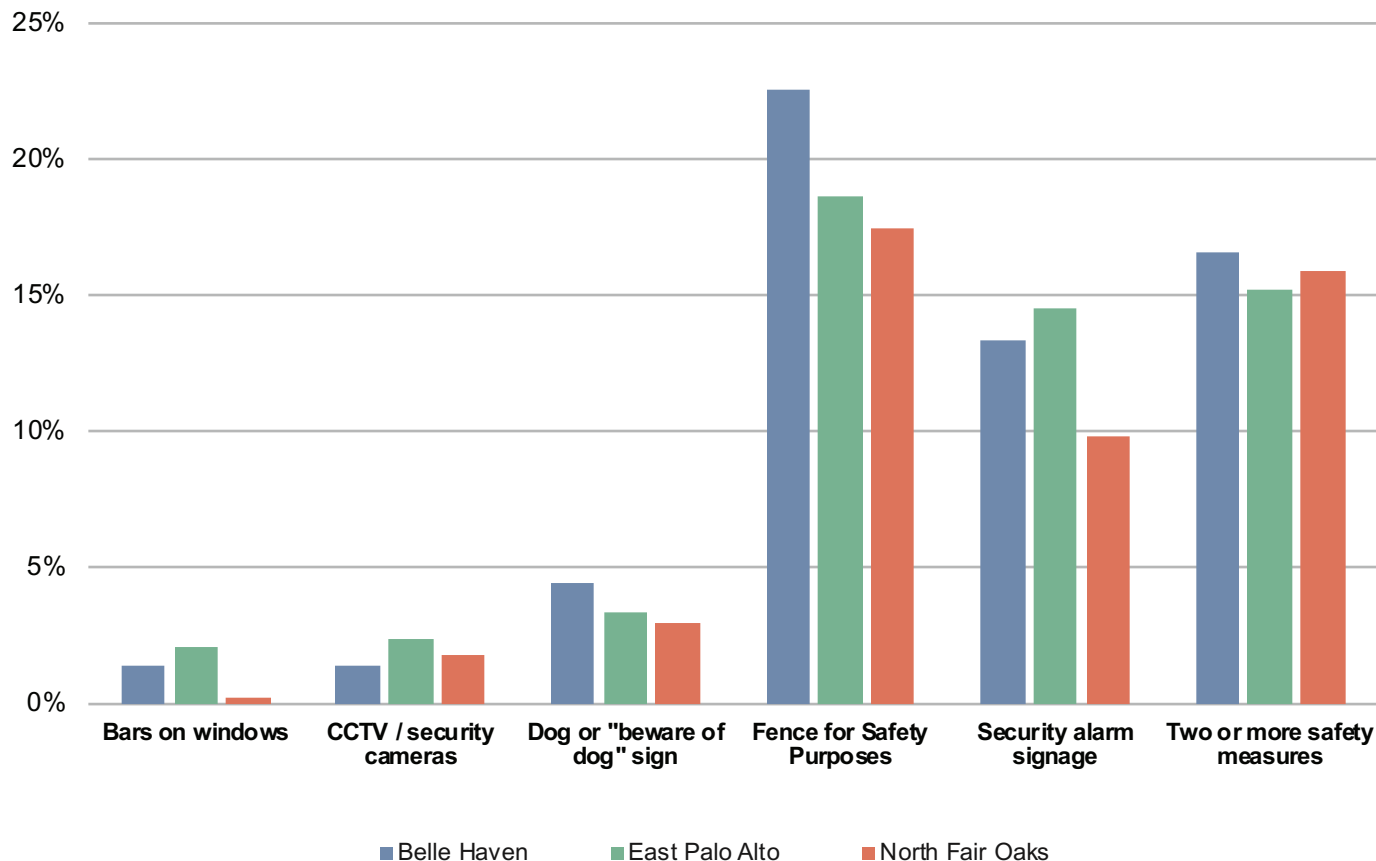


Source: Authors, 2019

Note: Tract 6118 Block 1001, in the northern portion of East Palo Alto, only had one surveyed parcel. That parcel saw significant investment, leading to the dark legend coloring above.



Figure 4.11. Signs of Investment in Safety Measures



Source: Authors, 2019

fences for appearance purposes rather than safety purposes, and professionally maintained lawns. Similar to the map of disinvestment created above, an indicator for investment was created by aggregating the observed measures. A quadratic index was created to measure investment, because multiple physical indicators suggest a greater likelihood of investment.<sup>52</sup>

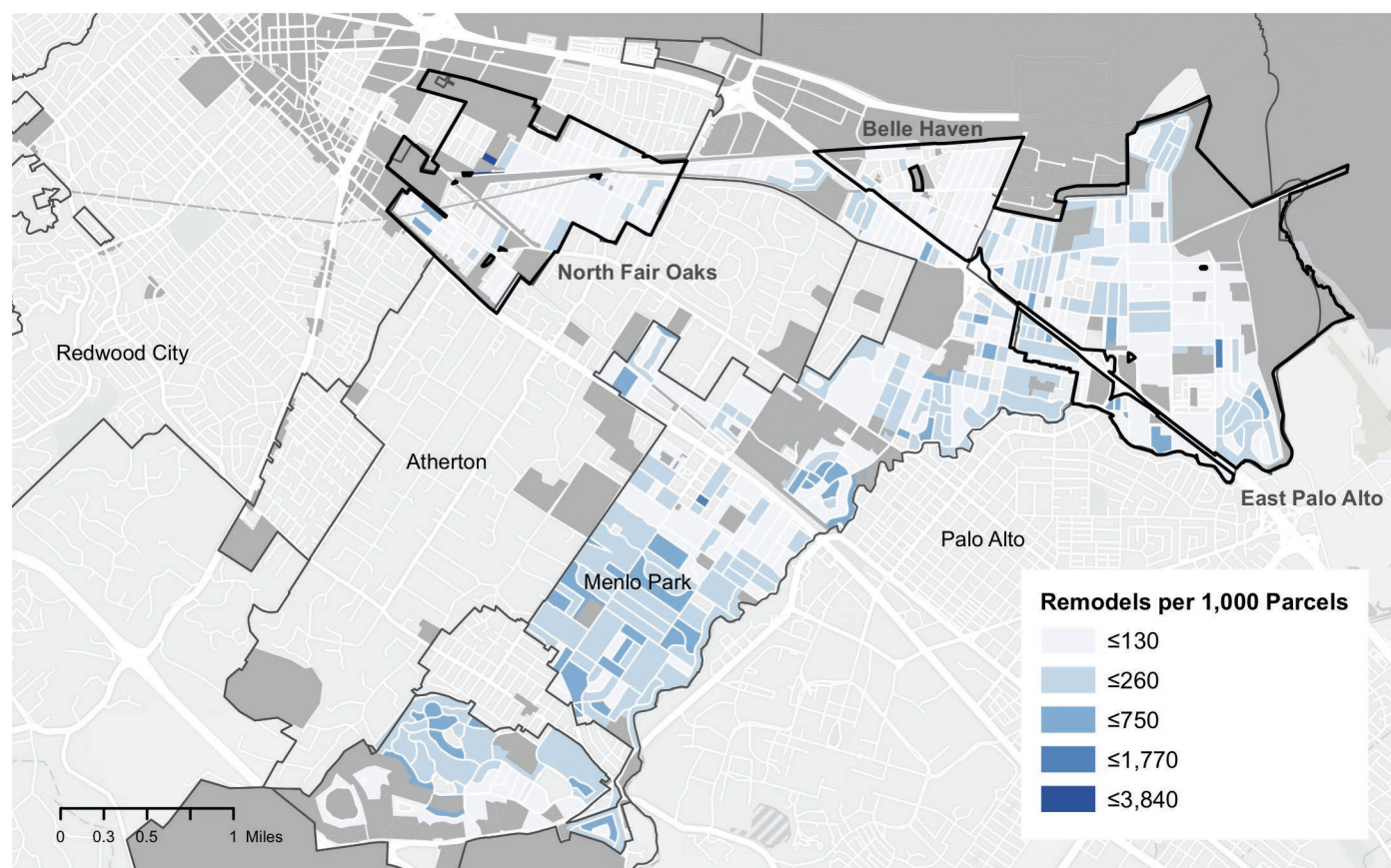
Figure 4.10 shows a scattered pattern of investment across the study area, with the lowest rate of observed investment in the southeastern portion of East Palo Alto. The low rates of investment in East Palo Alto also match the high rates of disinvestment observed in the previous section. This low index reveals minimal evidence of new construction or remodels, as well as less evidence of physical improvements such as a well-improved lawn or a fence for appearance purposes.

The types of investment observed varied by jurisdiction. For example, Belle Haven had the highest percentage of newly built buildings observed, with 9% compared to 6% and 3% for North Fair Oaks and East Palo Alto respectively. Our surveyors also observed greater frequencies of ongoing and recently completed renovations in East Palo Alto and Belle Haven as well as greater evidence of recently upgraded units.

### Safety Investment

On average, surveyors noted a higher rate of what were defined as "Safety Measures" in Belle Haven, from signs cautioning about dogs, fences perceived for safety purposes (as opposed to esthetic), or a combination of two such measures, shown in Figure Figure 4.11.

Figure 4.12. Remodels per 1,000 Parcels (2010-2018)



Source: City of Menlo Park, City of East Palo Alto, County of San Mateo (2010-2018)

## Remodel Permits

Using building permit data from the City of Menlo Park, City of East Palo Alto, and the County of San Mateo, we categorized remodel permits as a proxy for investment, shown in Figure 4.12. A permit was flagged as a remodel if it constituted a major interior or exterior remodel or addition to an existing residential structure. We counted both remodels for single-family and multi-family units. Examples of remodels include renovating a kitchen, replacing flooring, or constructing a new bedroom. Remodel permits can in some cases be an indicator of displacement, as substantial repairs can justify evicting tenants under most Just Cause Eviction ordinances.

There was a significantly lower rate of remodels within North Fair Oaks and Belle Haven, relative to East

Palo Alto and the remainder of Menlo Park. There are generally more permits in more affluent neighborhoods, particularly in the southern reaches of Menlo Park. Remodels can be used as a means for eviction. In our interviews with stakeholders, one noted that, at least anecdotally, “no fault” evictions are increasing. Another provided an example of a 48-unit multifamily building in NFO where the landlord issued universal evictions, rehabilitated the units, and charged higher rents to the new tenants.

Data from the Home Mortgage Disclosure Act (HMDA) also shows a low rate of home improvement loans being originated for the study areas. Of the three, East Palo Alto property owners consistently took out loans for home improvement work at higher rates than property owners in Belle Haven and North Fair Oaks. In 2017, 21

home improvement loans were originated in the study area, down from 120 in 2010 and 82 in 2012 (see Figure 4.15). Although not definitive, home improvement data can point towards either a decrease in the overall large scale home remodeling, or an increase in the share of remodeling paid for in cash or through alternative financing means.

## Real Estate Sales

We analyzed real estate market activity in San Mateo County using Zillow's Transaction and Assessment Database (ZTRAX). The dataset included all transactions within San Mateo County between January 1995 and October 2017.

We subsetting the transactions based on the document type, buyer and seller characteristics, and sale amount to determine a set of exclusively market transactions

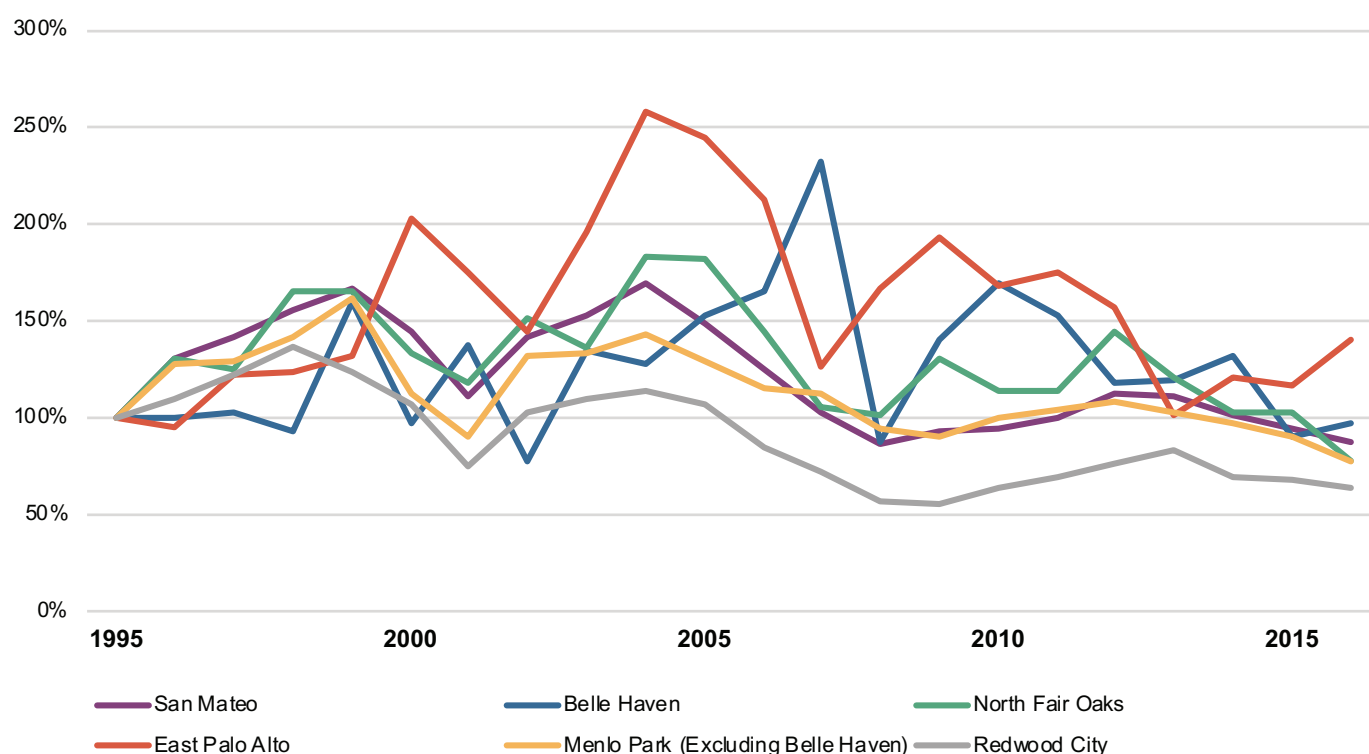
within the study area and the surrounding comparison jurisdictions. We also adjusted all prices for inflation based on the value of the U.S. dollar in the third quarter of 2017.

## Overview of Transactions

The number of market transactions in all jurisdictions generally follows a cyclical trend, with peaks in the late 1990s and mid-2000s. The peaks vary by jurisdiction but the number of purchases generally peaked between 2004 and 2007. Notably, each city's housing market was impacted by the Great Recession at a slightly different time between 2007 and 2009. In 2016, there were 70 sales total in North Fair Oaks, 39 in Belle Haven, and 202 in East Palo Alto.<sup>53</sup>

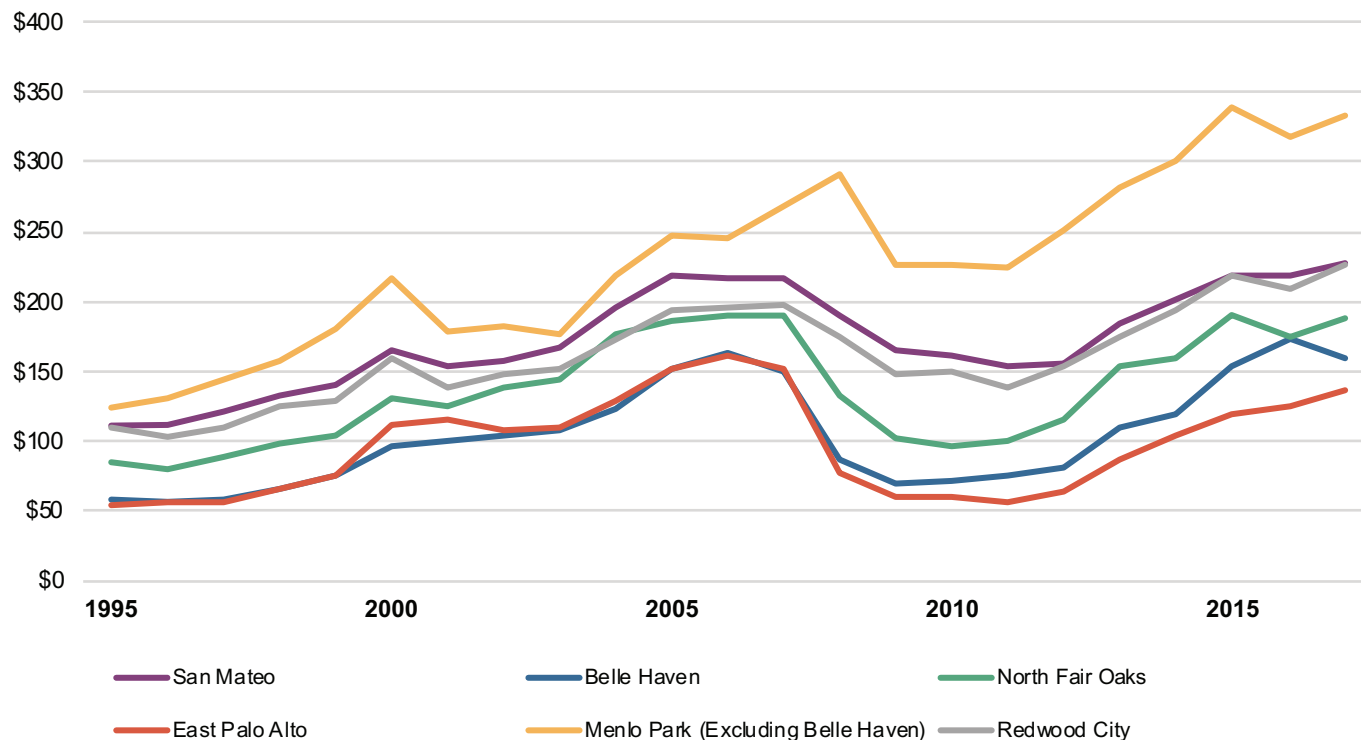
Compared to the study geography, Redwood City has seen a significant decrease in transactions since 1995.

**Figure 4.13.** Number of Market Transactions per Year, Relative to 1995 (1995-2016)



Source: Zillow Transaction and Assessment Database (ZTRAX) (1995-2016)

Figure 4.14. Yearly Adjusted Sale Prices per Square Foot (1995-2017)



Source: Zillow Transaction and Assessment Database (ZTRAX) (1995-2017)

Note: Adjusted for inflation, Q3 2017

Therefore, the steady rate of sales suggests that the study geography has consistently retained appeal among prospective buyers.

Our analysis of transactions also shows that housing prices have been increasing steadily in recent years. Although prices decreased slightly after both the dot-com boom and the Great Recession, prices across the region are currently at or nearing all-time highs.

The overall yearly adjusted sale prices follow a similar trend as the figure above, with median prices in all jurisdictions being around or greater than one million USD in 2017. However, prices per square foot in East Palo Alto, Belle Haven, and North Fair Oaks all still significantly lag behind those in the overall county. The median price for San Mateo was \$227 per sqft in 2017, compared to \$188 for North Fair Oaks, \$137 for East

Palo Alto, and \$160 for Belle Haven. To this day, Belle Haven remains a neighborhood with a significantly different real estate market compared to the rest of Menlo Park.

Housing costs in the study area are very high compared to both residents' income and to the rest of the nation, but they are also relatively low in relation to the surrounding areas such as Redwood City and the southern portion of Menlo Park.<sup>54</sup> This is a significant contributing factor to East Palo Alto, Belle Haven and North Fair Oaks' continued susceptibility to displacement pressures.

### Mortgage Data

The Home Mortgage Disclosure Act provides a snapshot of who is applying for and receiving home

purchase, refinance or home improvement loans. The following analysis looks at originated mortgages for first lien, owner-occupied, 1-4 family homes with both conventional and FHA/VA backed loans.

### Loan Volume

Between 2010 and 2017, the number of loans taken out to purchase homes as a whole in the study area has remained relatively stable, especially compared to the decreases at the county level (see Figures 4.16 and 4.17). North Fair Oaks on its own saw a 25% decrease in mortgage originations, while East Palo Alto's count went up by 7% and Belle Haven's went down by 8%. Meanwhile, the number of loans originated in the rest of San Mateo County has decreased significantly since 2012, going from nearly 35,000 in 2012 to 12,750 in 2017, translating to a 49% decrease (see Figure 4.17). This highlights the differences in home purchasing trends between our study communities and the larger region.

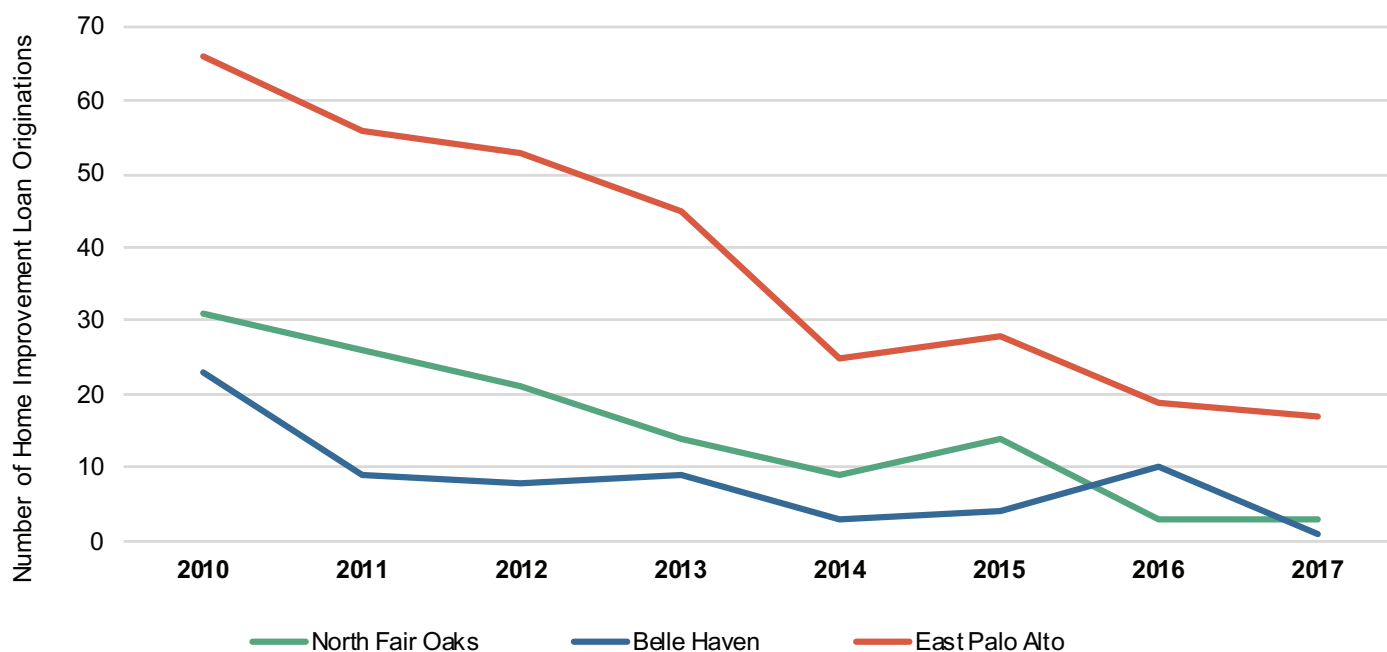
### Loan Size

The average loan amount for home purchase loans in the study area has steadily increased. Average loan amount in North Fair Oaks in particular have increased in parallel with San Mateo County, going from \$405,589 in 2010 to \$680,897 (adjusted for inflation).

