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Monday, 30 January 2012

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**Re: Comments on Keyser Marston Associates Report to Justin Murphy of  
21 December 2011 on Facebook Campus Project DEIR vis-à-vis Impacts on Housing  
and Circulation in the City of East Palo Alto**

Dear Ms. Grossman:

We anticipate that there will be Facebook employees renting on the West Side of Highway 101 who fall into the category of the kinds of occupations that people currently living on the West Side of East Palo Alto tend to hold. They are positions in maintenance and food service and suchlike rather than highly educated software engineers and the like. We would not want to discourage current residents in East Palo Alto from applying for Facebook employment. What we are concerned about is the displacement of current residents by new Facebook employees who are not representative of the largely low-skilled low-income minorities who comprise most of the residents of now Equity Residential-owned housing on the West Side, most of which is in East Palo Alto's Rent Stabilization Program. We request that as a mitigation Facebook monitor the categories of its employees who reside on the West Side of East Palo Alto in an effort to determine if current residents fitting the characteristics of the typical current West Side East Palo Alto resident are not being displaced. We believe that the largely young highly educated and mostly non-Hispanic white and Asian software and other high-tech employees that Facebook will be hiring will not match the typical characteristics of the current East Palo Alto population. We would be seeking cooperation by an annual monitoring and reporting to the Government of East Palo Alto including the Rent Stabilization Board the total numbers of Facebook employees renting on the West Side and the income/education level they fall into. We would like to work with Facebook through a joint committee to monitor the increase in the Facebook employees on the West Side and what could be done to prevent displacement. The simple approach would be to encourage Facebook to

have policies to discourage significant (however “significant” is to be defined) numbers of new employees, especially high-end employees who will drive up the rents as units turn over for new tenancies, from renting on the West Side so as to minimize the displacement of the current population made up mostly of low-income, less-skilled Latinos (probably more than 80% of the total population residing in apartments on the West Side).

If the policy of discouragement of renting on the West Side fails, measures could be discussed whereby Facebook contributes a corresponding amount for each perceived displaced person to the East Palo Alto housing fund such as the in-lieu fee fund to enable East Palo Alto to build new permanently affordable housing to house the low-income residents who otherwise would be forced to leave East Palo Alto and the San Francisco Peninsula and relocate far from where they currently work where the work opportunities are much better than in outlying areas of even the Bay Area such as the East Bay.

The Keyser Marston Associates memorandum dated December 21, 2011, addressed to Justin Murphy of the City of Menlo Park on the subject “Menlo Park Facebook Campus Project: Evaluation of Potential Impacts to Housing Conditions in East Palo Alto” on the first page under the subheading “Demand for Housing in East Palo Alto from Project” states: “The Project’s potential to impact housing conditions in East Palo Alto or cause displacement of existing residents is driven by the extent to which workers at the Project are likely to seek housing in East Palo Alto. Impacts will be minimal if a very limited number of workers seek housing in East Palo Alto; conversely, if East Palo Alto is viewed as an attractive option by a large share of Facebook’s workforce, impacts would be greater.”

The Keyser Marston Associates memorandum fails to consider explicitly that in addition to the extent the Facebook employees seeking housing in East Palo Alto would be an obviously major factor in displacing current East Palo Alto residents and future East Palo Alto residents who conform to the present characteristics of the vast majority of East Palo Alto residents who are low or very low income and mostly people of color the proactive efforts of developers with access to funds either in the form of cash, standard mortgage loans, or construction loans to attract Facebook employees. The Keyser Marston Associates report was drafted in response to a memorandum from Brent Butler of the East Palo Alto Planning Department dated May 26, 2011, raising the specter of significant negative impacts on East Palo Alto housing and circulation. It is significant that the Keyser Marston Associates memorandum requested by Justin Murphy to rebut the May 26 East Palo Alto memorandum is dated 21 December 2011. The date of the submission of the report is material evidence of the failure of Keyser Marston Associates to consider all the factors that might contribute to Facebook employees being attracted to East Palo Alto housing in significant numbers unless proactively discouraged from seeking residence in East Palo Alto and particularly on the West Side of Highway 101 where most of the multifamily housing in the Rent Stabilization Program is located that provides affordable housing for most of the upwards of 12,000 residents who depend on rent control to ensure some modicum of stabilization for their rents, of which when fully rented some 7,000 residents occupy the housing formerly owned by Page Mill Properties