Overall, the amount of loans under \$500,000 taken out to purchase homes has decreased significantly: by 76% for loans under \$250,000 and by 24% for loans between \$250,000 and \$500,000 (see Figure 4.19). However, loans between \$250,000 and \$500,000 remain the most popular, although the proportion of loans over \$500,000 is increasing most rapidly.

More generally, this points to the inaccessibility of local home ownership for the majority of low-income residents in these communities. In order to purchase a \$655,000 home with a 30-year mortgage, estimates point to

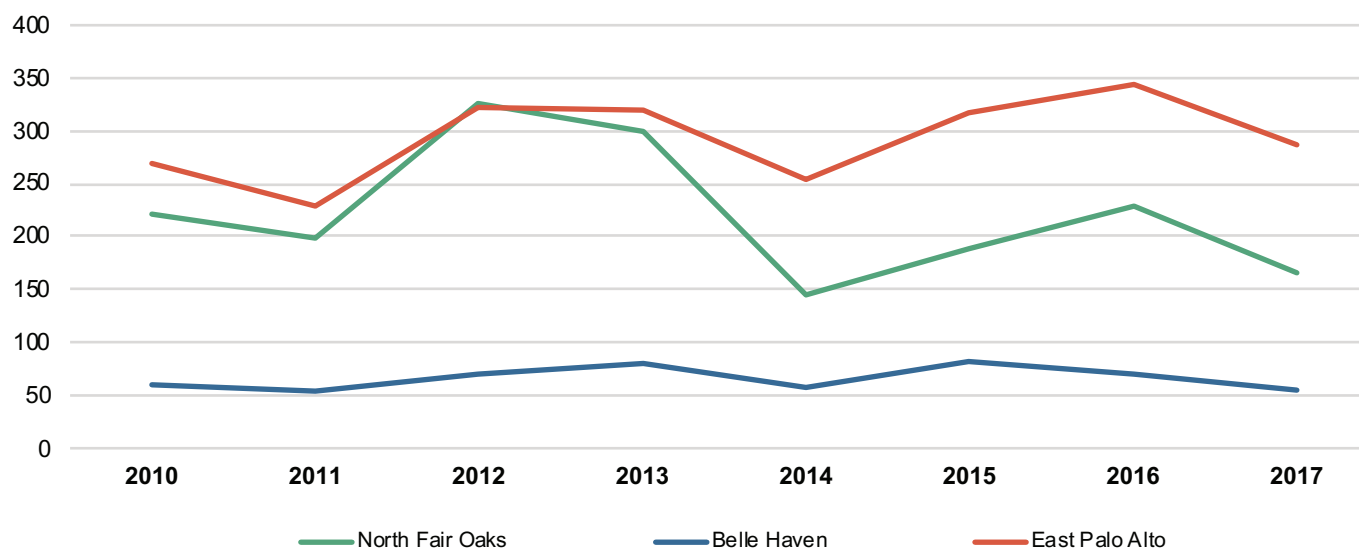
Figure 4.15. Number of Home Improvement Loan Originations in Study Area



Source: HMDA 2010-2017.

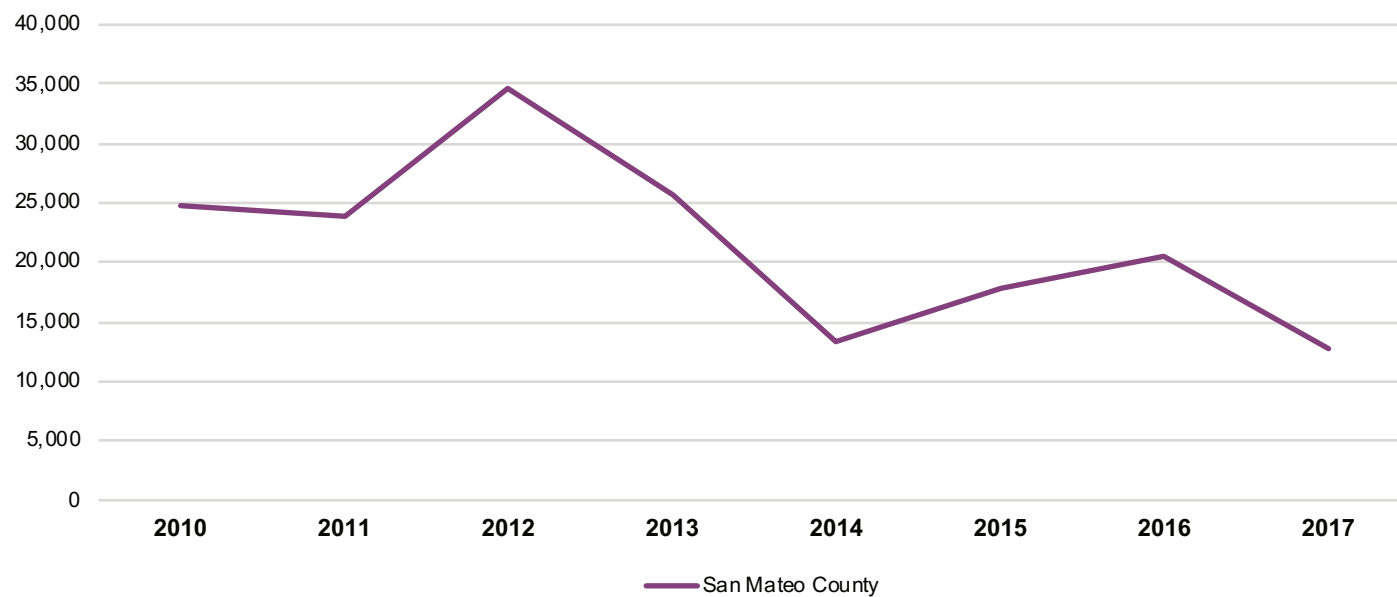


Figure 4.16. Home purchase loans over time in study area



Source: HMDA 2010-2017. Universe: Mortgage originations for one-to-four-unit, owner-occupied units. First lien, conventional and FHA/VA backed loans.

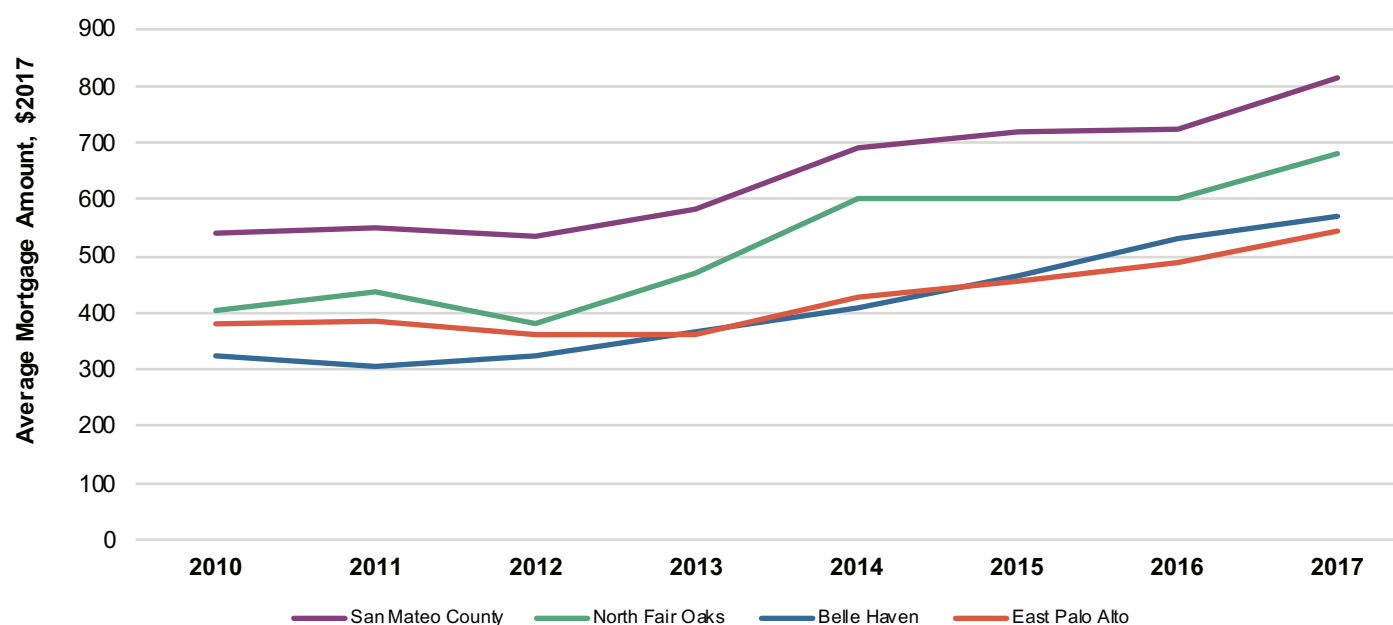
Figure 4.17. Home purchase loans over time in the county



Source: HMDA 2010-2017.

Universe: Mortgage originations for one-to-four-unit, owner-occupied units. First lien, conventional and FHA/VA backed loans.

Figure 4.18. Average home loan amount adjusted for inflation, in 1,000's



Source: HMDA 2010-2017.

Universe: Mortgage originations for one-to-four-unit, owner-occupied units. First lien, conventional and FHA/VA backed loans.

Figure 4.19. Change over Time for Loans in Study Area by Size

	2010-2011	2016-2017	Change over time
Less than \$250k	303	72	-76%
\$250 to less than \$500k	540	412	-24%
\$500k to less than \$700k	116	320	176%
\$750k to less than \$1M	17	80	371%
\$1M and above	17	70	312%

Source: HMDA 2010-2017. Note: Not adjusted for inflation

Universe: Mortgage originations for one-to-four-unit, owner-occupied units. First lien, conventional and FHA/VA backed loans.

needing an annual income of over \$127,000 in order for the monthly payment of almost \$3,000 that does not rent burden a household, without accounting for property tax.<sup>55,56</sup> This is well above the median income of households in the study area (\$58,274 for Belle Haven, see Community Profiles).

### Flips

Flips generally occur when an investor buys an under-priced property, and then sells it for a mark-up after a short period of time. In many cases, a speculator will renovate the property before reselling it in the hopes of increasing its value. However, that is not necessarily required, especially during periods when housing prices are rapidly appreciating.

Within our transaction data, a flip was identified whenever a property was sold on the market twice within less than 365 days. While this may be an undercount of the true number of flips in the county

(which may take more than a year), we wanted to minimize the likelihood of including other market transactions. By this metric, 3% of the properties in San Mateo County experienced at least one flip between 1995 and 2017. Of the properties that were flipped, the vast majority, 93%, were flipped just once.

As seen in Figure 4.20, the number of flips in San Mateo County peaked in 2013, and has since faced a downward trend. This is rather surprising, since we would expect the number of flips to experience a more cyclical pattern based on real estate cycles; speculators tend to act when the time is right for rapid price appreciation. Overall, though, real estate speculation is increasing across the county.

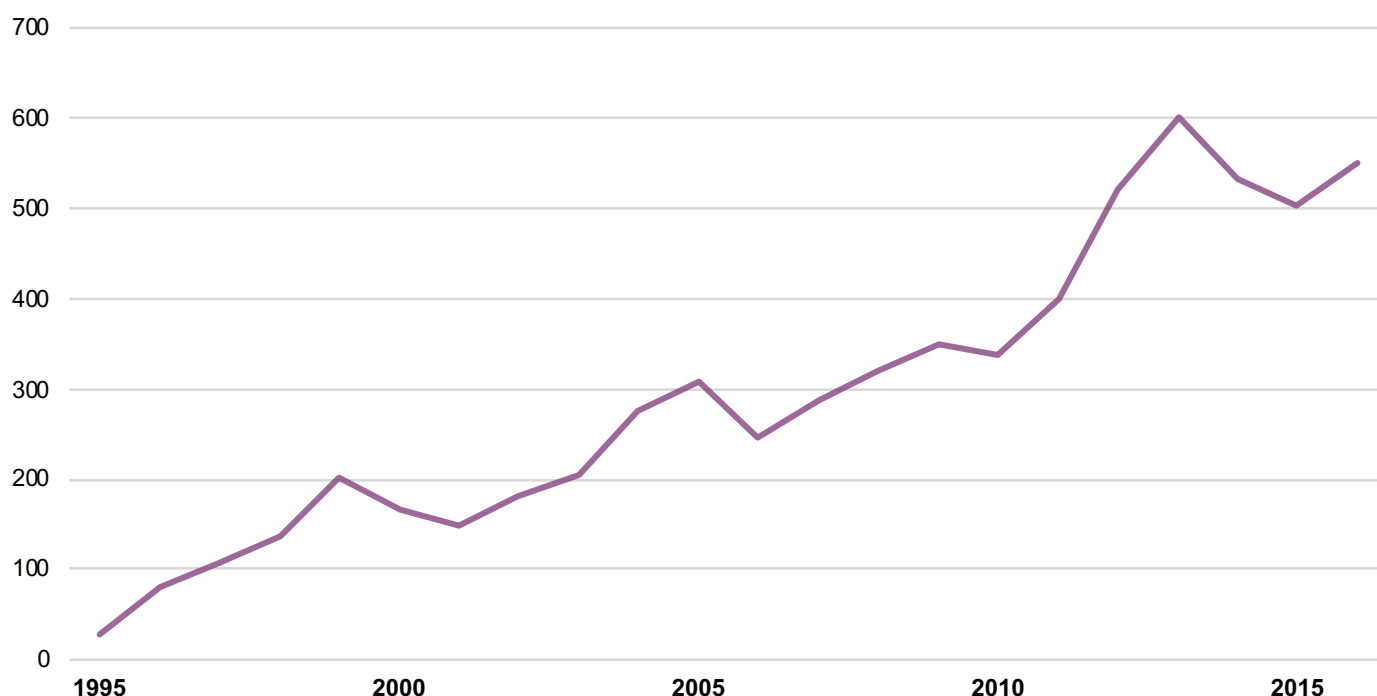
Within the study area, the trend regarding flips has been much more cyclical, as shown in Figure 4.21. The most notable spikes in flips came between 2004-2006 and 2010-2013. The number of flips has tended to hit

troughs during downturns such as the dot-com bust or the Great Recession. In total, there have been 501 flips in the study area between January 1995 and October 2017.

Although the number of flips is decreasing, Belle Haven has experienced the highest degree of real estate speculation among the study geographies, with over 6% of its residential parcels experiencing at least one flip between 1995 and 2017. By comparison, only 3% of parcels in Menlo Park experienced a flip within the same time period, as well as just under 6% in East Palo Alto and 5% in North Fair Oaks.

Of the 501 flips in the study area, 361 were conducted by individuals while 140 were conducted by non-individual entities. We found that the rate of flips carried out by a non-individual entity has increased in more recent years, as they account for 44% of the flips since 2010. 24 individuals and 30 non-individuals conducted more than one flip. Michael Baskauskas, owner of real estate

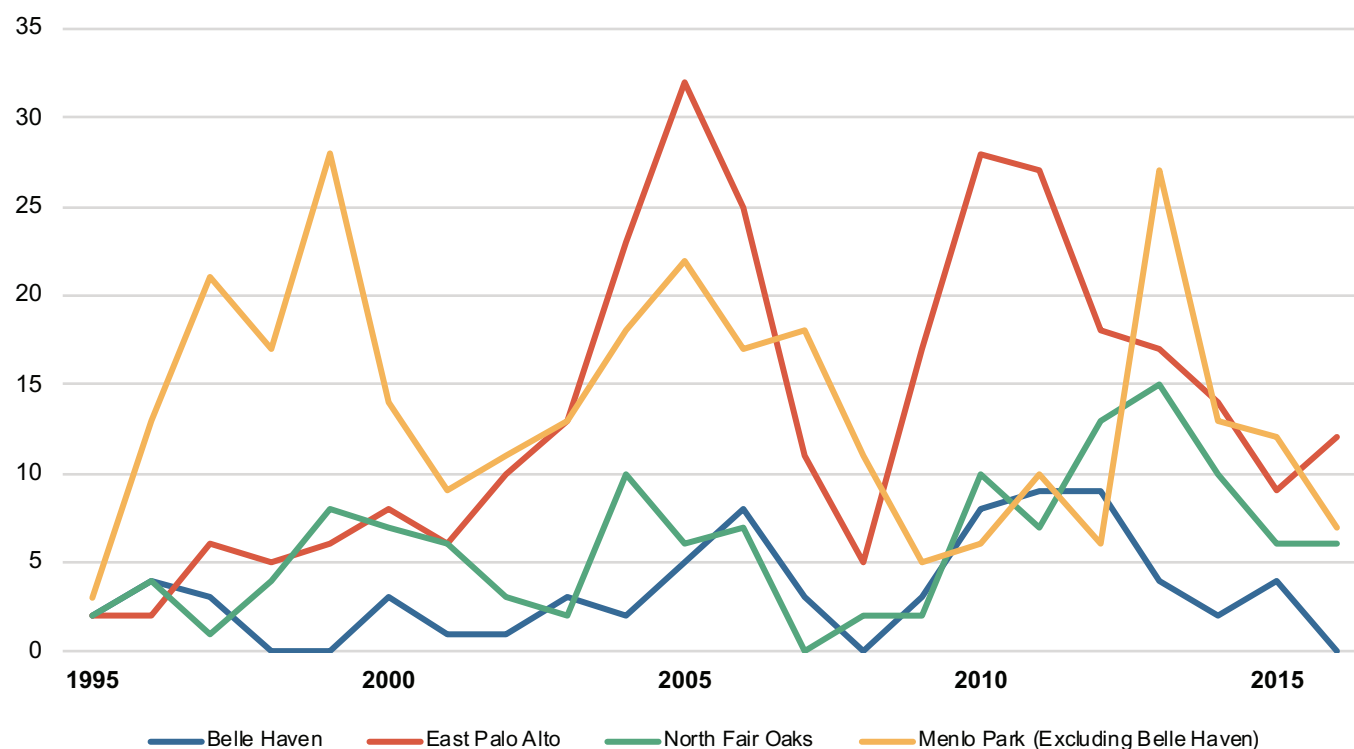
**Figure 4.20. Number of Flips per Year, San Mateo County (1995-2017)**



Source: Zillow Transaction and Assessment Database (ZTRAX) (1995-2016)

Note: This graph undercounts the number of flips in 2015 because we lacked transaction data for 2014.

Figure 4.21. Number of Flips per Year, Study Geography (1995-2016)



Source: Zillow Transaction and Assessment Database (ZTRAX) (1995-2016)

Figure 4.22. Percentage of Properties Owned by LLC/INC (2014)

Belle Haven	1.4%
North Fair Oaks	1.7%
East Palo Alto	2.2%
Menlo Park (excluding Belle Haven)	2.1%
San Mateo County (Overall)	1.1%

Source: DataQuick (2014)

firm named MSB properties, flipped 11 properties over the span of 4 years between 2009 and 2012. Abraham Farag also conducted 5 flips within the study area. In addition, two companies owned by Farag—Working Dirt and Post Apple—flipped 7 and 4 properties respectively.

When we joined the list of flips with our building permit data, we found that 67 of the 501 flips included a permitted remodel between the two transactions. This indicates that the majority of properties saw no changes, an unpermitted remodel, or minor aesthetic improvements (e.g., new paint, cleaning, etc.) before being flipped.

### Corporate Ownership

Based on ownership information in our assessor parcel data, we were able to determine the properties in each area owned by an LLC or INC. These properties may

currently be held for speculative purposes, or rented out to households.

As of 2014, 1.4% of residential properties in Belle Haven, 2.2% in East Palo Alto and 1.7% in North Fair Oaks, were owned by an LLC or INC. LLC and INC ownership rates within the study area are higher than in San Mateo County overall. As of 2014, Working Dirt LLC notably owns 22 parcels within East Palo Alto and a total of 26 parcels across San Mateo County.

## Accessory Dwelling Units (ADUs)

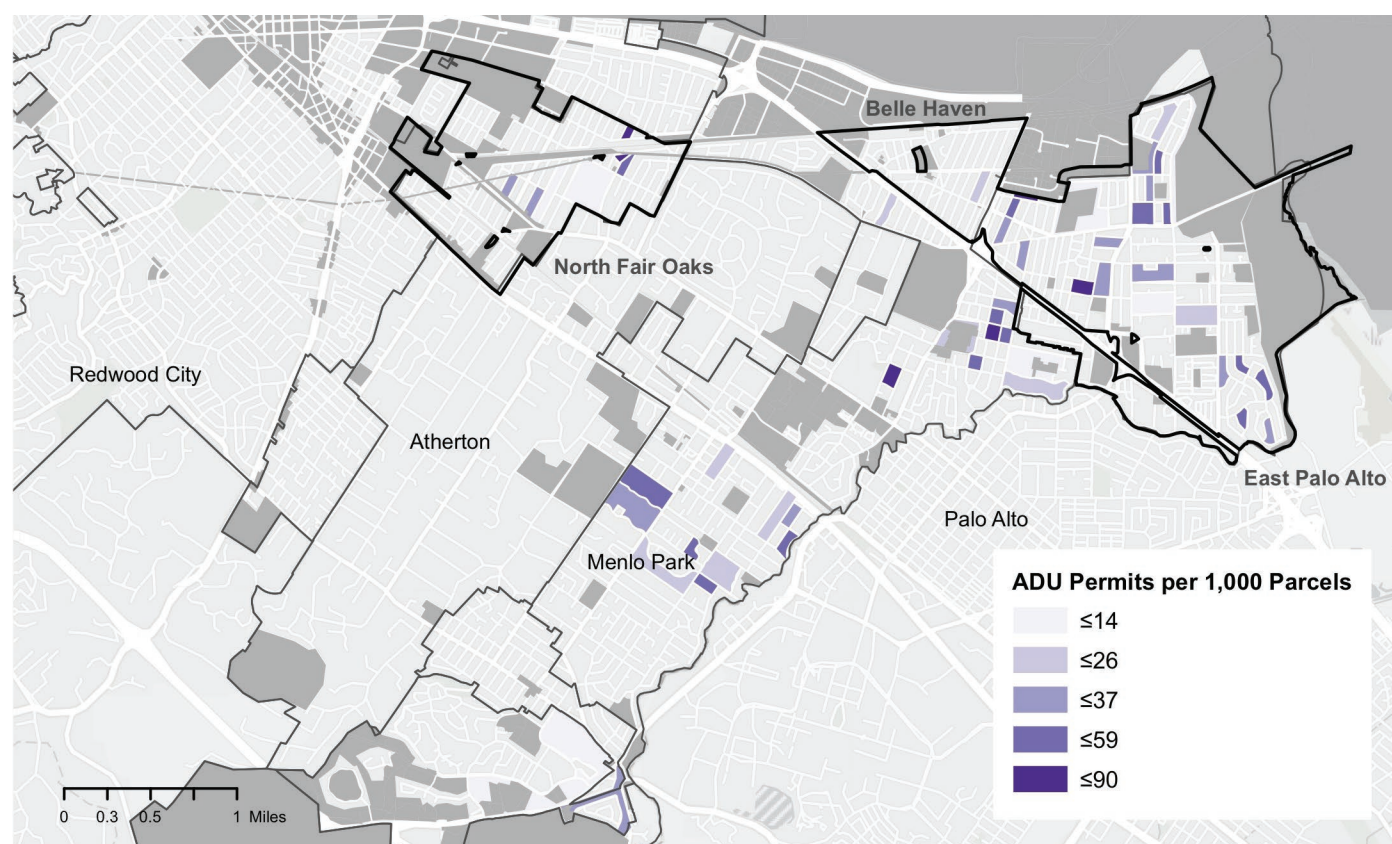
With regards to the housing crisis, and in San Mateo in particular, ADUs are an affordable mechanism to both increase density and minimize potential displacement.

Over the years, the study area has seen significant permitted ADU construction, as well as unpermitted use.

### Permitted ADU Construction

Within all three communities in the study area, residents must acquire a building permit before beginning construction of an ADU. From each jurisdiction's building permit data from 2010 to 2018, we identified cases of ADU construction to identify the pattern with permitting. As seen in Figure 4.23, ADUs are permitted at a higher rate in East Palo Alto than in other jurisdictions. Based on our data we cannot determine if the greater permitting of ADUs in East Palo Alto and portions of Menlo Park is due to greater demand for ADU construction, or better mechanisms and institutional support for legal construction. Advocates we spoke with,

**Figure 4.23.** ADU Building Permits per 1,000 Parcels (2010-2018)



Source: City of Menlo Park, City of East Palo Alto, County of San Mateo (2010-2018)



however, pointed out that the current permitting system for ADUs is overly restrictive and often prevents residents from legally building an ADU on their property.

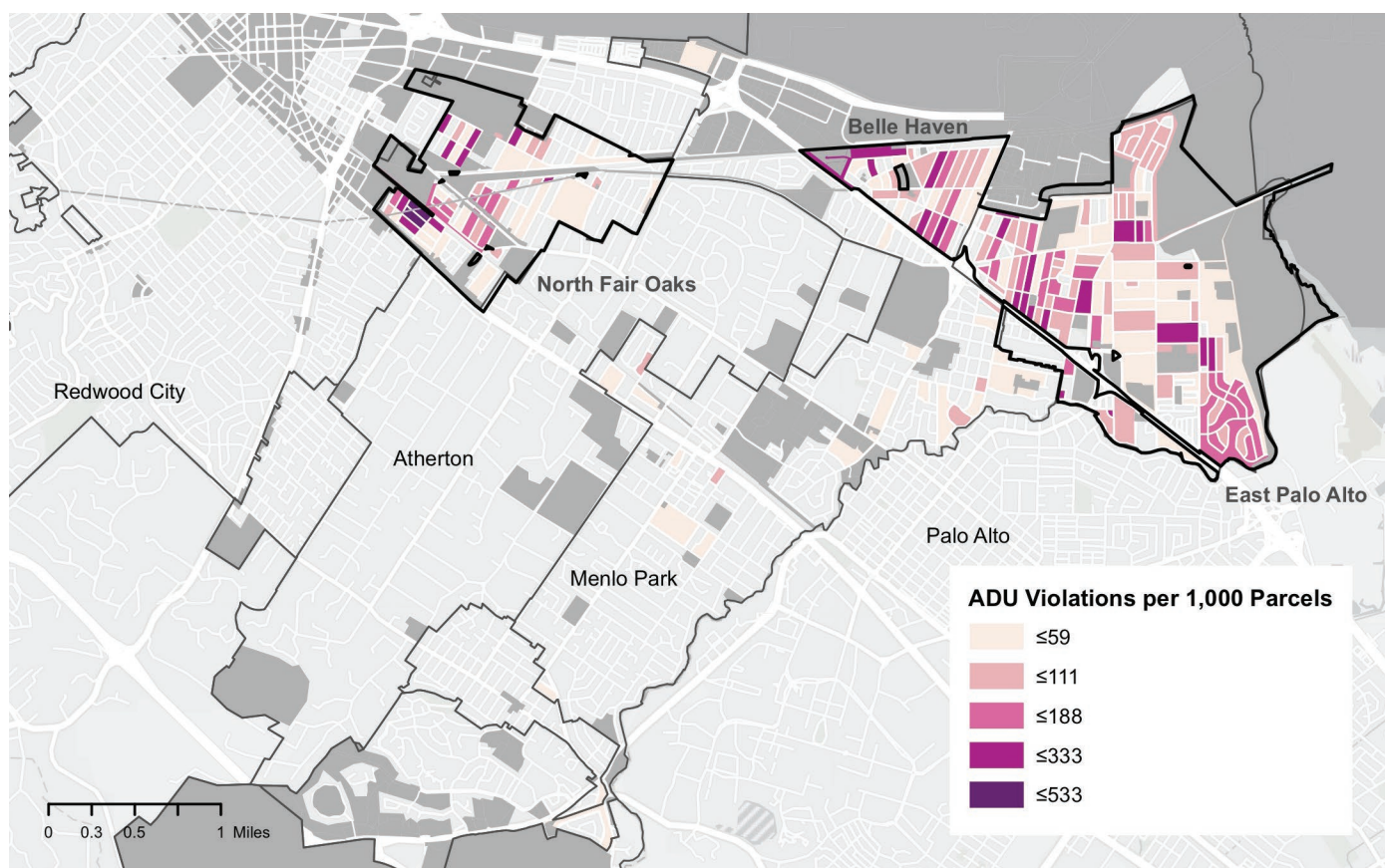
### Unpermitted ADUs

Our (and the students') interviews with neighborhood stakeholders revealed that families also cope with housing pressures in the study communities by converting garages (or other unpermitted structures) into accessory dwelling units. The prevalence of garage conversions is reportedly more common in single-family neighborhoods with limited multifamily housing stock. One government employee described their perception of an informal network of households with illegal secondary units that help absorb the displacement from the community. Several advocates also noted the

challenge of accessing financing for the construction or maintenance of ADUs. Given a lack of institutional funding and programmatic support, many households have turned to unpermitted and potentially unsafe conversions. These unpermitted conversions can also become a target for code enforcement, putting households at further risk of immediate displacement. Unpermitted ADUs or illegally converted garages receiving a red or yellow tag were of significant concern for advocates, who called for a fund to help pay for relocation fees or emergency housing to be provided to displaced tenants, as well as a revolving fund and accelerated planning process to repair, improve, and retroactively permit these units.

Figure 4.24 shows that violations for illegal ADU construction are fairly evenly distributed throughout the

**Figure 4.24.** Code Violations for Illegal ADU Construction per 1,000 Parcels (2010-2018)



Source: City of Menlo Park, City of East Palo Alto, County of San Mateo (2010-2018)



study area, however not necessarily within the same city. Of the 126 ADU violations cited in Menlo Park, the vast majority (78%, or 98 citations total) were in Belle Haven. By contrast, Figure 4.23 indicated that the majority of ADU permits issued in Menlo Park were not in Belle Haven.

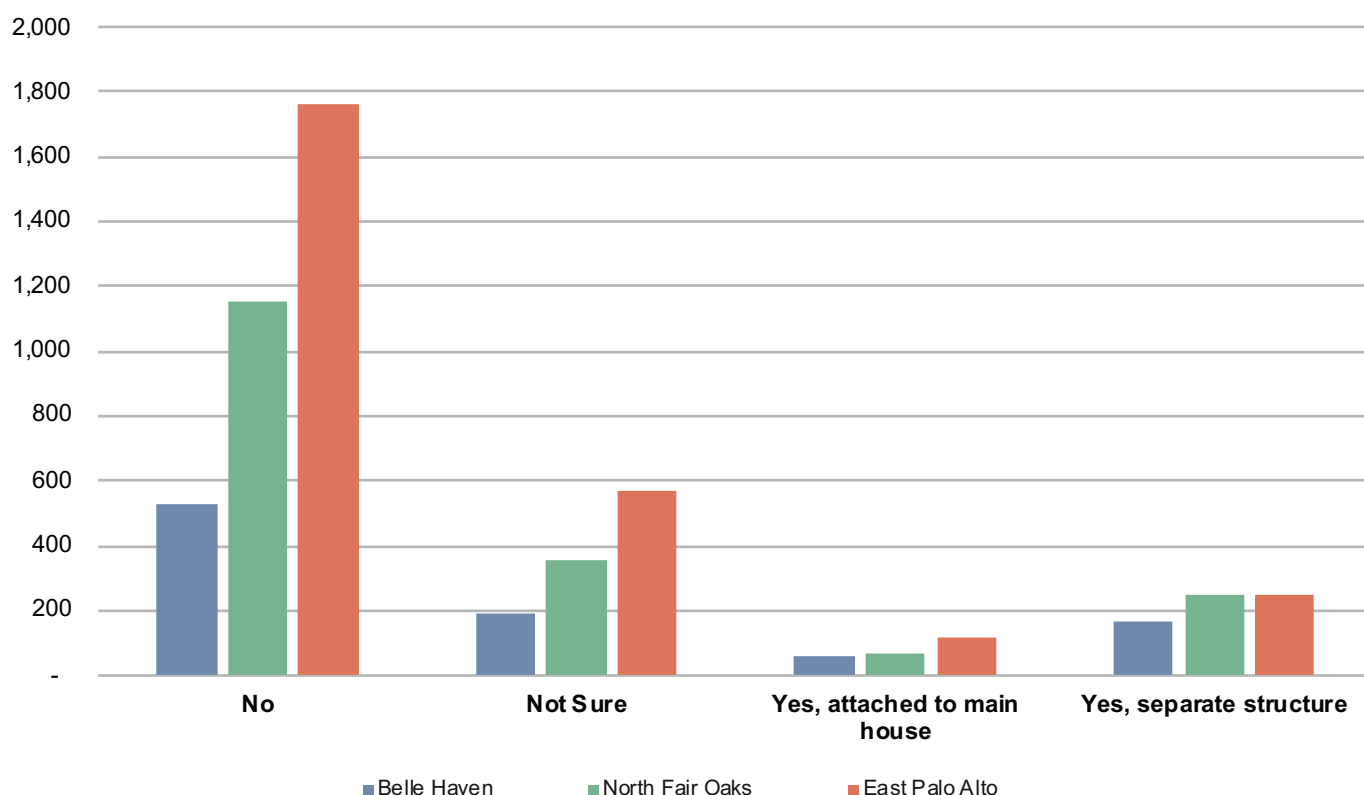
### Neighborhood Observations of ADUs

Our surveyors found that East Palo Alto is home to the highest number of observable ADUs from the street: 370 all told, compared to 317 for North Fair Oaks and 225 for Belle Haven. 24% of Belle Haven homes were observed to have a secondary unit, compared to 17% for North Fair Oaks and 14% for East Palo Alto. Although we were not able to assess what share of these units are

permitted, anecdotal evidence suggests that most are not.

Observers also noted a significant number of properties in which garages were being used as a living space. Although there were few signs of vehicles being lived in, we found that over 14% of parcels in Belle Haven and East Palo Alto had garages being used as living spaces. In addition to garages being used as living spaces, observers noted a high rate of parcels with two or more cars parked on the property in East Palo Alto (43%) compared to Belle Haven and North Fair Oaks (See Figure 4.26). In general, homes in all three areas were likely to have several cars parked on the property. All observations were conducted on weekdays during regular business hours.

Figure 4.25. Potential Second Unit on Property



Source: Authors, 2019. Note: Possible overlap between observers marking the same garage as a living space in previous figure and as an ADU attached to main house in this figure.

Figure 4.26. Signs of Overcrowding by Share of Parcels

	Belle Haven	East Palo Alto	North Fair Oaks
Cars used as living space	0.4%	0.5%	0.3%
Garage used as living space	14.7%	14.1%	6.2%
Tents or temporary housing on property	2.2%	1.9%	1.2%

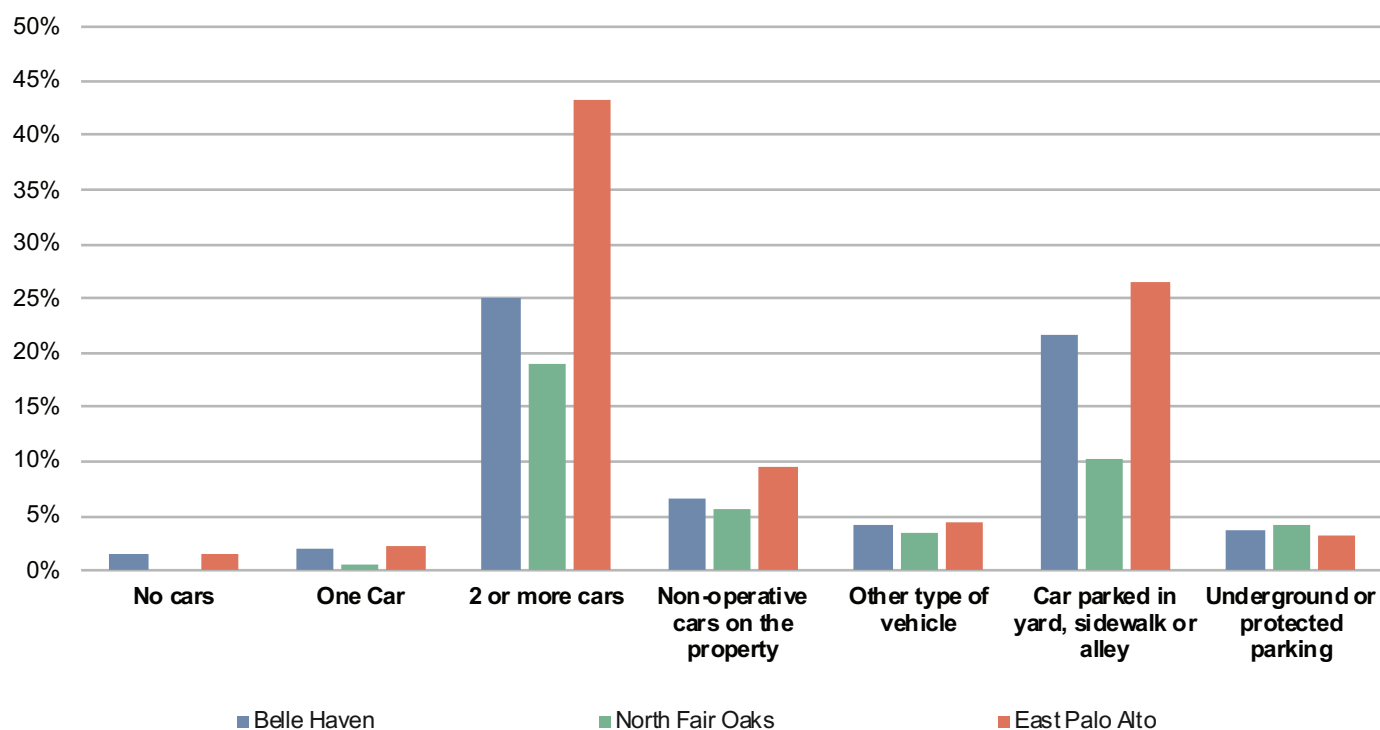
Source: Authors, 2019

Interestingly, our neighborhood observations showed that there is actually a greater percentage of parcels with ADUs and a slightly greater percentage of properties with signs of overcrowding in Belle Haven relative to East Palo Alto. This provides further evidence to the narrative that East Palo Alto is simply more willing to issue code violations than other portions of the study area.

### Ethnic Changes

Within the ZTRAX dataset, there were 11,032 market transactions within the study area. Of those transactions, there is a subset of 2,760 where the buyer and seller are both listed. For those transactions we inferred the ethnicity of the buyer and seller based on their last names, using a standard name ethnicity classifier in Python which assigns an ethnicity based on the group with the highest percentage of people with that name.

Figure 4.27. Parking and Vehicle Observations



Source: Authors, 2018-2019

In general, as shown by Figure 4.28, properties are transitioning away from Black and White homeowners to Hispanic and Asian.<sup>57</sup>

During the baseline period, the majority of loans were under \$500K, and the largest proportion of home buyers in almost all but one mortgage amount category were white (see Figure 4.29).

Comparatively, in 2016 and 2017 the number of white people taking out mortgages in the study area decreased by 24%, proportionately with Black home buyers, at 21% (see Figure 4.30).

### Short-Term Rental Market

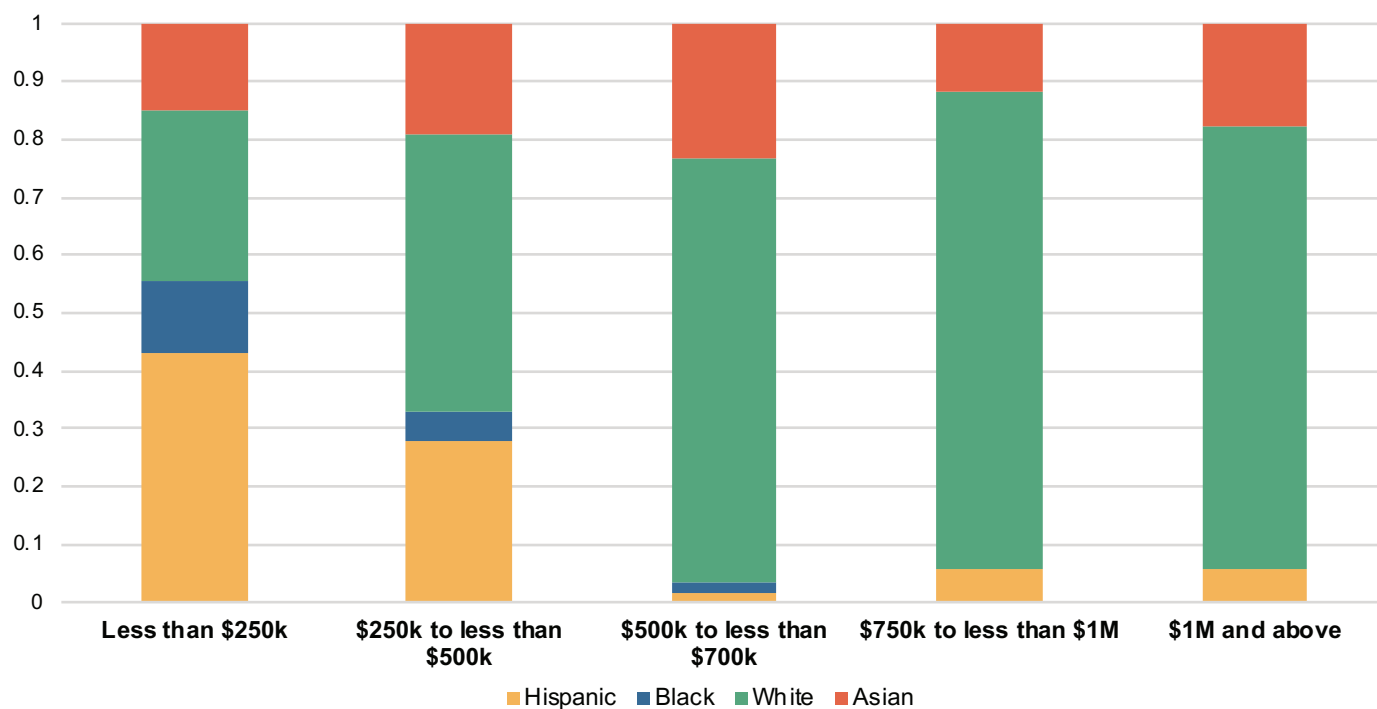
As of June 2019, there were 1,330 Airbnb listings in San Mateo county.<sup>58</sup> Nearly half of those listings were for full home or apartment rentals, and 80% of those were

**Figure 4.28. Ethnicity of Buyers and Sellers (1995-2017)**

Ethnicity	Seller	Buyer
Asian	8%	9%
Black	5%	3%
Hispanic	38%	57%
White	49%	31%

Source: Zillow Transaction and Assessment Database (1995-2017)

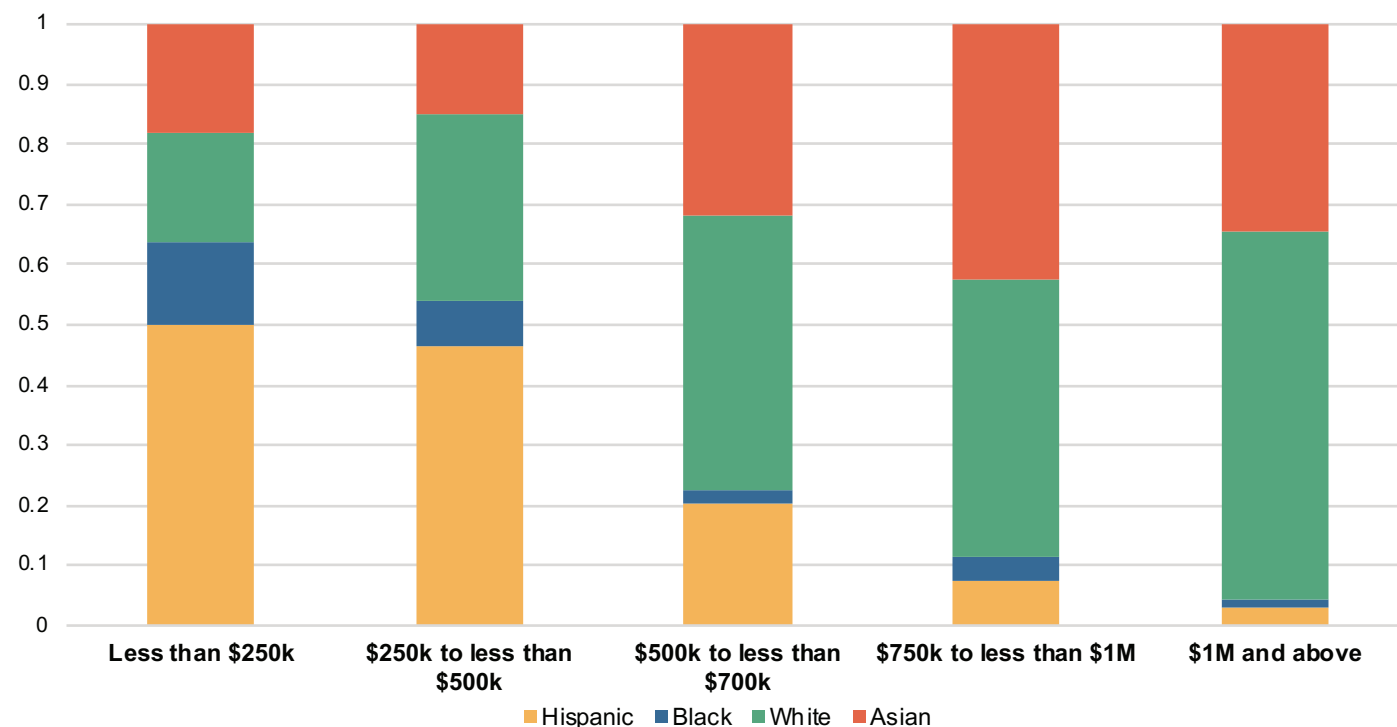
**Figure 4.29. Percent of mortgage originations by loan amount and race or ethnicity, 2010-2011**



Source: HMDA, 2010-2017.