and now wholly owned by Equity Residential following the closure of escrow in the month of December 2011 on a purchase agreement with Wells Fargo for the entire former Page Mill portfolio of 1812 units.

The proactive threat that Equity Residential represents to the former Page Mill portfolio representing more than one half (60%) of all units under rent control in East Palo Alto as a continued primary source of affordable housing in East Palo Alto, which is also perceived as representing 15% of all the affordable rental housing stock of San Mateo County, has been a highly publicized part of the public record. This threat has been the subject of a number of newspaper articles in the Palo Alto Weekly, the Daily News, The Registry, the Stanford Report, and even the Wall Street Journal. The Wall Street Journal article on the proposed sale of the Wells Fargo portfolio acquisition through foreclosure on 2 March 2010 discusses the motivation for Equity Residential to acquire this portfolio for an amount likely to far exceed the present value of the assets because inspired by the transfer of the Facebook campus from Palo Alto to an expanded campus in Menlo Park due to an anticipated tripling of its current number of employees from approximately 3600 to slightly under 10,000.

Even though there have been public marches against Wells Fargo protesting the sale to Sam Zell's Equity Residential in September and October 2011 with attendant coverage in the newspapers and even a website focusing entirely on Equity Residential ([EquityResidentialWatch.info](http://EquityResidentialWatch.info)) where the issue of a drive by Equity Residential to tear down existing apartment buildings under the East Palo Alto rent control law and their replacement by new construction likely to be more dense than the currently existing buildings has attracted much public attention as attested to by the public demonstrations of opposition (including the October demonstration by activists from East Palo Alto and supporters from Palo Alto and San Francisco and possibly Menlo Park and elsewhere at the San Francisco headquarters of Wells Fargo), there is no mention of any of this anywhere in the Keyser Marston Associates memorandum arguing that there is no reason to believe that there are grounds for speculation that any significant number of Facebook employees would choose to reside in East Palo Alto. The fact that the largest owner of multifamily housing in the United States of America is making a major investment that on the basis of a letter from Wells Fargo to the East Palo Alto City Council indicates Equity Residential was paying at least \$142 million and possibly more (but at least \$142 million) is totally ignored. The Keyser Marston Associates memorandum betrays either incompetence or willful deception to produce a report that indicates there is no reason to anticipate any socioeconomic impact upon the City of East Palo Alto from the Facebook Campus Project.

The readily available and publicized public documentation over the developer-driven impetus of Equity Residential to create housing that would attract upscale well-paid Facebook employees has been ignored in the Keyser Marston Associates report. Unless the Keyser Marston Associates staff who authored the report are incompetent, their report must be condemned as willfully biased to ignore the 900-pound gorilla now in East Palo Alto in the form of Equity Residential poised to do what is necessary to make their excessive investment in West Side rental housing a sound investment. There is no way