Universe: Mortgage originations for one-to-four-unit, owner-occupied units. First lien, conventional and FHA/VA backed loans. Note: N = 993. All Black, white and asian are non-Hispanic. N = 39 for mortgages other or no reported racial information.

Figure 4.30. Percent of mortgage originations by loan amount and race or ethnicity, 2016-2017



Source: HMDA, 2010-2017.

Universe: Mortgage originations for one-to-four-unit, owner-occupied units. First lien, conventional and FHA/VA backed loans. Note: N = 925.

All Black, white and asian are non-Hispanic. N = 225 for mortgages other or no reported racial information.

Figure 4.31. Change Over Time for Loans in Study Area by Race or Ethnicity

	2010-2011	2016-2017	Percent change
Black	66	52	-21%
White	459	349	-24%
Asian	182	225	24%
Hispanic	286	299	5%
<b>Total</b>	<b>993</b>	<b>925</b>	<b>-7%</b>

Source: HMDA, 2010-2017.

Universe: Mortgage originations for one-to-four-unit, owner-occupied units. First lien, conventional and FHA/VA backed loans.

“highly available” meaning they are listed for more than 90 days of the year and are therefore unlikely to be used throughout the year as someone’s principal residence.

Renting out a room in a house or an ADU can be an additional source of income, especially for housing burdened residents or homeowners on a fixed income. However, by repurposing housing units that might otherwise be on the long-term rental market or owner occupied, short-term rentals (whether on Airbnb, VRBO, or informal rental listings and networks) can add to housing pressures. There is some evidence that increases in short-term rentals are correlated with increases in rents, and many cities have found that they lead to the removal of housing units from the long-term rental market.<sup>59</sup> The following analysis quantifies the short-term rental activity in the three study communities with a point

in time data scrape of Airbnb listings. Although Airbnb is not the only platform for short-term rentals, it is one of the largest.

Of the three, East Palo Alto had the most listings, with 206 total visible on November 6, 2019 (see Figure 4.32). The average monthly rate for a private bedroom in East Palo Alto on Airbnb, of which there were 102, was \$1,753. East Palo Alto also had the highest number of listings for shared bedrooms, with several homes repurposed in their entirety into dorm-style living quarters aimed at workers in the tech industry. These went on average for \$36 dollars a night, or \$1,050 a month.

The 43 shared room listings were posted by five unique hosts, the majority of which wrote in their descriptors about wanting to curate a community space or new type of living situation. Iz, a host with 145 such listings, wrote “I love creating affordable co-living spaces to help all new comers [sic] to the bay area.” A review from a guest in October 2019 at a Mountain View listing of Iz’s wrote:

Figure 4.32. Active AirBnb Listings, 2019 Point in Time

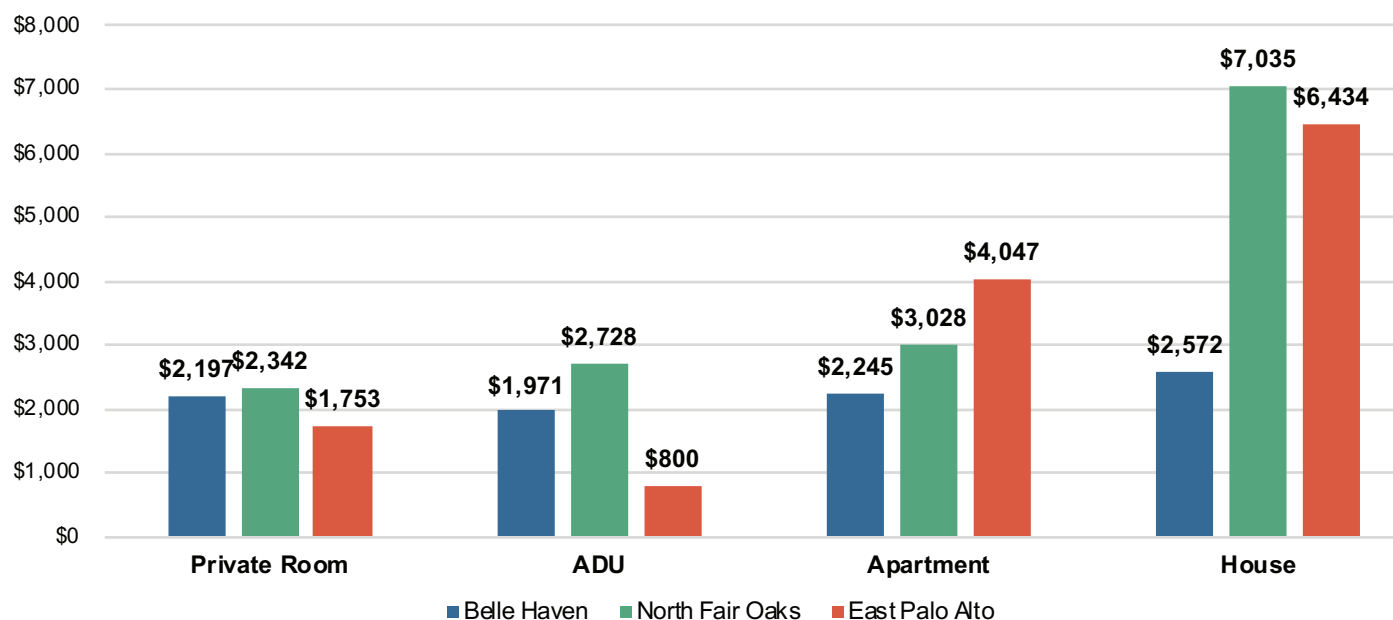
	Belle Haven	North Fair Oaks	East Palo Alto
<b>All units</b>	<b>40</b>	<b>50</b>	<b>206</b>
Private Room	62.5% (n = 25)	40.0% (n = 20)	49.5% (n = 102)
Entire Unit	27.5% (n = 11)	28.0% (n = 12)	18.5% (n = 38)
Shared Room	0.0% (n = 0)	16.0% (n = 8)	20.9% (n = 43)
ADU/Studio	10.0% (n = 4)	16.0% (n = 17)	11.2% (n = 23)

Source: Authors, 2019

“Extremely dirty squater [sic] home. Host may be a slum lord.” Iz had 14 shared room listings in East Palo Alto and ten in North Fair Oaks.

There were 40 active Airbnb listings in Belle Haven on October 1, 2019. The majority of them offered discounted

Figure 4.33. Average Monthly Rent by Listing Type and Location



Source: Authors, 2019

weekly and monthly rates and were available for months at a time. Single rooms within homes represented the largest proportion of all listings. The highest monthly rent for a private room in Belle Haven was \$4,118, and the lowest was \$1,620.

In North Fair Oaks, where 50 listings were active in October 2019, ten of those were entire homes were for rent on Airbnb. All but one of those offered monthly discounts, and all but two were listed as highly available in the near future. The average monthly rent for one of those North Fair Oaks homes on Airbnb was over \$7,000. In general, landlords can make significantly more money by listing housing units aimed on Airbnbs than by renting out to permanent residents, which adds pressure to invest in housing in these communities.

Several hosts active in these communities were openly posting as businesses and not individuals. One such corporate landlord, Zeus, listed over 1,700 rentals in the US (including one other in North Fair Oaks) and wrote in its bio: "Zeus is reinventing corporate housing. (...) We specialize in business stays of 30 days or longer and welcome anyone who wants to call Zeus home: entrepreneurs, healthcare professionals, interns, relocating families, and international travelers alike." Another, Synergy Global, which has been active since 2013, caters specifically to corporate travelers and boasts "a veteran team of industry professionals with an impressive background of serving global business

travel." A third, Startup House, joined in 2019 and listed 11 shared rooms in East Palo Alto, all in the same house. The house description states: "More than a house, we are a startup founders community. We host entrepreneurs, but also engineers and students who want to start their own business. Live, learn and achieve, while getting the full Silicon Valley experience!"

All the listings in Belle Haven, North Fair Oaks and East Palo Alto were posted by 121 hosts. A number of hosts present as individuals with several properties in the area. One super host, for example, is a stated entrepreneur with several properties in East Palo Alto, all recently redone. A mix of full homes, studios and ADUs, the rentals range from \$99 to \$389 a night and are advertised as "recently remodeled," "brand new," "luxury," and "stylish." The majority of hosts on Airbnb list multiple short-term rentals. Only 36% of hosts (43 in total) listing in Belle Haven, East Palo Alto and North Fair Oaks had singular listings (See Figure 4.34).

In regard to short-term rentals being used to supplement income, hosts with only one private room listed on Airbnb charged on average more per night than hosts with multiple private room listings, pointing to the added competition by people with more units driving down revenue for hosts without multiple rooms to rent out. However the conversion of a home into a permanent short-term rental establishment can contribute to the perception of gentrification and the erosion of neighborhood community engagement. Guests at Airbnbs without a live-in host may also drive up distrust between long-term residents and newcomers, as they bring in people with different perceptions of safety and community. Many guests in their reviews commented on not feeling safe in the neighborhood, or of loud neighbors:

- "This location is in a questionable neighborhood. I took for granted that just because it was in Menlo Park that it would be secure and safe." June 2019, Menlo Park
- "My only issue was how dark the neighborhood was at night. There were times when I did not feel quite

**Figure 4.34. Airbnb Hosts by Status and Number of Listings**

Hosts	121
Superhost status	46.3%
Have only one listing	36.1%
Have ten or more listings	10.9%
Corporate renters (estimate)	9

Source: Authors, 2019



comfortable walking home after sundown.” January 2019, Menlo Park

- “Be prepared for a crowded neighborhood.” January 2019, East Palo Alto
- “I felt very safe here even though the neighborhood doesn’t look that great. This house is really the nicest on the block.” August 2019, East Palo Alto

On the flip side, a neighbor’s home converting to an Airbnb signifies one less community member to build trust with over time, to see at local events and to borrow eggs from when in need.

### Impact of Unregulated Short-Term Rentals

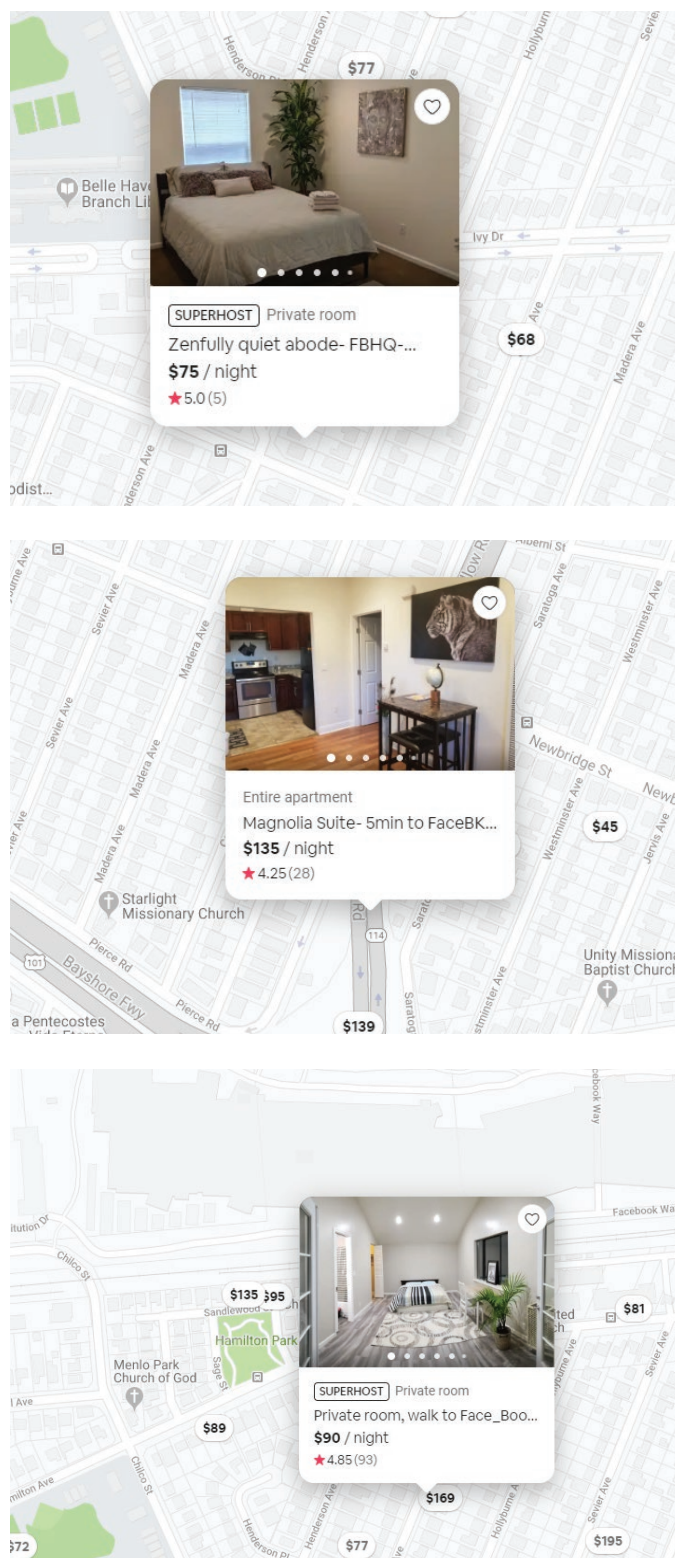
Because Airbnb does not provide historical data, it is not possible to see changes in the short-term rental market over time. However, it is clear that the majority of listings seek to cater specifically to employees in the tech industry. Beyond the hosts which describe themselves as specializing in corporate housing or co-living creators, many of their hosts begin their descriptions with the mention of proximity to Facebook (see Figure 4.35).

## Summary: Residential Real Estate Patterns

This report produced a wealth of information on observable housing conditions in East Palo Alto, North Fair Oaks, and Belle Haven. In conjunction with the individual stories of current and former residents collected by students and the analysis of secondary data, we are able to establish a baseline of current housing conditions in these three study communities.

We find that of the three study areas, East Palo Alto had the most observable signs of disinvestment in our neighborhood survey, with for example higher rates of overgrown lawns, absentee owners and sidewalks missing or in poor condition. Belle Haven, on the other hand, was found to often have a higher rate of both signs of investment and real estate speculation. One question

**Figure 4.35.** Listings avoiding Airbnb’s filter on Facebook mentions



to examine further is whether lots with higher rates of signs of disinvestment are more closely correlated with absentee owners and housing units being rented out, of which there are both higher numbers in East Palo Alto (35% and 65%, respectively).

Our analysis reveals that the study area experiences fewer remodels, more foreclosures, more code violations, and has a greater percentage of absentee homeowners compared to the surrounding neighborhood, suggesting that disinvestment is much more prevalent within the

“Once we got to EPA we had to move to a house with 2 of my brothers and all my 9 kids and their kids and the adults, and some of the kids paid the house.”

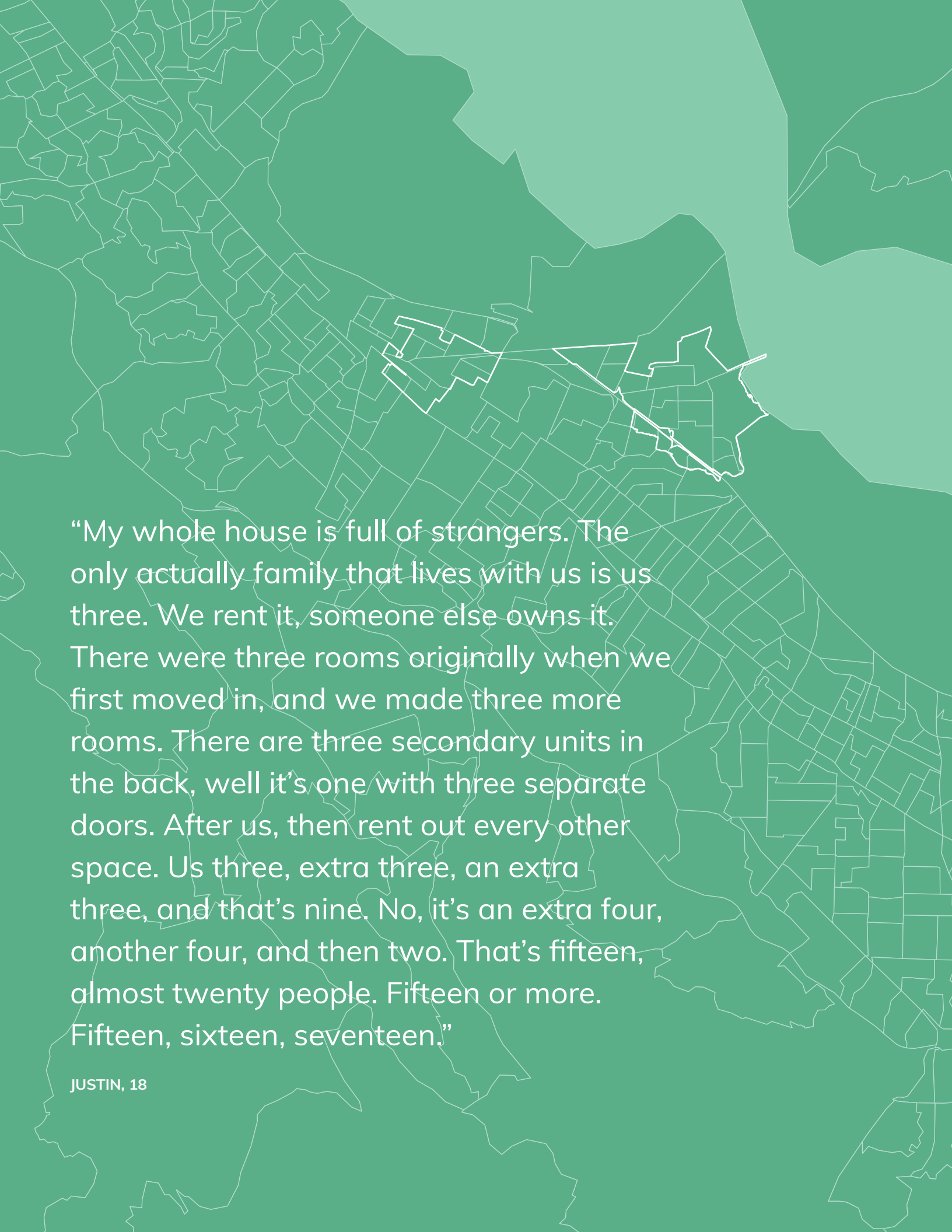
**VITALINA, 82**

study area. Contrasting this newly created dataset with the qualitative information provided by students and stakeholders augments the findings: there is a lot that cannot be perceived from the street or from publicly available datasets, in particular in regards to what a converted garage, for example, means for a student's experience at home, or how a new backyard cottage can symbolize opportunity.

We also find evidence of specific individuals driving actual displacement for profit, whether through flips, absentee homeownership, or short-term rentals. Although housing prices are lower than in the surrounding jurisdictions, overall local homeownership is still becoming more inaccessible to current residents as the housing market tightens post Great Recession and the price per square foot continues to increase.

Finally, some jurisdictions are more willing to fine residents for signs of disinvestment, and that although residents are eager to turn to ADUs as a means to produce new housing and reduce unhealthy overcrowding, the process for financing, permitting and building ADUs is still a barrier and illegal conversions remain common.

# Part 5: Policy Review



“My whole house is full of strangers. The only actually family that lives with us is us three. We rent it, someone else owns it. There were three rooms originally when we first moved in, and we made three more rooms. There are three secondary units in the back, well it’s one with three separate doors. After us, then rent out every other space. Us three, extra three, an extra three, and that’s nine. No, it’s an extra four, another four, and then two. That’s fifteen, almost twenty people. Fifteen or more. Fifteen, sixteen, seventeen.”

JUSTIN, 18

# Policy Review

This review of housing policies in the three communities begins with an analysis of anti-displacement policies based on local Housing Elements and other relevant documents, such as city council meeting minutes.<sup>60</sup> Next, we look at housing production as reported for the Regional Housing Needs Assessment (RHNA). After an analysis of ADU ordinances, we look at short-term rental legislation and opportunity zones. A concluding section looks at new state legislation likely to impact the study area.

## Inventory of local policies and programs to address housing instability

In previous work, we grouped existing anti-displacement strategies into four categories: housing production,

neighborhood stabilization (i.e., reducing displacement pressures on existing residents which includes renter protections), preservation of existing affordable housing, and strategies to prevent commercial displacement.<sup>61</sup> By organizing these strategies into preventive and responsive, and people-focused or place/housing unit focused categories, it is possible to identify appropriate responses for different types of neighborhoods (see Figure 5.1). However, there is no research to date that systematically ranks these policies in order of priority, and many have yet to be evaluated at all.

To develop an inventory of relevant local policies and programs, we compared local ordinances to the anti-displacement policy inventory on the Urban Displacement Project website (Figure 5.2).<sup>62</sup> East Palo

**Figure 5.1. Framework for Organizing Neighborhood Stabilization Strategies**

	Preventive	Responsive
<b>People-focused strategies</b>	Landlord anti-harassment protections Just cause for evictions ordinances Rental/foreclosure assistance Tenant counseling	Relocation benefits Right to return policies Evictee or neighborhood preference policies in housing subsidies
<b>Place/housing unit-focused strategies</b>	Condominium conversion restrictions Rent regulation Right of first refusal Community land trusts Proactive code enforcement Housing production/inclusionary	Vacancy control in rent regulations No-net loss or one-for-one replacement

Source: Zuk, M., Loukaitou-Sideris, A., & Chapple, K. (2019). Safeguarding against Displacement: Stabilizing Transit Neighborhoods. In K. Chapple & A. Loukaitou-Sideris (Ed.), *Transit-Oriented Displacement or Community Dividends? Understanding the Effects of Smarter Growth on Communities* (pp. 243-266). Cambridge: MIT Press.

Alto has the most housing tenant protection policies of all three areas, and in fact is a model for the Bay Area in this regard.<sup>63</sup> Overall, East Palo has 13 of 15 policies examined, Menlo Park has seven, and the County of San Mateo (North Fair Oaks) has just five. While Menlo Park experiences strong local resistance to passing tenant and residential protections, East Palo Alto regularly updates and reaffirms the efficacy of its tenant protection policies. For example, Menlo Park City Council had proposed several commonly-used policies in order to combat ongoing residential displacement in 2017, including a just cause eviction ordinance. However, the City Council at the time did not support dedicating any staff resources to exploring rent control or just cause eviction, and has not revisited any such policies since.

In the following we highlight some of the promising practices in each jurisdiction. Appendix D presents the full inventory of housing policies.

Menlo Park recently passed an ordinance in February 2019 mandating tenant relocation assistance. Under the new ordinance, lawfully evicted tenants earning 80% of AMI or less could receive the equivalent of up to three months rent and a subscription to a rental agency service.<sup>64</sup> The city adopted at the same time a resolution to consider creating a fund with \$100,000 in seed money to “provide financial assistance to lower income households not covered by the City’s tenant relocation ordinance in an attempt to avoid homelessness.”<sup>65</sup> In May 2019, the city of Menlo Park acted on the resolution

**Figure 5.2. Anti-Displacement Policies in Menlo Park, East Palo Alto and San Mateo County**

	Menlo Park	East Palo Alto	County of San Mateo (North Fair Oaks)
Just Cause Eviction	No	Yes	No
Rent Control/Stabilization	No	Yes	No
Rent Review Board	No	Yes	No
Tenant Relocation Assistance	Yes	No	No
Mobile Home Rent Control	No	Yes	Yes
SRO Preservation	Yes*	Yes	No
Condominium Conversion Regulations	Yes	Yes	Yes
Foreclosure Assistance	No	Yes	No
Affordable Housing Impact Fee	No	Yes	Yes
Commercial Linkage Fee	Yes	No	No
Housing Trust Fund	Yes	Yes	Yes
Below Market Rate Housing Program	Yes	Yes	Yes
Density Bonus Ordinance (In addition to State law)	Yes**	Yes	No
Community Land Trusts	No	Yes	No
First Source Hiring Ordinance	No	Yes	No

Note: \*Included in BMR. \*\*Affordable Housing Overlay



and created a tenant relocation assistance program to support “tenants of rental units that experience actions that cause displacement which are not subject to the tenant relocation assistance ordinance” with one time funding and initial operating funds of \$12,000.<sup>66</sup>

To protect tenants from condominium conversions, Menlo Park tenants have a preemptive right to purchase a unit.<sup>67</sup> The city also has an affordable housing overlay zone requiring developers to provide 21% affordable units for a density bonus of 35% or more, as well as an inclusionary zoning program which produced 69 below market rate units by March 2017.<sup>68, 69, 70</sup> Its Housing Trust Fund, which is funded in part by in lieu fees from inclusionary zoning as well as commercial linkage fees, provided \$6.7 million to support a 141-unit complex in Belle Haven, with 59 apartments designated as affordable.<sup>71</sup>

San Mateo County’s approach to addressing housing instability has focused on housing production. As an unincorporated area, North Fair Oaks follows San Mateo County regulations but does have its own community plan, adopted in 2011, to regulate development.<sup>72</sup> North Fair Oaks benefits from the County’s Affordable Housing Fund, with two housing developments supported:

**Figure 5.3. Overall RHNA Goals and Permits, 2007-2014**

	RHNA goal	Permits Issued	% of RHNA Met
Unincorporated San Mateo County	15,738	8,169	51.9%
East Palo Alto	630	197	31.3%
Menlo Park	993	289	29.1%
<b>All of San Mateo County</b>	<b>15,738</b>	<b>8,169</b>	<b>51.9%</b>

Source: San Francisco Bay Area Progress in Meeting 2007-2014 Regional Housing Need Allocation (RHNA) Association of Bay Area Governments, September 2015

Waverly Place (16 supportive housing units) and 2812 El Camino Road (56 affordable units).<sup>73</sup> The County has an inclusionary housing policy that requires developers of any projects with five or more units to dedicate 20% of the units as affordable housing, and also has an affordable housing impact fee.<sup>74, 75</sup> Condominium conversion is prohibited in the county.<sup>76</sup>

With both a just cause eviction ordinance and rent stabilization, East Palo Alto stands out from its neighbors. The just cause ordinance applies to most residential units in the city, and approximately 2,500 units (including mobile homes) are currently rent stabilized in EPA, East Palo Alto, capping rent increases to 10% per year.<sup>77</sup> The ordinance was passed in 2010 by voter referendum; some landlords have since still been reported as engaging in predatory practices, “highlighting the need to augment rent-control measures with funding for community-based organizations and legal aid centers which provide residents with opportunities to contest unlawful detainer cases.”<sup>78</sup> A condo conversion ordinance requires relocation assistance for tenants. East Palo Alto’s Affordable Housing Program collects development impact fees for the Affordable Housing Trust Fund. In October of 2018, the Fund had a total of \$18,688,000.<sup>79</sup> In addition, the city of East Palo Alto has applied to the inaugural Challenge Grant managed by the San Francisco Foundation, part of the Partnership for the Bay’s Future Fund. As part of this grant, the city would pilot housing preservation and protection policies such as TOPA (Tenant Opportunity to Purchase Act) and COPA (Community Opportunity to Purchase Act), ordinances that would require landlords selling properties that fit a certain profile to give tenants and organizations such as a community land trust a right of first refusal. Finally, East Palo Alto’s Density Bonus Ordinance reduces the number of required affordable units to qualify for a density bonus, which aims to incentivize housing production.<sup>80</sup>

## Regional Housing Needs Allocation

Over the last thirty years, California only produced half as much housing as needed to keep housing costs

Figure 5.4. 2015-2023 RHNA Allocations and Progress Goals as of June 2019

		Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
San Mateo County Unincorporated	Target Number of Units	153	103	102	555	<b>913</b>
	% Progress	0.7%	32%	16.7%	37.7%	<b>28.5%</b>
East Palo Alto	Target Number of Units	64	54	83	266	<b>467</b>
	% Progress	25.0%	59.3%	39.8%	1.9%	<b>18.4%</b>
Menlo Park	Target Number of Units	233	129	143	150	<b>655</b>
	% Progress	63.1%	29.5%	2.8%	516.7%	<b>147.2%</b>

Source: Housing Element Implementation Tracker, California Department of Housing and Community Development, June 2019

rising faster than average U.S. levels.<sup>81</sup> California cities continuously fail to meet their modest RHNA targets.<sup>82</sup> The table below shows the progress made by East Palo Alto, North Fair Oaks, and San Mateo County in number of housing permits issued.

Of the three jurisdictions during the previous time period from 2007 to 2014, San Mateo County issued the largest percentage of the housing permits, meeting 52% of

land assembly challenges, and more. In addition, of the housing permits issued, only 4 out of 197 in East Palo Alto were for very-low income or low-income units. San Mateo County in comparison also tended to issue more permits for market rate housing: the County met 93% of its RHNA goals for above-moderate income housing, and only 20% of its RHNA goals for very-low income housing. That same split was 46% above-moderate and 29% very-low income for Menlo Park.<sup>83</sup>

“My family’s lives were in EPA. I remember driving around with my parents hoping for a “for rent” sign.”

CHRISTIAN, 16

its RHNA requirements. Menlo Park made the least progress issuing construction permits, with only 29% of the overall RHNA met. East Palo Alto met 31% of its overall RHNA permits. The barriers to housing production are well established, and include high construction costs, NIMBYism, labor shortages, low-density zoning,

In the current RHNA process (2015-2023), the largest proportion of permits for San Mateo County were issued for ‘Above Moderate’ Income Housing (6,486 total) while the smallest proportion was dedicated to ‘Very Low’ Income Housing permits (4,595). (See Figure 5.4.)

The latest progress report on meeting RHNA targets shows that of the three study areas, the city of Menlo Park has issued the most permits: 964 in total, exceeding its RHNA allocations for Above Moderate Income housing units by 416%, and meeting only 2.8% of its moderate income allocation (see Figure 5.4.) East Palo Alto has already met nearly 60% of its Low Income RHNA goals (32 total) and nearly 40% of its Moderate Income target (33 total). San Mateo County’s reported progress in 2018 stated that it had met 260 of the 913 units allocated in the RHNA, only one of which was

dedicated to 'Very Low' Income Housing. Production of ADUs can count towards meeting RHNA targets.

## Evaluation of ADU Ordinances

Accessory Dwelling Units (ADUs) are a production-side solution to the housing crisis particularly well suited as an affordable and quick infill strategy for low-density residential areas. Self-contained, smaller living units on the lot of a single-family home, secondary units can be either attached to the primary house, such as an above-the-garage unit or a basement unit, or detached (an independent cottage).<sup>84</sup> Despite government attempts to reduce barriers, a widespread surge of ADU construction has not materialized; in 2018, East Palo Alto reported 7 ADU permits to the State's Housing and Community Development Department, Menlo Park reported 27, and the County of San Mateo reported 37. City level policies are still impeding the permitting process, and the need for innovative financing products to fund ADU construction both play a role in the slow production of ADUs.<sup>85</sup>

The following evaluates the jurisdiction's ADU ordinances as of Fall 2019. In a subsequent section we discuss the potential impacts of new state ADU legislation.

**Belle Haven.** As of September 2019 the City of Menlo Park did not have an adopted policy in regards to ADUs. Without its own ordinance, the City must default to state standards.

**North Fair Oaks.** In San Mateo County, with the exception of coastal zones, most zones are exempt from lot size minimums. The height limits are not overly restrictive (26') and the policy includes large maximum sizes (maximum size 750 sf or 35% of primary dwelling, whichever is larger, up to 1,500 sf). San Mateo County residents also benefit from a user-friendly ADU website, [www.secondunitcentersmc.org](http://www.secondunitcentersmc.org).

**East Palo Alto.** East Palo Alto does not have a favorable policy climate for the production and preservation of

ADUs. For example, East Palo Alto has high lot size minimums (5,500 for attached, and 7,500 for detached ADUs) which disqualifies 50% of the lots in the city for attached ADUs and 87% for detached ADUs, and amending the lot size minimum for all ADUs in East Palo Alto to 5,000 square feet would render 75% of lots eligible.<sup>86</sup>

ADUs in East Palo Alto are also subject to strict lot coverage ratios and require one parking space plus other additional discretionary parking restrictions (based on specific site fire, topographical, and life safety conditions). Finally, the permitting process for ADUs is not streamlined and includes additional layers of entitlement and review, requirements for owner occupancy, and additional fees.

That being said, significant work is happening in East Palo Alto to facilitate the streamlining of ADU construction. The ADU initiative, a coalition of the City of East Palo Alto, Rebuilding Together, City Systems and Faith in Action Bay Area, is working on providing education, tools, and resources for making more informed decisions about ADU legalization or construction options. They are learning from their own work legalizing four existing garage conversions, funded in part by Facebook. Another stakeholder is SOUP, a housing start-up, which aims to partner with a community land trust to purchase lots and build clusters of ADUs as permanently deed restricted, perpetually affordable housing. As of October 2019 SOUP had facilitated the construction of 9 ADUs, with support from a grant from Facebook, and had another 30 in permitting, which in East Palo Alto can take upwards of nine months.

## Short-Term Rental Platform Legislation

The cities of Menlo Park and East Palo Alto, as well as the County of San Mateo, all have Transient Occupancy Taxes (TOT) in place. This tax requires that in order to hold occupancy in any hotel, a percentage tax on the rent charged must be paid to either the operator or the city/county. Menlo Park<sup>87</sup> and East Palo Alto<sup>88</sup> both have rates

set at 12% of the rent charged, while the County of San Mateo's tax<sup>89</sup> is set at 10% of the rent charged. At this moment in time, these ordinances only apply to hotels and do not apply to short-term rentals through platforms like Airbnb or VRBO.

Although residents in unincorporated coastal zones in San Mateo County pay the TOT for short-term rentals, this requirement does not affect North Fair Oaks, and neither Menlo Park nor East Palo Alto have adopted legislation regulating short-term rentals such as Airbnb as of October 2019.<sup>90</sup>

In 2017, Menlo Park's city council considered but voted against a policy prohibiting renting out secondary housing units for less than 30 days, which would place limits on some Airbnb listings.<sup>91</sup> Although prohibiting the leasing out of secondary housing units for less than 30 days would help prioritize the use of ADUs as long term housing, it would also prevent them being used as an infrequent or non-permanent source of income for people not wishing to add full time residents to their parcel.

An example of possible legislation to address the rise of Airbnb rentals is Redwood City's Uniform Transient Occupancy Tax which includes a section for 'Hosting Platforms.' Under this provision hosting platforms are defined as "a means through which an operator may offer a dwelling unit, or portion thereof, for transient occupancy" and are required to pay occupancy taxes similar to traditional hotels.<sup>92</sup>

## Opportunity Zones

An Opportunity Zone is a designation created by the Tax Cuts and Jobs Act of 2017 which incentivizes investments in certain areas through tax advantages. Investments made into "Opportunity Funds," which place at least 90% of their assets in state-designated "Opportunity Zones" receive deferrals or reductions of liability of federal taxes on capital gains.

States each designate their own opportunity zone areas based on state-developed criteria; approximately one third of census tracts across the United States has an opportunity zone designation. North Fair Oaks, East Palo Alto and Belle Haven represent three out of San Mateo's four Opportunity Zones, which means they are doubly targets for investment, from their proximity to a job-rich area, as well as through tax advantages. However, other than guiding capital flows towards low-income census tracts across the United States, the legislation and IRS guidance on how the investments need to be made in order to benefit the community and lead to inclusive growth is vague and many have expressed concern as to its impact. While it directly benefits the wealthy, it does not guarantee even indirect benefits to the residents of Opportunity Zones and could accelerate displacement.<sup>93</sup>

## On the Horizon: 2019 State-wide Housing Legislation

**Housing Production.** The state's Density Bonus Law was revised this past legislative session with Assembly Bill 1763. The bill added a requirement for a density bonus to be provided to developers who agree to dedicate 100% of the units in a housing development for lower income households. In addition, the bill states that if the housing development meets pre-existing criteria and is located near a major transit stop, a height increase and a density bonus of 80% will be granted. AB 1763 also requires that any housing development that qualifies for a density bonus must maintain at least 20% of the units to have affordable rent and the rest of the units may not exceed maximum rent levels.<sup>94</sup> Another bill that will reduce barriers to affordable housing construction is SB 330, which streamlines the building permit process, limits fees for housing, and bars local governments from downzoning.

**ADUs.** Several bills were passed during the last legislative session that will be affecting the approval process and restrictions on ADUs in the state. SB 13<sup>95</sup> and AB 68<sup>96</sup> allow for the creation of ADUs in areas specifically zoned to allow single- or multi-family

residential use, and create more flexibility for attached ADUs. The bills also include a provision requiring local agencies to act on an ADU application within sixty days (instead of 120 days) of receiving it, and they also remove impact fees. SB 13 also minimizes the restrictions on ADU size and establishes a process for ADUs that have been built without permits to get up to code. Most importantly, AB 68 eliminates minimum lot size and AB 881 eliminates the owner occupancy requirement. As a result of this legislation, it is expected that ADU production will be streamlined.

**Tenant Protection.** Two bills were also passed establishing new tenant protections. Assembly Bill 1110<sup>97</sup> amends existing law that had required landlords to notify tenants of rent increases greater than ten percent to provide sixty days notice. AB 1110 requires that instead of sixty day notice, landlords must provide ninety day notice of rent increases greater than 10% of the rent normally charged. The second bill signed into law, Assembly Bill 1482,<sup>98</sup> establishes just cause protections for tenants when being evicted. Provisions include notice and opportunity to address curable violations and relocation assistance or rent waiver in the case of no-fault just cause terminations. The bill also establishes a statewide restriction on annual rent increases. Specifically, AB 1482 prohibits landlords from increasing the rental rate either five percent plus the percentage change in the cost of living over the course of any twelve-month period or, if lower, ten percent of the lowest gross rental rate charged for the previous twelve months. Both provisions are in place until January 1, 2030.

## Summary: Local and State Housing Policies

The housing crisis is a failure not just of markets but also of local, state and federal policies. Therefore, it is logical to examine efforts at each of these levels to temper its impact and change the course. While East Palo Alto remains a leader locally in mitigating the displacement of tenants, it has largely been unsuccessful in effectively supporting the production of new housing, in particular for low income residents and through innovative housing types like ADUs. In addition, there is little consistency between jurisdictions: Menlo Park looks more to Redwood City as a model for housing policy than to East Palo Alto, and North Fair Oaks is governed by county-wide legislation with little local focus.

Recent legislative efforts at the state level aim to sidestep local resistance to housing production or tenant protection. By removing restrictions on ADU construction, SB13 and AB 68 will help residents and housing advocates build infill and enable residents to stay in place. However, obstacles remain to ensure their intent is accomplished: innovative funding streams for ADU construction are still needed, for example, as is the monitoring of whether tenants being evicted are able to access relocation assistance, and transparency or accountability of Opportunity Zone investments.



# Part 6: Recommendations

“We used to rent out the 3rd  
bedroom in our house to a family  
which caused chaos in the kitchen.”

DOMINGA, 42



# Recommendations

There is no single or simple solution to the housing crisis and its effect on residents of North Fair Oaks, Belle Haven and East Palo Alto. Many of the contributing factors to the housing crisis have their roots in policies and decisions made well before Facebook even existed, and our research reveals a long-term pattern of real estate speculation in the area.

However, stating so does not imply that new employers and investors in the area, such as Facebook, do not have an impact on these communities or a role to play in their success.

In line with our effort for this research to be **solution-oriented, humanizing**, and with **lasting community effects**, we present the following recommendations.

## Y-PLAN Recommendations



YPLAN Meeting, Summer 2018. Image: Center for Community Innovation.

The Y-PLAN students who participated in collecting stories and reflecting on solutions to address the housing crisis highlighted the need to stabilize the community, consider community preference, and create pathways to homeownership. They crafted the following recommendations:

- **Promote housing production models that go beyond adding to the housing market and help stabilize the community in more ways: including establishing community land trusts and employing sweat equity (i.e., auto-construction in the Habitat for Humanity model).**
- **Design and build cottages, or ADUs, big enough to accommodate large, multi-generational families.**
- **Offer home repair assistance to the entire population.**
- **Build pathways to housing preservation led by independent, non-profit entities like land trusts and co-operatives.**

We add to the Y-PLAN student's conclusions the following on local policy, monitoring and evaluation, as well as some thoughts on internal policy for Facebook:

## Policy

We divide our recommendations for policy into three categories: production, preservation, and protection. In an era of scarce resources, jurisdictions—as well as Facebook itself, which has made a \$1 billion commitment to housing in the region—will need to make hard choices about which to pursue. There is no simple recipe for stabilizing communities, and we do not present an exhaustive list of strategies. Rather, we draw from the evidence that does exist to offer some ideas for what might work well in this particular context.

## Production

Housing production, both market-rate and subsidized affordable units, is a key element of neighborhood stabilization. Our previous research<sup>99</sup> has found that constructing any type of housing reduces displacement pressure, although **subsidized housing** is (unsurprisingly) more effective than market rate.<sup>100</sup> Still, new housing can have a catalytic effect on nearby properties, spurring rent increases and evictions. Not only should there be a no net loss (**one-for-one replacement**) policy for any rental housing demolished for new construction, but also as new housing is constructed, jurisdictions should have measures for affordable housing preservation and tenant protection in place already.

Another one of our recent studies found that were **upzoning** to occur around the train station in Menlo Park, it would be financially feasible to produce affordable housing to meet an inclusionary requirement of 20% (but probably not much higher).<sup>101</sup> Still, the study highlighted the multiple challenges of infill development: difficulties in acquiring land to assemble small parcels, complications in rezoning to multi-family residential, and design standards that restrict the building envelope. Thus,

though inclusionary requirements are important, they will likely only result in the production of a very small share of the units necessary in order to mitigate housing market pressures. Because of these challenges, as well as the cost of new construction, it may thus be worthwhile to consider channelling monies from housing trust funds in the communities toward preservation rather than new construction.

Increasing **ADU production** can also meet new housing demand and alleviate displacement pressures, although again this is not likely to produce a substantial number of units. The new state laws will remove most of the remaining technical barriers to ADU construction in the three cities. But our research has shown that educating homeowners about how to build ADUs—while also helping them access low-cost loans—is critical to scaling up production.<sup>102</sup> The cities—and Facebook—should invest in intermediaries familiar with ADU construction and outreach (such as SOUP and Hello Housing), user-friendly interfaces (like the San Mateo County ADU website), and innovative ADU financing mechanisms (e.g., a revolving loan fund).

Some cities have subsidized the development of new affordable housing through the dedication of public land for affordable housing and through acquisition and banking of land.<sup>103</sup> One tool for this is the community land trust, a non-profit corporation that develops and stewards land in perpetuity for community-serving purposes, which can include affordable home ownership to prevent displacement. However, this model only works well when land is free (i.e., public) or still low-cost, and requires innovative funding streams. EPA CAN DO, a community development corporation based in East Palo Alto, has a good track record of building and maintaining long term affordable housing.

One federal initiative that may spur more investment in the communities is the Opportunity Zone program. Given the potential for this program to spur more speculation and/or displacement, the three jurisdictions should work with funds investing locally to adopt the

**OZFramework**, and advocate for greater transparency and accountability for Opportunity Zones at the federal level.

The majority of the billion dollar pledge recently announced by Facebook will support the production of housing. Prioritizing mission driven investments in order to ensure inclusive growth should be a priority with these funds.

## Preservation

Housing preservation usually refers to mission-oriented buyers (often non-profits) purchasing rentals at risk of becoming unaffordable and investing to rehabilitate the units while also keeping rents at levels that are affordable to low-income persons.<sup>104</sup> A range of preservation tools is just beginning to emerge, and most have yet to be evaluated. Many federal resources can be used to acquire, rehabilitate, and convert nonsubsidized units into subsidized ones. One example is San Francisco's Small Sites program, an acquisition and rehabilitation loan program that assists non-profit and for-profit entities in buying small housing developments of 5–25 units and restricts their rents for long-term affordability. **Community land trusts** can also play a significant role in preservation, particularly in areas with high land costs. Finally, cities are experimenting with using their inclusionary zoning policies to acquire existing units and stabilize them rather than producing new units or providing in-lieu fees. There are examples from New York City to Chapel Hill, North Carolina, where developers are allowed the option of converting existing market-rate housing to deed-restricted affordable units as a means of preserving affordability and preventing displacement.<sup>105</sup>

Three other policies that may help preserve a significant amount of rental housing in the three communities are **home improvement loans, short-term rental regulation, and a speculation tax**. This research found that aggressive code enforcement is leading to the loss of rental housing stock, including ADUs, due to red-tagging. We recommend that the jurisdictions couple

code enforcement with technical and financial support to correct the violations. This might take the form of a low-cost loan fund, underwritten in part by Facebook. For ADUs, the jurisdictions should consider developing formal amnesty programs, perhaps involving training (i.e., sweat equity as recommended by the high school students).

“As the years passed, East Palo Alto has become the complete opposite of what it used to be.”

JORGE, 53

To regulate short-term rentals, the cities should design policies that restrict the ability of outside investors to remove housing units from the long-term rental market. Passing local Transient Occupancy Taxes that apply to hosting platforms like Airbnb and VRBO could potentially help raise additional funding for local housing trust funds.

Finally, it may be possible to support housing preservation simply by **limiting speculation** by outsiders. In June 2018 the city of Vancouver adopted a speculation and vacancy tax aimed at reducing housing pressures by targeting foreign investment in residential property. The goal is to reduce the proportion of vacant homes, raise revenue that will directly support affordable housing, and tax foreign and domestic speculators who own residences but do not pay taxes locally. Although a vacancy tax may not be appropriate in this case, local jurisdictions should explore the feasibility of a **speculation tax**.

## Tenant Protection

In recent years, many jurisdictions in San Mateo County have debated adopting **rent stabilization or just cause eviction ordinances**, with little consensus. A recent study of East Palo Alto, among other cities, found that



rent stabilization and just cause ordinances have a significant, but very modest, effect on the out-migration of disadvantaged households (i.e., displacement).<sup>106</sup>

Other anti-displacement programs to protect tenants that should be less controversial, and are undoubtedly effective, are **tenant counseling** and **rental assistance**.<sup>107</sup> These are cost effective programs<sup>108</sup> that help tenants faced with landlord harassment or rent increases to stay in place. Also, **right of return or community preference policies offer displaced tenants** a place on the waitlist for subsidized housing. Finally, Menlo Park has taken a step in the right direction with its **relocation benefits program**, but it should be expanded to the entire county and funded properly. Its **condo conversion ordinance** also offers **right of first refusal to tenants** – a right that should also be expanded to the county.

## Monitoring

This goal of this report was to create a baseline study of housing conditions in low income communities of color near Facebook's campus in Menlo Park. In addition to supporting the continued observation and evaluation of housing conditions across time, as part of our work we identified several types of data not currently available that would be useful in guiding policy in the future. As such we recommend Facebook support the development of these databases both internally, in its work with other Silicon Valley tech companies, and externally, as part of Facebook's funding of policy work. The following types of databases should be created, made public, and updated on an ongoing basis:

**Housing speculation watchlist.** Using our methodology for identifying flips and other suspicious transactions, create a Housing Speculation Watchlist. New York City's Housing Preservation and Development department curates publicly available data on housing speculation,<sup>109</sup> while the New York Association for Housing and Development's Displacement Alert Project tracks the

number of rental units and the number of rent-stabilized units over time throughout the city.<sup>110</sup>

**Historic and current data from short-term rental platforms.** Track short-term rental platforms in order to identify corporate landlords with multiple listings.

**Evictions watchlist.** This research project was unable to collect systematic data on formal evictions, but it would be possible to develop such a list with the cooperation of local legal services non-profits and/or the court system.

**Renter registry.** AB 724 would have created a registry of rental property. Such a registry would help jurisdictions to identify properties that might be available for purchase (to place into permanent affordability), as well as to educate tenants who may be at risk of displacement. Jurisdictions like Richmond and East Palo Alto have recently established registration regulations and are collecting some data; expanding and aligning these datasets would help inform tenant-related policies on a regional level.

## Internal Policies

When we talk of humanizing the housing crisis, we need to consider not just those experiencing displacement but also those just arriving to the region and looking for a home. As the leading reason for the arrival of many new residents and visitors, large employers like Facebook have the opportunity to lay a foundation of cultural competency within their workforce and help build inclusive communities.

Creating opportunities for education amongst the workforce around the structural sources and history of inequities and racism in the Bay Area coupled with internal conversations of cultural diversity can create pathways to understand and redress the disparities and injustices that are ignored, or even aggravated, by culturally-blind immersion into communities at the individual and institutional level.

As part of new employee onboarding and orientation, employers such as Facebook could direct human resource personnel to include information in regards to the history of racialized housing segregation in the Bay Area, the state of the California housing crisis, and the public health impact of displacement and overcrowding. In addition, hosting ongoing discussions, exhibits, book clubs, speaker series and other cultural events on the topic can build individual and institutional knowledge leading to each participants' understanding of their role and ability to affect change.

In addition to the short-term rental regulation recommendations made above, large employers like Facebook can create internal best practices for using short-term rentals by encouraging bookings with local residents rather than professionally managed co-living situations or corporate housing. The company might also change its policy for corporate visits and relocation packages to disallow reimbursement of stays with entities that have removed units from the housing market for the purpose of short-term rentals only.

## Moving Forward

Stakeholder interviews suggested that there are significant challenges not only in designing effective

solutions to the housing crisis, but also in advocating, implementing, and governing. Fundamentally, local jurisdictions are hampered by the regional nature of the housing crisis; even if East Palo Alto, Belle Haven, and North Fair Oaks take action, the more affluent surrounding communities may not. Even though a vibrant infrastructure of non-profits, particularly in East Palo Alto, is advocating for housing, NIMBY opposition often thwarts efforts to build more units. Even within communities, there is substantial disagreement along divides such as race/ethnicity and owner/renter. Though, as this report demonstrates, the three communities share similar challenges, there is little coordination on housing advocacy across jurisdictional boundaries, which hinders the development of a strong local voice. Cultures of civic engagement vary across communities, with less capacity in Belle Haven than the other communities, and less voice in North Fair Oaks, which is unincorporated. Finally, many potential affordable housing projects await a significant infusion of funds to get off the ground.

Still, there is considerable will across the region to address the housing crisis. The unifying theme across these three jurisdictions is their proximity to—and impact from—Facebook. With Facebook as a willing partner, there is new hope for a concerted, coordinated effort to stabilize the community and achieve more inclusive growth.

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  2. An individual who has a primary nighttime residence that is:
    - A. A supervised publicly or privately-operated shelter designed to provide temporary living accommodations (including welfare hotels, congregate shelters, and transitional housing for the mentally ill); or
    - B. An institution that provides a temporary residence for individuals intended to be institutionalized; or
    - C. A public or private place not designated for, or ordinarily used as, a regular sleeping accommodation for human beings.

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# Appendices

- A. Y-PLAN Peninsula Housing Recommendations
- B. Survey Tool/Observation Protocol
- C. Resident Interview Protocol
- D. Policy Inventory

## Appendix A



### Peninsula Housing Conditions Y-PLAN Project Menlo Park

*“How can we stabilize the communities of Belle Haven and North Fair Oaks by making housing more affordable through these methods: ADUs, home repair assistance for seniors, and preservation? Are there other methods youth propose?”*

### Community of Practice

Our team: High School housing policy interns - Boys and Girls Club of the Peninsula staff - UC Berkeley: Center for Cities + Schools Y-PLAN initiative & Center for Community Innovations \* Facebook

### Context

The South Bay is facing a rapid increase in housing costs. Since the Silicon Valley boom, a lot of new people are moving here to work in the tech industry. As housing prices around Silicon Valley rise, people look to move to other less expensive cities. As demand grows, rents rise, pushing out the residents who already lived here. As a result, long-term residents, who are often people of color, are at risk of being displaced due to higher rents and cost of living.

### Methods

To better understand the challenges our communities are facing and how these strategies would work out, we conducted interviews and gathered survey responses from friends and family members who live in or previously lived in and around the Belle Haven and North Fair Oaks neighborhoods. During the interviews, we asked local residents about their experiences with housing in the South Bay. At the same time, we researched best practices and housing models used around the globe. After we collected our data, we conducted a SWOT analysis and a brainstorming charrette to generate a top ten list of strategies that we thought would work in this area. We then narrowed and aligned our list to the ideas presented.

### Key Recommendations

As students, we live regional lives. Even if we live in one city, our schools are often in a different city, we have relatives near and far, and many of us have moved from other neighborhoods, cities, or even countries. We do not spend our time in only one neighborhood, so we see our community in a more regional way. The recommend the following strategies and considerations for our region.

#### 1. Accessory Dwelling Units

While we support the construction of ADUs where possible, from our experience and research, many of the houses that have the necessary space for an ADU already have one. Cities should allow for and encourage more ADUs to be built through changing zoning regulations. One type of ADU we have concerns about is tiny homes. Although these are great to increase housing units, they do not accommodate large, multi-generational families that live in this region. This strategy has the potential of benefiting only certain types of residents (i.e single people or couples without children).

#### 2. Home Repair Assistance For Seniors

We recommend home repair assistance programs not just for seniors, but for everyone. There are many families of all ages that own homes and cannot afford to make repairs on those homes. There

should also be more awareness of any current support and financial assistance programs like these. One concern we have with these programs is that as people in a neighborhood begin to repair their homes with assistance programs like this, that will increase home values in that neighborhood, attract more affluent residents, and have the unintended consequence of creating more displacement. So as houses are repaired, we would want to pay attention to the needs of the people living in nearby homes and apartments as well.

### 3. **Preservation of Affordable Units**

We think this is a crucial strategy for these neighborhoods to prevent more people from being displaced or having to relocate to a more affordable area. A few ways this might work is by using community land trusts or cooperative housing models where there is a non-profit or democratic resident board that oversees and maintains rents and keeps house prices affordable. This will give current residents the opportunity to stay in their units or become homeowners at an affordable rate. We have a couple concerns with this strategy as well. One concern with Facebook trying to buy and maintain affordable units is the issue of accountability. Who will ensure that Facebook will keep these units at prices that really are affordable and for how long will they remain at those prices? What is actually possible for a large private corporation to do within these models? Second, we are concerned that there are currently not enough affordable units in these neighborhoods. People have already been displaced from the neighborhoods we're considering, so before we talk about "preserving," we need to create more affordable units. Ultimately we need to ensure these units are affordable and designated/saved for those with the most need.

### 4. **Youth Policy Advisory Board**

As we conducted research about housing conditions in our neighborhoods, we were able to draw from our own lived experience and that of our families and friends, in addition to professional expertise from UC Berkeley. Now that we have this background, we propose creating a Youth Policy Advisory Board that would be available to consult on issues impacting our community. Young people like us, who have both the local and content knowledge to contribute, would be able to help plan a more equitable - and fun - community for everyone.

## **Additional Strategies to Consider**

In addition to the strategies presented to us, we propose considering five other strategies to improve housing conditions for the people living in our community, which will ultimately benefit the entire region.

1. **Community Trust Land + Co-op's:** This is a strategy large companies like Facebook or Google could consider using as a way to help preserve and build more affordable housing (employer-built housing, teacher housing).
2. **Rent Control:** We think this housing strategy should be implemented across cities in our region in order to prevent displacement of low-income residents.
3. **Mixed-income units with mixed-uses and amenities in the same building:** Bringing people from various income levels together will benefit the local society and economy by having a mix of resources and amenities available in a each community.
4. **Government should build more housing:** Having dedicated public affordable housing for low-income residents is crucial to preventing displacement and gentrification of neighborhoods. This strategy can also help alleviate homelessness by allocating a percentage of units to recently homeless residents.
5. **Models like Habitat for Humanity:** This strategy brings organizations and community members together to build more housing through "sweat equity," where future homeowners actually work on constructing their home in order to reduce the cost of building.



## Y-PLAN Policy Brief 2018-19

# Y-PLAN Peninsula Housing Recommendations *East Palo Alto, Belle Haven, & North Fair Oaks*



## ISSUE

East Palo Alto, Belle Haven, and North Fair Oaks are located in the heart of the Silicon Valley. The three communities differ structurally: East Palo Alto (EPA) is a city, Belle Haven a community in Menlo Park, and North Fair Oaks remains an unincorporated area of San Mateo County. While these structures present different opportunities and challenges to each area, all three areas have historically been low income, communities of color. With Facebook, Google, and other tech companies developing campuses and headquarters in and adjacent to these communities, the cost of living has increased dramatically. **Gentrification**, and corresponding **displacement** are occurring as a result. Additionally, the proximity of these neighborhoods to the Bay itself exposes them to **threats from sea level rise caused by global warming**. Many homes and families live on land that is already below sea level and will be forced to leave if we do not adapt.

## QUESTIONS

1. Spring-Summer 2018: How can improving *housing, transportation, schools, public spaces* and better connecting them to each other, improve the quality of life and make a more resilient community for all young people and families in EPA?
2. Fall 2018: How can we stabilize the communities of Belle Haven and North Fair Oaks by making housing more affordable through these methods: ADUs, home repair assistance for seniors, and preservation of affordable units? Are there other methods you propose?

## COMMUNITY OF PRACTICE

- Schools: East Palo Alto Phoenix Academy (EPAPA)
- Clients: Facebook, Cities of East Palo Alto and Menlo Park, Resilient by Design | Bay Area Challenge
- Community Partners: Boys and Girls Clubs of the Peninsula, Resilient by Design Field Operations Team, San Mateo County Office of Sustainability
- University Partners: University of California Berkeley Center for Cities + Schools (Y-PLAN) and Center for Community Innovation (Urban Displacement Project)



## Y-PLAN Policy Brief 2018-19

### PROCESS

Using the Y-PLAN tools and methodology with the support of two UC Berkeley research groups, the Center for Cities + Schools and the Center for Community Innovation, local students developed their own recommendations and proposals for stabilizing East Palo Alto, Belle Haven, and North Fair Oaks in the face of the dual threats of displacement due to gentrification and sea level rise. They leveraged their own lived experience along with that of their neighbors gleaned through interviews and surveys, and they bolstered it with the professional tools and practices they learned from the UC Berkeley partners – in the spring through the Y-PLAN team at EPAPA High School, in the summer at EPAPA with the Urban Displacement Project, and in the fall with the Y-PLAN team at the Boys and Girls Clubs in EPA and Redwood City.<sup>1</sup>

#### Phase I: Y-PLAN at EPAPA

During the spring of 2018, 30 high school students in one science class at EPAPA implemented the Y-PLAN (Youth – Plan, Learn, Act, Now!) process to develop and propose recommendations for their community. Students investigated the question “How can improving *housing, transportation, schools, public spaces* and better connecting them to each other, improve the quality of life and make a more resilient community for all young people and families in EPA?” Students followed the Y-PLAN process, starting with exploring their connection to the city to the city through a series of activities, including Where I’m From Poems. Students read about best practices and local housing analyses, designed and conducted interviews and surveys in both English and Spanish, conducted a site mapping of their community to observe local housing conditions first hand, and conducted a SWOT analysis to represent their findings.<sup>2</sup> Next, students conducted a brainstorming “charrette,” and engaged further with adult experts in the fields of planning, engineering, and design to gather additional sources of inspiration and push their ideas further. On April 25, 2018, the entire class from EPAPA shared their proposals at the Y-PLAN Resilient by Design Regional Summit at UC Berkeley. More than 200 people attended the Summit, including students from schools in San Francisco, Oakland, and Richmond, city and education leaders, and

#### About Y-PLAN

A global initiative from UC Berkeley’s Center for Cities + Schools, Y-PLAN empowers young people to tackle real-world problems in their communities through project-based civic learning experiences. When engaging in Y-PLAN projects, students partner with city and regional leaders, follow a rigorous five-step research methodology within one of their current school classes, and develop and publicly present their own proposals for change.

#### About EPAPA

A highly successful charter school within the Aspire network, EPAPA serves the local East Palo Alto community which does not have its own traditional public high school. In this class, 88% of the students were Latino/a, 100% were students of color, and 68% were English Language Learners (ELL). Just after this Y-PLAN project began, a decision was made to close the EPAPA high school at the end of this academic year, a move made necessary by the declining enrollment, in turn a result of the displacement of low-income families from the neighborhood it serves.

<sup>1</sup> Note: The Boys and Girls Club also has a clubhouse in Menlo Park that serves the Belle Haven community, as the population of high school aged students has declined, likely as a result of the displacement of low-income families from the region, they have closed the high school portion of that clubhouse due to low attendance. Those students are welcome at the EPA and Redwood City clubhouses, but few attend either.

<sup>2</sup> See Appendix I for sample of survey results.

## Y-PLAN Policy Brief 2018-19

faculty and staff from Cal. After the deans of the College of Environmental Design and the Graduate School of Education opened the event, two students from East Palo Alto stepped up to set the tone for the day: one read her “Where I’m From” poem from January, with an explanation of why it mattered to her, and the second spoke to his pride of participating in this project, and told of overcoming his initial reluctance to engage in this work before realizing that the adults might actually listen to the needs of himself, his peers, his family, and his community, for what felt like the first time. As a follow up to this presentation, students presented highlighted [recommendations](#) to the East Palo Alto City Council on July 3, 2018, and were invited to serve as summer interns with UC Berkeley as housing researchers, thanks to the support of Facebook.

### Phase II: Summer Internships

During the summer of 2018, UC Berkeley’s Center for Community Innovations and Center for Cities + Schools provided a summer internship program, positioning EPAPA students as researchers charged with collecting data on local housing conditions and quality of life in East Palo Alto and the larger Peninsula region. During the internships, 14 EPAPA students met three days each week for six weeks to build upon their work from the spring. With the support of UC Berkeley faculty, staff, and students, they conducted extensive interviews, collected observational data about local housing conditions, and created a [Story Map](#) to display their findings. They ultimately presented this next round of [findings and recommendations](#) at Facebook headquarters on August 2<sup>nd</sup>.

### Phase III: Y-PLAN at Boys & Girls Club

During the fall of 2018, the Y-PLAN team conducted a series of six three-hour workshops at the Boys & Girls Clubhouses in East Palo Alto and Redwood City. For these workshops, high school students were paid as interns to spend their Saturday afternoons building upon the work that had already begun with their peers, and responding to the question: “How can we stabilize the communities of Belle Haven and North Fair Oaks by making housing more affordable through these methods: ADUs, home repair assistance for seniors, and preservation of affordable units? Are there other methods you propose?” Students followed the same Y-PLAN process outlined above, this time generating a [Story Map](#) as they presented their recommendations to a team from Facebook, as well as the Vice Mayor of Menlo Park, at the EPA Clubhouse on Saturday, November 3<sup>rd</sup>.

#### Where I’m From by Christian

I am from EPA. From the backyard wilderness and beautiful blue bay. I am from the closet that is my room. And the fake walls that are my surroundings. From the anime posters on my wall and the half window that I got. I am from the stories that I write and from the stories that I read. I am from those moments. Those moments that a picture can capture. But I hate pictures.

"I live in a 4 bedroom, 4 bathroom house and a family lives in the garage. In total, there are 5 families in this house."

- Kevin, 26



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### FINDINGS

#### **What are the most pressing issues with the physical housing stock in the area?**

As evidenced by the student research, discussions, and proposals included and linked here, across all three phases of this work, the most pressing issues surrounding with the housing stock in the area revolve around the lack of affordability of housing and the threat of rising sea levels and gentrification to exacerbate the challenge even further. Students, the residents they surveyed and interviewed, and the results of the field observational data collected about housing conditions overwhelmingly pointed to the severity of the housing shortage. Many long-term residents have already been displaced, and more are continuing to be priced out of their homes. Overcrowding is the norm, with multiple families living in units meant for one, and garages being used as primary living spaces. Homelessness is an epidemic; almost every student mentioned knowing someone who lives in their vehicle or on the street. One student shared that he lives with 10 people in a one-bedroom apartment with no kitchen, another wrote a poem about living in a closet as a bedroom, a third explained that his cousins used to live in their garage, but moved to San Francisco because it was less expensive. Meanwhile, groups of students considered the threats not only of increased costs due to gentrification and the potential for displacement for that reason, but also of rising sea levels. Due to the elevation of these communities, they will be some of the first to suffer from flooding as sea levels rise in the near future. Students explored ways to reduce sea level rise as well as to live with it, though levees and housing on stilts, but the condition of the housing stock is of critical importance for this reason.

#### **What are the underlying social conditions that are impacting area housing conditions?**

Students expressed concerns about the costs of housing, the increased demands on traffic and transportation, and a fear of losing the culture and identity of East Palo Alto, both due to displacement of low-income, long-term residents as a result of gentrification, as well as the threat to the natural environment and animals. As we stood with a group of EPAPA students at the Baylands, students clearly expressed their desire to plan for an EPA that works for everyone – low income Latino families who have lived there for generations, young tech workers moving there for the first time, and the animals who have “lived there longer than any of us.” Many families come from traditions that value multi-generational housing, and overcrowding into small units seems to be pervasive in the students’ findings and experiences. Long-term renters are also seeking paths to ownership that could allow them to remain in their homes when housing costs rise, as they would have their own share of the equity.



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### RECOMMENDATIONS

Through the course of these three phases of student research and proposal development, students have recommended a variety of solutions to maintaining community identity while protecting existing residents from displacement. A summary of their recommendations is listed below. The links to their Story Maps and presentations included above provide additional findings, context, images, and data to support these recommendations. These recommendations are ranked by priority, considering the input of students from across the three phases.

### Housing

1. In order to maintain the identity of these communities we recommend **creating affordable condos for low income locals to purchase, in conjunction with additional affordable rental units**. Recognizing the threats to their unique community identity due to the converging factors of rising sea levels and gentrification, this recommendation aims to preserve that identity by making sure to protect its greatest asset: the people. A home ownership model would extend the individual and community benefits of home ownership to low-income people and their communities, instead of just those who have the generational capital to follow traditional paths to home ownership. This recommendation emerged in the spring, was developed further during the summer, and was noted as a priority in the fall as well. During the city council meeting in July, EPAPA students were pressed to prioritize their recommendations, and this emerged as their top choice, as they noted that housing needs to come first.

#### Key components to the condos include:

- Build low-income housing on sites adjacent or in proximity to elementary schools to reduce the transportation impacts of parents having to drive children to school.
- Maintain rents and restrict sales for low-income families at or below 35% of AMI.
- Provide equitable funding options, such as affordable loan assistance to assist first time and low-income buyers with securing legitimate mortgages with low down-payment requirements.
- Restrict buyers to only those individuals who have lived in the community for at least 5 years, as demonstrated by past utility bills, leases, paystubs, or bank statements. People who used to live in the community for at least 5 years, but have been displaced in the past 3 years, should also be eligible to purchase these condos.

#### Key components to the rentals include:

- Underground parking to keep cars away from the community space for safety.
- All kitchens facing the shared common outdoor space to improve safety through more “eyes on the street” and to encourage people to gather because they’ll know when others are out there.
- Pet-friendly.
- The shared common space would encourage all residents to get to know each other, bridging the gaps between income, age, and how long they’ve lived in the EPA, including:
  - A dog park
  - A small soccer field

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- A play structure
    - A barbecue space with picnic tables and grills
    - A grassy space for “just hanging out and reading a book”
    - A path surrounding it for bikes, running, and walking.
  - Some townhome style apartments with 2+ bedrooms and immediate access to the outdoors would serve the needs of low-income families, and would be reserved for those with an income below 35% of AMI. These would be along the long edges of the buildings.
  - Some stacked studio apartments rising higher in the corners of the structure. These would be market rate housing and would serve the needs of the young tech workers coming to the area.
2. Recommendations for the three focus strategies presented to the students in the Fall 2018 workshops:
- a. **Accessory Dwelling Units:** While we support the construction of ADUs where possible, from our experience and research, many of the houses that have the necessary space for an ADU already have one. Cities should allow for and encourage more ADUs to be built through changing zoning regulations. One type of ADU we have concerns about is tiny homes. Although these are great to increase housing units, they do not accommodate large, multi-generational families that live in this region. This strategy has the potential of benefiting only certain types of residents (i.e single people or couples without children).
  - b. **Home Repair Assistance for Seniors:** We recommend home repair assistance programs not just for seniors, but for everyone. There are many families of all ages that own homes and cannot afford to make repairs on those homes. There should also be more awareness of any current support and financial assistance programs like these. One concern we have with these programs is that as people in a neighborhood begin to repair their homes with assistance programs like this, that will increase home values in that neighborhood, attract more affluent residents, and have the unintended consequence of creating more displacement. So as houses are repaired, we would want to pay attention to the needs of the people living in nearby homes and apartments as well.
  - c. **Preservation of Affordable Units:** We think this is a crucial strategy for these neighborhoods to prevent more people from being displaced or having to relocate to a more affordable area. A few ways this might work is by using community land trusts or cooperative housing models where there is a non-profit or democratic resident board that oversees and maintains rents and keeps house prices affordable. This will give current residents the opportunity to stay in their units or become homeowners at an affordable rate. We have a couple concerns with this strategy as well. One concern with Facebook trying to buy and maintain affordable units is the issue of accountability. Who will ensure that Facebook will keep these units at prices that really are affordable and for how long will they remain at those prices? What is actually possible for a large private corporation to do within these models? Second, we are concerned that there are currently not enough affordable units in these

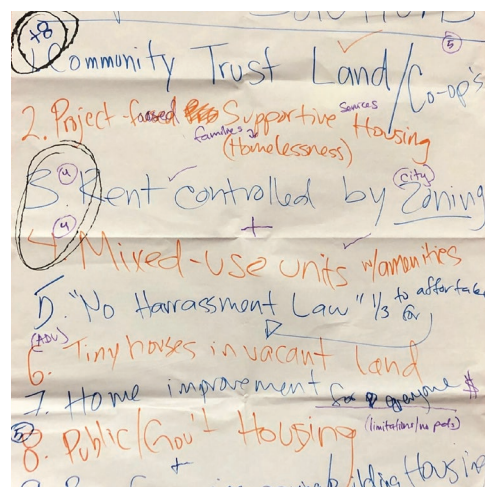


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neighborhoods. People have already been displaced from the neighborhoods we're considering, so before we talk about "preserving," we need to create more affordable units. Ultimately we need to ensure these units are affordable and designated/saved for those with the most need.

### 3. Other Housing Strategies Recommended for Community Preservation:

- Community land trust + co-ops
- Rent control
- Mixed-income units with mixed-uses and amenities in the same building. Recommended amenities in these buildings would not be those found in gentrifying areas such as cafes and organic grocers. Instead, students recommended laundromats, day care providers, and convenience stores as the most important amenities for them.
- Employer housing models
- Models like Habitat for Humanity, where organizations and community members can help build more housing for themselves (sweat equity)



### 4. Increase the elevation of existing and new housing to prepare for rising sea levels.

Throughout the Resilient by Design | Bay Area Challenge, many groups in the spring discussed the future of floating homes to make them more resilient to sea level rise. East Palo Alto in particular, due to its elevation below sea level already, is at risk to flooding of its homes. While this group proposes taking measures to protect homes from rising sea levels including increasing the height and slope of the sea wall barrier from the Baylands, they also looked more specifically at how to protect new and existing homes from rising sea levels. Instead of floating housing, this group proposes using a strategy that has been employed along rivers and coastlines for centuries: building homes on stilts. They recognize the need to drive these stilts far into the earth in an earthquake zone, and suggest that building codes be changed to require stilts for new construction along the shoreline and provide incentives for current homeowners to raise their existing homes as well.

## Public Space

1. **Build a "Plazita" to create a space for locals to gather and celebrate the Latino culture.** The majority of the residents of East Palo Alto, Belle Haven, and North Fair Oaks are Latino, many with roots from Mexico. The students originally designed this Plazita in the spring, selecting for the site a vacant lot at the intersection of Bay and University to build bridges between new and long-term residents, improve the local economy, and highlight the culture of the area. Students chose to highlight this proposal again during the summer work, and students in the fall similarly pushed for support of local, existing businesses to protect their traditional spaces from gentrification. Key components include:

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- Parking permits for all residents, so they can come for free, while those from outside the community would pay.
- Encourage local residents to make crafts, foods, and music that highlight their culture to sell at booths in the plaza.
- Model the Plazita after those found throughout Mexico to evoke a sense of familiarity for students and families.
- The Plazita would provide a way for locals to make money, for outsiders to buy unique goods, for new residents to learn about the existing culture, and for everyone to come together in a positive space to get to know each other better.
- Students completed a model of the Plazita to demonstrate the walkable layout they hope to implement.

### Schools, Services, & Amenities

#### 1. Increase and improve community support, communication and outreach with residents

- **Continue and increase community support programs for kids AND adults.** Students greatly appreciated the internships offered to them, and would love to see more so that more of their peers can benefit. They advocated for additional youth summer programs and internships, and also for job training programs for their parents. They noted that tech companies like Facebook, with all the jobs they bring to the region, should be seen as an opportunity within their communities, but they're not currently seen that way. They believe the reason for this is that many of the adults in the community do not have the specific skills needed for the jobs those companies are creating, and they recommended that Facebook and other tech companies dedicate resources to training the existing community members near their campuses. This would have multiple benefits, from increased economic development, to community preservation, to reduced transportation impacts.
- **Create events for the youth in the community to keep them off the streets and out of gangs.** In order to respond to the EPAPA survey and interview findings from all three phases of concerns about safety, while also leveraging the strengths of a tight-knit community, students proposed a series of events for youth in the community. These events would follow a posted schedule, be shared widely through the community, and vary in times to allow for everyone to participate. These events would not take much money to plan and prepare, can be promoted by social media, and would aim to pull the young people together, helping keep them off the streets, out of trouble, and away from the gangs that persist in the community.
- **Use these events and others to improve the communication about Facebook in the community.** After completing these projects, all students had an improved perception of Facebook. They noted these and other opportunities that have been created for them by Facebook, and they appreciate the willingness and openness of Facebook staff to engage with them, partner with them, listen to them, and trust them. In all three phases of this project, students recommended that Facebook improve their communications with the community so that more people know about what Facebook is already doing and their willingness to engage further.

## Y-PLAN Policy Brief 2018-19

### 2. Add garbage, recycling, and compost bins to main streets in order to stop pollution and littering of the area and Bay Lands.

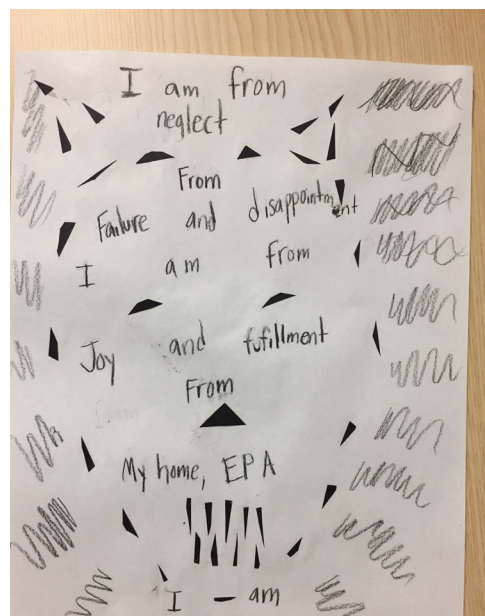
In response to the survey results showing that less than 10% of respondents ranked the cleanliness of EPA above a 3 on a scale of 1-5 (where 5 is clean and 1 is dirty), students propose taking the simple and inexpensive step of placing more garbage, recycling and compost bins on streets in order to improve both the appearance of the community and the pollution it is causing to the environment. They propose including messaging with these bins to inform the public of what types of waste belong in which containers.

### Transportation

#### 1. Change the traffic corridor on University Ave. to help clear traffic caused by the rapid influx of people and use it to highlight the culture and build community.

The overwhelming majority of those surveys expressed concerns about the traffic in East Palo Alto, and University Ave. was the first street pointed to by most as problematic. The influx of people as well as jobs and shopping centers (such as Ikea) have all exacerbated the problem with traffic in recent years, and now University feels both inefficient and unsafe at the same time. This group of students examined a current city project to widen University Ave and considered best practices for traffic improvements around the world. They concluded that widening the streets rarely solves the problem, and instead propose several improvements along University.

- Instead of paving more lanes for cars, focus on bike lanes and sidewalks to improve safety for alternate modes of transportation that will help the environment as well as the local community.
- Brighten the corridor with better lighting and public art. This will make traveling on this corridor more enjoyable for everyone, whether they're walking, biking, or driving, and decrease the frustration of drivers who may be stopped. It also gives the community a chance to show the local culture to those both from the community and new to it.
- Consider roundabouts at major intersections to keep traffic moving rather than the complete stops and starts of traffic lights. This will have positive impacts for the environment as well by reducing the emissions of the vehicles since they won't have to stop and start as much.
- Where traffic lights are necessary, improve the timing of them and consider adding left turn lanes at major intersections like Bay Rd and University so that traffic can pass through at the desired speed without having to stop and start as frequently.

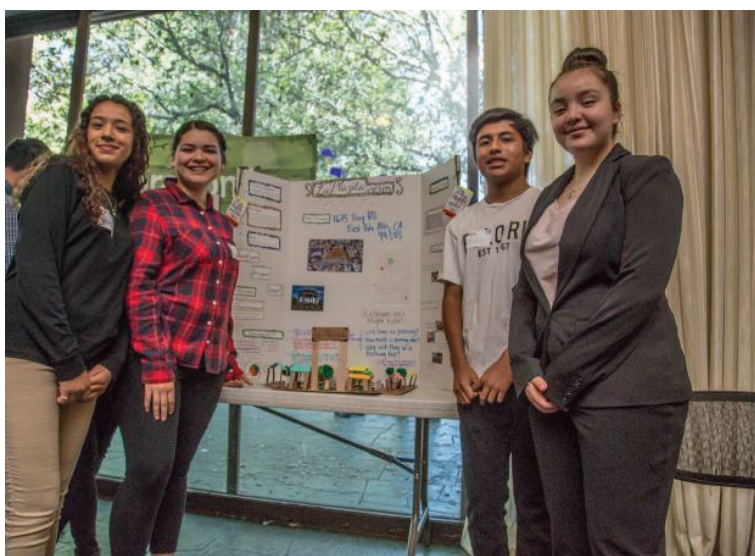


## Y-PLAN Policy Brief 2018-19

### NEXT STEPS

#### What would it take to improve current conditions and stabilize low-income households given the current state of housing in local communities?

Ultimately, students expressed a desire to strengthen the local community and leverage what residents note as their greatest strength: the people themselves. Their proposals vary widely, but all share a sense of the importance of maintaining the natural and social fabric of the community, with a willingness or even interest in incorporating and welcoming new folks into that identity, as long as the original culture isn't eradicated as a result. Students' recommendations for ownership, both literally through condos and figuratively through the Plazita, demonstrate options for stabilizing the community in the face of rising costs of housing and sea levels. Above all else, students prioritized the importance of increasing the stock of affordable housing units before that community identity they seek to preserve is lost forever. Students from the Boys and Girls Club workshops and from EPAPA will be invited to present at this year's Regional Y-PLAN Summit at UC Berkeley in April, and are open and eager to continue this dialogue with Facebook and with their city leaders.



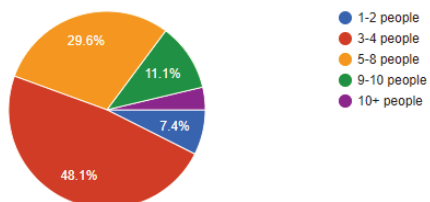


## Y-PLAN Policy Brief 2018-19

### Appendix I: Survey Results

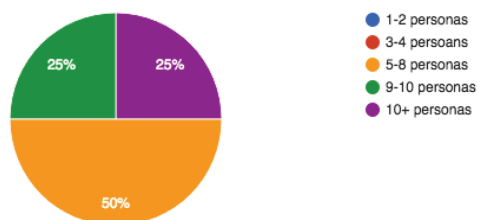
How many people are living in your house?

27 responses



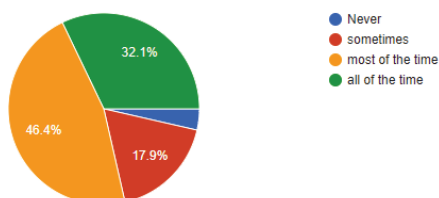
How many people are living in your house?

27 responses



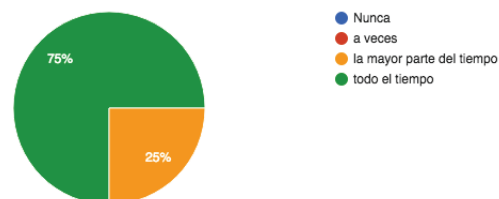
Is traffic an issue in EPA?

28 responses



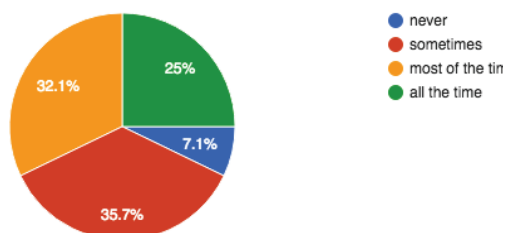
¿El tráfico es un problema en EPA?

4 responses



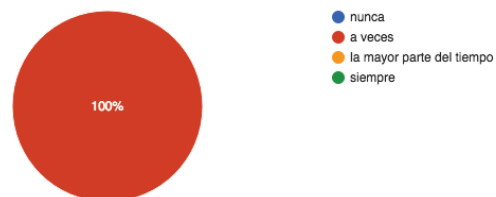
Do you feel safe in EPA?

28 responses

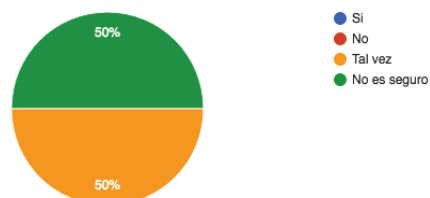
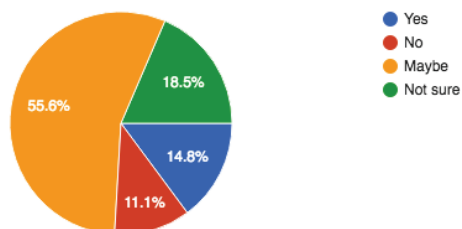


¿Te sientes seguro en EPA?

4 responses



.





## Appendix B

### East Palo Alto Field Observation Tool

**\* Required**

Observer \*

Your answer

Tract \*

Your answer

Block Group \*

Your answer

Block Number \*

Your answer

Parcel Number \*

Your answer

Other identifiers (if necessary)

Your answer

Is this building a... \*

☐ Single-family detached house  
☐ Multi-family house (duplex, townhouse, etc.)  
☐ Multi-family apartment building  
☐ Mobile home park  
☐ Vacant lot  
☐ Other:

Next

Never submit passwords through Google Forms.

This form was created inside of UC Berkeley. [Report Abuse](#)

## Appendix C

### **Interview protocol -former resident EPA**

*Hello, thank you for agreeing to participate in this voluntary interview. My name is \_\_\_\_\_  
I am a recent graduate/junior/senior high school student at Aspire East Palo Alto Phoenix Academy. I am a summer intern at UC Berkeley to study the housing conditions in East Palo Alto. Your answers are important to us because of your knowledge of your neighborhood and this area. This interview will take 25 minutes. There are no right or wrong answers to the questions and you can skip any question. Your responses will be kept anonymous. The recordings will not be shared with anyone else.*

#### Background about interviewee and the city

1. Could you please tell me your age and how long did you live in East Palo Alto?
2. Why did you or your family decided to move to EPA?
3. What are the things that you liked the most about your neighborhood when you first moved there?
4. What were the most important problems of the neighborhood when you first moved there?
5. Did you live in different places in East Palo Alto? If so, can you briefly tell me about all the places you lived in?

#### Reasons to move out

6. *For this study we are interested in understanding housing characteristics in neighborhoods of East Palo Alto. With that in mind, can you describe your last house or apartment there?*
  - a. How many bedrooms and bathrooms did it have?
  - b. What do you use your garage/parking lot for?
  - c. Do you have additional buildings in the backyard?
7. Tell me about the people that lived with you in that house/apartment.  
*Please do not provide me with identifiable information about the people you live with. I am interested in the general information only.*
8. Which of the people living with you helped paying rent? If not rent, how did they help in other ways?
9. Can you describe a regular weekday, starting in the morning, in your last house/apartment in East Palo Alto?
10. Why did your family decided to move out of your house/apartment in East Palo Alto?
  - a. House condition?
  - b. Rent?
  - c. Housing arrangement?
  - d. Personal life changes (e.g. related to jobs, family, etc.)?
11. Before leaving that house, how was your relationship with your landlord?

#### Current city and connection to EPA

12. Where do you live now?
  - a. Why did you decide to move to that city and neighborhood?
13. Do you still go to East Palo Alto sometimes?
  - a. How often do you go to East Palo Alto?
  - b. For what reasons do you go?

14. For many people rents have gone up in East Palo Alto, how do people you know deal with this?

(Prompt for up to three stories.)

- a. Do they modify the layout of their houses?
- b. They have new constructions in their backyards?
- c. They find new jobs?
- d. They move out?

15. Are there safety problems in your former neighborhood/block in East Palo Alto?

16. Is traffic a current problem on your former block in East Palo Alto? Please describe it.

17. Is parking a current problem on your former block in East Palo Alto? Please describe it.

18. Have you, anybody on your last block or your landlord received offers to buy your houses/apartments in East Palo Alto? Please describe it.

#### Closing questions

19. Where do you think you will be living in five years? Why?

20. What could be done to address the main challenges of high rents and housing conditions that you have mentioned before?

21. What type of help could you get? Have you seen the city, local community organizations, or the private sector take any action? If so in which ways?

22. How would you describe your overall experience living in East Palo Alto?

23. Would you like to add anything?

## Appendix D: Inventory of Anti-Displacement Policies

### Menlo Park

#### Just Cause Eviction Ordinance

The City of Menlo Park does not have a Just Cause Eviction Ordinance in place.

#### Rent Control

In addition to a Just Cause Eviction Ordinance, rent control policy was also proposed in January 2017. Similarly to the proposal of just cause ordinance, resources were not dedicated to examining the possibility of rent control in Menlo Park. In February 2019, Menlo Park City Council rejected Alternative B,<sup>1</sup> which was argued to be a form of 'rent control in disguise'. More specifically, this 'rent control' proposal consisted of a limitation on rent increases and restricted owners' ability to evict tenants. Alternative B was rejected and Alternative A, a relocation ordinance that provided assistance to certain displaced households, was passed instead.

#### Tenant Relocation Assistance

As aforementioned Alternative A, now labelled Ordinance 1053, was passed in lieu of a 'rent control' proposal. Ordinance 1053 is dedicated towards providing financial assistance to tenants and their families when forced to relocate. Displaced residential households whose annual income is at most eighty percent of the San Mateo County median household income are eligible for relocation assistance.

In addition, any households displaced by projects that are supplemented by either state or federal funds are also eligible to receive relocation assistance. Forms of relocation assistance include a full refund of security deposit, a sixty day subscription to rental agency services, and the cash equivalent of three months rent, or however defined by alternative mitigation.<sup>2</sup>

#### Condominium Conversion Protections

Menlo Park has provisions for protecting tenants from condominium conversions. The latest Housing Element includes a policy position that conversions of rental-to-owner housing accommodate tenants of the units being converted into condominiums, such as relocation assistance or substitute accommodations.<sup>3</sup> Tenants also have a preemptive right to purchase a unit.<sup>4</sup> The City also commits to encouraging limited equity cooperatives and other proposals affordable to low-income households.<sup>5</sup>

1 California Apartments Association. "Menlo Park: 'Rent Control in Disguise' Rejected in Favor of More Reasonable Plan." California Apartment Association, February 28, 2019. <https://caanet.org/menlo-park-rent-control-in-disguise-rejected-in-favor-of-more-reasonable-plan/>.

2 "Chapter 8.56 Tenant Relocation Assistance." Accessed January 15, 2020. <https://www.codepublishing.com/CA/MenloPark/html/MenloPark08/MenloPark0856.html#8.56>.

3 "City of Menlo Park Housing Element 2015-2023," April 1, 2014. <https://www.menlopark.org/DocumentCenter/View/4329/Adopted-Housing-Element-2015-2023?bidId=>.

4 "Menlo Park Municipal Code." Accessed January 15, 2020. <https://www.codepublishing.com/CA/MenloPark/#!/MenloParkNT.html>.

5 "City of Menlo Park Housing Element 2015-2023," April 1, 2014. <https://www.menlopark.org/DocumentCenter/View/4329/Adopted-Housing-Element-2015-2023?bidId=>.

### Density Bonus Ordinance

The City of Menlo Park has adopted the State Density Bonus Law (Government Code Sec. 65915).<sup>6</sup>

### Affordable Housing Overlay

Included as a part of the Menlo Park general plan update, the Affordable Housing Overlay zone establishes affordable percentage requirements for a project to qualify for a density bonus and other incentives. Generally, the overlay applies to housing developments larger than 5-units and requires developers to provide 21% affordable units for a density bonus of 35% or more.<sup>7</sup> It also includes a waiver of processing fees for projects that provide at least 50 percent of the units for low-income households or 20 percent of the units for very low-income households.

### Inclusionary zoning/housing

The Below Market Rate (BMR) Housing Program<sup>8</sup> in Menlo Park was established in 2001 and its main goal is to increase the amount of affordable housing in the city. The program includes the requirement for both residential and commercial developers to contribute either units that would be available in the program or fees that would go into the housing fund in-lieu of units. Below market rate units include apartments, condominiums, town-homes, and single-family homes. For residential projects between 5 and 20 units, a minimum of 10% need to be affordable for very-low, low- and moderate-income households.

For buildings with more than 20 units, at least 15% need to be affordable. An in lieu fee is allowed for developments between 5 and 9 units where a BMR unit is not feasible.<sup>9</sup> As of March 2017, Menlo Park had 65 owner-occupied BMR units and 4 tenant-occupied units.<sup>10</sup> Hello Housing is contracted by the City to administer the waiting list for BMR rental and ownership housing,<sup>11</sup> which had 225 active members waiting for housing in 2017.<sup>12</sup> For more information on the BMR program, see [here](#).

### Housing Trust Fund

The City of Menlo Park has a Housing Trust Fund built into its Below Market Rate Housing Program. Legislation for this fund was last adjusted in 2018. The fund is set up so that any fees collected via the Below Market Rate Housing Program are deposited into the fund. The fund is then designed to assist residents earning income that are up to 120 percent of the median area income. The fund is also invested into projects that contribute to affordable housing in the

6 "Chapter 16.97 State Density Bonus Law." Accessed January 15, 2020. <https://www.codepublishing.com/CA/MenloPark/#!/MenloPark16/MenloPark1697.html>.

7 Stone, Janet. "Affordable Housing White Paper Preventing Displacement and Promoting Affordable Housing Development in San Mateo County," March 2, 2015. [https://housing.smcgov.org/sites/housing.smcgov.org/files/Affordable%20Housing%20White%20Paper%202015%2003%2002\\_0.pdf](https://housing.smcgov.org/sites/housing.smcgov.org/files/Affordable%20Housing%20White%20Paper%202015%2003%2002_0.pdf).

8 "Below Market Rate (BMR) Housing Program | City of Menlo Park - Official Website." Accessed January 15, 2020. <https://www.menlopark.org/369/Below-Market-Rate-BMR-housing-program>.

9 Chapple, Karen, Renee Roy Elias, Anna Cash, Jay Sick Jeon, Tim Thomas, and Miriam Zuk. "Urban Displacement Project." Accessed January 15, 2020. <https://www.urbandisplacement.org/>.

10 Revolinsky, Meghan. "Hello Housing Quarterly Report," n.d. <https://www.menlopark.org/DocumentCenter/View/15782/I2---Hello-Housing-Quarterly-Report?bidId=>.

11 "Below Market Rate (BMR) Housing Program | City of Menlo Park - Official Website." Accessed January 15, 2020. <https://www.menlopark.org/369/Below-Market-Rate-BMR-housing-program>.

12 Revolinsky, Meghan. "Hello Housing Quarterly Report," n.d. <https://www.menlopark.org/DocumentCenter/View/15782/I2---Hello-Housing-Quarterly-Report?bidId=>.



city. In summer 2017, City Council allocated \$6.7 million from the BMR Housing Fund to support a 141-unit complex in Belle Haven, with 59 apartments designated affordable.<sup>13</sup>

### *SRO Preservation*

The City of Menlo Park does not have any ordinances directed specifically to Single Room Occupancy (SRO) Preservation, however, SROs are included under the City of Menlo Park's Below Market Rate Housing Program. At this point in time, Menlo Park does not have any SROs.<sup>14</sup>

### *Commercial Linkage Fee/Program*

The Commercial Linkage Fee for the City of Menlo Park was established under the Below Market Rate Housing Program. The fee is adjusted every year on the first of July. The current fee is \$11.89 per square foot of new gross floor area for Group A, or office and R&D use of the development. For all other commercial and industrial use of the development (Group B), the fee is \$6.48 per square foot of new gross floor area. All fees incurred are dedicated to the housing fund that is a part of the Below Market Rate Housing Program.<sup>15</sup>

## **North Fair Oaks**

North Fair Oaks is qualified as an unincorporated area of San Mateo County. This makes all San Mateo County legislation applicable to North Fair Oaks. North Fair Oak does however, have its own Community Plan and Housing Element that discusses issues specific to the region.

### *Community Plan*

North Fair Oaks has its own Community Plan that discusses the possible solutions to housing needs within the community. The Community Plan was adopted by the County Board of Supervisors in November of 2011. The Community Plan regulates all development in North Fair Oaks.<sup>16</sup>

### *Just Cause Eviction Ordinance*

North Fair Oaks does not have a Just Cause Eviction Ordinance for most residential property. Only Section 8 Housing residents are required to receive a ninety-day notice and just cause identified prior to eviction.<sup>17</sup>

### *Mobile Home Rent Control*

San Mateo County Housing Element Policy 8 discusses Mobile Home Rent Control which applies to the North Fair Oaks region. North Fair Oaks established that it will maintain regulation of any proposed home rent increases as outlined in the County of San Mateo's Mobilehome Park Ordinance.

13 "Menlo Park: Up to \$6.7 Million Authorized for Affordable Housing Complex | July 26, 2017 | Almanac | Almanac Online |." Accessed January 15, 2020.

14 "Below Market Rate (BMR) Housing Program | City of Menlo Park - Official Website." Accessed January 15, 2020. <https://www.menlopark.org/369/Below-Market-Rate-BMR-housing-program>.

15 City of Menlo Park. "Chapter 16.96 Below Market Rate Housing Program," November 12, 2019. <https://www.codepublishing.com/CA/MenloPark/html/MenloPark16/MenloPark1696.html>

16 San Mateo County. "North Fair Oaks Community Plan Ch. 6: Housing." Community Plan. Fair Oaks, 2009. [https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/NFO\\_CH%206\\_Housing\\_12-07-2011.pdf](https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/NFO_CH%206_Housing_12-07-2011.pdf).

17 San Mateo County Law Library. "Tenant Guide: Evictions and Unlawful Detainer Actions." San Mateo County Law Library, n.d. <https://www.smclawlibrary.org/needhelp/Eviction.pdf>.

In 2016 and 2017, the rent control ordinance for mobile home was amended with a requirement of mobilehome park owners to submit an Annual Reporting Form in order to keep track of the rent control provisions within a park. In addition, an ordinance regulating the closure and conversions of mobilehome parks, as well as, an ordinance establishing a mobilehome park zoning district were also adopted.<sup>18</sup>

### *Density Bonus Ordinance*

San Mateo County does not have a density bonus ordinance in addition to the current application of the California State Density Bonus Law (Government Code Sec. 65915).<sup>19</sup>

### *Affordable Housing Fund*

San Mateo County established an Affordable Housing Fund (AHF) in 2013 and to date, the AHF has allocated \$91.2 million in six rounds of funding for affordable housing production and preservation totaling 2,116 units. Two housing developments within NFO have been supported by AHF allocations: Waverly Place (16 supportive housing units) and 2812 El Camino Road (56 affordable units).<sup>20</sup> For more on the AHF, see [here](#).

### *Inclusionary zoning/housing*

San Mateo County adopted an Inclusionary Housing policy in 2004 that requires developers of any projects with five or more units to dedicate 20% of the units as affordable housing.<sup>21</sup>

### *Affordable Housing Impact Fee*

Starting in August 2016, certain new developments in San Mateo County will be subject to a fee to offset the impact of development on the need for affordable housing. The fees range from \$0-\$15 per sqft for single family homes, \$5 to \$12.50 per sqft for townhomes and condos, \$10 per sqft for apartments, and \$5 to \$25 per sqft of non-residential projects.<sup>22</sup>

### *SRO Preservation*

A Single Room Occupancy Ordinance is discussed in Housing Element Policy 25 and as of 2013, it has been labelled as discontinued due to the fact that there are no SRO hotels in North Fair Oaks. Any projects where at least fifteen percent of units are dedicated SROs are listed as encouraged and eligible for density bonuses, however, no such projects have been applied for as stated in the Housing Element.<sup>23</sup>

18 "Mobilehome Parks: Rules for Parks in Unincorporated Areas | Department of Housing." Accessed January 15, 2020. <https://housing.smcgov.org/mobilehome-parks-rules-parks-unincorporated-areas>.

19 "Density Bonus Programs | Planning Department." Accessed January 15, 2020. <https://sfgov.org/sfplanningarchive/density-bonus-programs>.

20 County of San Mateo Planning and Building Department. "County of San Mateo 2014-2022 Housing Element." Housing Element. San Mateo: County of San Mateo, December 2015. [https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/SMCo%20Adopted%20Housing%20Element%202014-2022%20\(12-29-15\).pdf](https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/SMCo%20Adopted%20Housing%20Element%202014-2022%20(12-29-15).pdf).

21 Stone, Janet. "Affordable Housing White Paper Preventing Displacement and Promoting Affordable Housing Development in San Mateo County," March 2, 2015. [https://housing.smcgov.org/sites/housing.smcgov.org/files/Affordable%20Housing%20White%20Paper%202015%2003%2002\\_0.pdf](https://housing.smcgov.org/sites/housing.smcgov.org/files/Affordable%20Housing%20White%20Paper%202015%2003%2002_0.pdf).

22 "Affordable Housing Impact Fee | Planning and Building." Accessed January 15, 2020. <https://planning.smcgov.org/documents/affordable-housing-impact-fee>.

23 County of San Mateo Planning and Building Department. "County of San Mateo 2014-2022 Housing Element." Housing Element. San Mateo: County of San Mateo, December 2015. [https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/SMCo%20Adopted%20Housing%20Element%202014-2022%20\(12-29-15\).pdf](https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/SMCo%20Adopted%20Housing%20Element%202014-2022%20(12-29-15).pdf).

### Foreclosure Assistance

A program dedicated to foreclosure assistance is listed a goal in the North Fair Oaks Community Plan.<sup>24</sup>

### Condominium Conversion Regulations

San Mateo County adopted an ordinance in 1981 that prohibited all condominium conversions that remains in effect to this day. The ordinance establishes that the ban is to remain in place until the residential vacancy rate within the whole County exceeds 4.15 percent. As a result, this regulation allows for the preservation of affordable housing in the unincorporated areas of the county, including North Fair Oaks since the most affordable housing is the existing rental housing stock in unincorporated San Mateo County.<sup>25</sup>

## East Palo Alto

### Just Cause Eviction Ordinance

East Palo Alto first established In 2010, East Palo Alto adopted a Just Cause Eviction Ordinance that applies to most residential units in the city. The ordinance states fourteen legal grounds that allow a landlord to terminate a tenancy. It also provides renters with the rights to have advance notice and access to all history of payment and charges during tenancy.<sup>26</sup>

### Rent Stabilization

In 2010, EPA voters passed an expansion of rent stabilization coverage (including for mobile home park rentals). The update restricts landlords to raise rents by a maximum of 80% of the change of the Consumer Price Index (CPI) for the region. Approximately 2500 units are currently rent stabilized in EPA.<sup>27</sup> For more, see [here](#). The Rent Stabilization Program in East Palo Alto was last adjusted in July 2014 with a series of amendments improving 'operational aspects' and 'simplifying administrative processes'.<sup>28</sup>

### Rent Stabilization Board

The Rent Stabilization Board in East Palo Alto was established with the Rent Stabilization Program and Eviction for Good Cause Ordinance of 1988. The Board is made up of seven regular members and one alternate member. Members are appointed by the City Council and are responsible for enacting regulations, implementing Ordinances, and hearing petition appeals.<sup>29</sup>

24 San Mateo County. "North Fair Oaks Community Plan Ch. 6: Housing." Community Plan. Fair Oaks, 2009. [https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/NFO\\_CH%206\\_Housing\\_12-07-2011.pdf](https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/NFO_CH%206_Housing_12-07-2011.pdf).

25 County of San Mateo Planning and Building Department. "County of San Mateo 2014-2022 Housing Element." Housing Element. San Mateo: County of San Mateo, December 2015. [https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/SMCo%20Adopted%20Housing%20Element%202014-2022%20\(12-29-15\).pdf](https://planning.smcgov.org/sites/planning.smcgov.org/files/documents/files/SMCo%20Adopted%20Housing%20Element%202014-2022%20(12-29-15).pdf).

26 "East Palo Alto, CA - Official Website - Just Cause for Eviction." Accessed January 15, 2020. <http://www.ci.east-palo-alto.ca.us/index.aspx?NID=591>.

27 Baird + Driskell Community Planning. "City of East Palo Alto Housing Element." Housing Element. East Palo Alto, May 5, 2015. <https://www.ci.east-palo-alto.ca.us/documentcenter/view/437>.

28 "East Palo Alto, CA - Official Website - Rent Stabilization Program." Accessed January 15, 2020. <https://www.ci.east-palo-alto.ca.us/rentprogram>.

29 "East Palo Alto, CA - Official Website - Rent Board." Accessed January 15, 2020. <http://www.cityofepa.org/index.aspx?nid=285>.

### Mobile Home Rent Control

Mobile home rent control was established as a part of the 1988 Rent Stabilization and Eviction for Good Cause Ordinance. The protections established for mobile home parks at the time have not been affected by the amendments made to the ordinance in regards to residential properties.<sup>30</sup>

### Condominium Conversions & Tenant Protections

The city requires property owners to pay between \$7,500 and \$10,000 in relocation assistance to tenants displaced by condominium conversions (or unit demolition). Owners who convert rental units when vacancy rates are low must also pay a fee.<sup>31</sup>

### Foreclosure Assistance

Foreclosure Assistance was included in East Palo Alto's most recent housing element as a goal. In the 2018 Annual Element Progress Report, Action 9.5 which states that "residents are referred to Community Legal Services and the Legal Aid Society of San Mateo for foreclosure issues." was listed as ongoing.<sup>32</sup>

### The Affordable Housing Program

East Palo Alto's Below Market Rate unit program was renamed the Affordable Housing Program in 2014. The program is based on impact fees which are back by a nexus study.<sup>33</sup>

### Affordable Housing Impact Fee

Based on a nexus study and a feasibility report, the City of East Palo Alto established an impact fee of between \$22 and \$44 per square foot in 2014. The fee is adjusted on the first day of each calendar year in order to accommodate market fluctuations and ensure that it is within the costs of providing affordable housing. The money collected from this fee goes directly into the Affordable Housing Trust Fund.<sup>34</sup> In October of 2018, East Palo Alto's Affordable Housing Fund has a total of \$18,688,000.<sup>35</sup>

### Density Bonus Ordinance

East Palo Alto passed an ordinance in 2009 that reduces the number of required affordable units to qualify for a density bonus. The various levels of density bonuses depend on the amount and level of affordability included in developments. For example: if at least 7% of units are affordable at very low-incomes, the developer gets a 25% bonus. If at least 10% of units are affordable at low-income levels, the developer gets a 20% bonus.<sup>36</sup>

30 "East Palo Alto, CA - Official Website - Rent Stabilization Program." Accessed January 15, 2020. <https://www.ci.east-palo-alto.ca.us/rentprogram>.

31 Baird + Driskell Community Planning. "City of East Palo Alto Housing Element." Housing Element. East Palo Alto, May 5, 2015. <https://www.ci.east-palo-alto.ca.us/documentcenter/view/437>.

32 Planning Commission. "City of East Palo Alto Planning Commission Meeting," April 9, 2018. [http://www.ci.east-palo-alto.ca.us/AgendaCenter/ViewFile/Agenda/\\_04092018-1397](http://www.ci.east-palo-alto.ca.us/AgendaCenter/ViewFile/Agenda/_04092018-1397).

33 East Palo Alto City Council. "Ordinance No. 379: An Ordinance of the City of East Palo Alto Repealing Chapter 8.5 ('Below Market Rate Housing Program') of the City's Comprehensive Zoning Ordinance and Reenacting 8.5 as the 'Affordable Housing Program,'" July 1, 2014. <https://www.ci.east-palo-alto.ca.us/DocumentCenter/View/3065>.

34 East Palo Alto City Council "Resolution No. 4539: A Resolution of the City Council of the City of East Palo Alto Established an Affordable Housing Impact Fee," July 14, 2014. <http://www.ci.east-palo-alto.ca.us/DocumentCenter/View/4260>.

35 City of East Palo Alto. "City of East Palo Alto Affordable Housing Strategy 2019-2023," October 16, 2018. <http://www.cityofepa.org/DocumentCenter/View/3632>.

36 "Chapter 18.36 - Affordable Housing - Density Bonus | Code of Ordinances | East Palo Alto, CA | Municode Library." Accessed January 15, 2020. [https://library.municode.com/ca/east\\_palo\\_alto/codes/code\\_of\\_ordinances?nodeId=EAPAALDECO2018EDCUORNO416ADSE42018\\_TIT18DECO\\_ART3REAPALZO\\_CH18.36AFHOENBO](https://library.municode.com/ca/east_palo_alto/codes/code_of_ordinances?nodeId=EAPAALDECO2018EDCUORNO416ADSE42018_TIT18DECO_ART3REAPALZO_CH18.36AFHOENBO).

### *First Source Hiring Ordinance*

The City of East Palo Alto adopted their First Source Hiring and Local Business Enterprise Policy in 2010. Large scale projects defined in the policy require thirty percent of the work to be subcontracted to small local businesses.

### *Commercial Linkage Fee/Program*

The City of East Palo Alto currently has an initiative to develop impact fees and an affordable housing commercial linkage fee that was established in May of 2016.<sup>37</sup> The study intended to create a commercial linkage fee ready for immediate adoption was expected June 2017, however, it appears to still be an ongoing initiative.<sup>38</sup>

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37 "East Palo Alto, CA - Official Website - Projects and Initiatives." Accessed January 15, 2020. <http://www.ci.east-palo-alto.ca.us/index.aspx?NID=613>.

38 San Mateo County. "Development Impact & Affordable Housing Commercial Linkage Fee," 2016. <http://www.cityofepa.org/DocumentCenter/View/2681>.



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