that the current low and very low-income residents of East Palo Alto who currently live in these units can generate the revenue to justify an investment in the former Page Mill Properties portfolio of at least \$142 million unless they are displaced somehow to make way for a more affluent tenant population. If residents of East Palo Alto are displaced the assumption must be made that they will eventually have to live somewhere and that new housing will have to be created for them if they are to continue to live near their jobs and they can no longer afford to live in East Palo Alto, the last bastion of affordable housing on the San Francisco Midpeninsula. “EIR knows no boundaries” (Nancy Shepherd, Palo Alto City Council). As the Keyser Marston Associates report in the Facebook Campus Project DEIR states, if there is a likelihood that replacement housing will have to be built somewhere to create replacement housing for the displaced, that is a physical impact regardless of where the replacement housing is built. East Palo Alto over the years has had the highest average number of persons per unit (4.2) of any community in the 9-county San Francisco Bay Area. One could justifiably speculate that unless replacement housing is built for these people if Equity Residential succeeds in tearing down existing multifamily housing under rent control in East Palo Alto, replacement housing will have to be built for the displaced residents if they are to retain their current jobs unless they will be forced to live in their cars or be absolutely homeless with no permanent housing. And of course this is already becoming a problem due to the fact that since 2007 over 200 East Palo Alto homeowner households each year have been losing their homes due to foreclosure. This does not include the East Palo Alto families losing their homes through short sales. The net population of East Palo Alto residents who are being added to the pool of renters and potential renters is therefore increasing by a minimum of 200 households per year or conservatively at least 800 new prospective renter household members per year leaving aside growth through birth within the current East Palo Alto renter community or new prospective renters coming to East Palo Alto from outside the community.

The very language that Keyser Marston Associates references in the Facebook Campus Project DEIR as to what triggers the need for inclusion of appropriate mitigations of impacts on East Palo Alto’s housing and circulation dictates that mitigations be included in the final draft of the EIR. For example, on page 1-4 of the *Menlo Park Facebook Campus Project Draft EIR – Introduction* under the subheading “Final EIR and Project Approval” we read: “Following the close of the public review period, the City will prepare responses to all substantive comments that relate to potential physical changes to the environment. The Draft EIR, along with the responses to the substantive comments received during the review period, will comprise the Final EIR and will be considered by the City Council in making the decision to certify the Final EIR and to approve or deny the Project.” I believe that the testimony I provide in my comments of repeated threats by the Chief Investment Officer and Executive Vice President of Equity Residential Alan W. George that multifamily buildings in the former Wells Fargo portfolio will be torn down in the context of a meeting on 16 August 2011 in which the impact of the Facebook campus expansion on Equity Residential’s decision to pay a significantly inflated price for the portfolio was raised satisfies the definition of “substantive comments that relate to potential physical changes to the environment.” Further, on page 1-5 of the DEIR it states: “As explained in Section 15002(g) of the CEQA Guidelines, a significant effect

on the environment is defined as a substantial adverse change in the physical conditions which exist in the area affected by the Project.” A phone call I received a little after 10:00 p.m. last night by a prominent leader in the Pacific Islander community looking for advice as to where to look for a house she and her family could afford to rent after her recent searches over the past few days reveal that house rentals on the East Side of East Palo Alto have already accelerated beyond the reach of typical East Palo Alto families. (A 3-bedroom house on Daphne Way she looked at earlier yesterday required \$7,800 to move in.) The sale or rental of single-family homes on the East Side I concede falls into the category of merely socioeconomic impacts and does not require a mitigation since there is no obvious physical change aside from the displacement of the current population of East Palo Alto, but I cite this incident as simply evidence that the Facebook Campus Project is already having a measurable impact on housing prices in East Palo Alto. Prior to Facebook’s submission of their application for the campus expansion in Eastern Menlo Park in February 2011, 3-bedroom homes in East Palo Alto could be purchased for under \$200,000. Since the Facebook campus expansion application those days are gone. It is therefore appropriate that in support of my rationale for requesting appropriate mitigations for the specific threat to rental housing on the West Side of East Palo Alto detailed elsewhere in my comments I cite the following passage from page 1-5 of the *Menlo Park Facebook Campus Project DEIR*: “Section 15131 of the CEQA Guidelines specifies that the economic or social effects of a project shall not be treated as significant effects on the environment. However, ‘an EIR may trace a chain of cause and effect from a proposed decision on a project through anticipated economic or social changes resulting from the project to physical changes caused in turn by the economic or social changes. The intermediate economic or social changes need not be analyzed in any detail greater than necessary to trace the chain of cause and effect. The focus of the analysis shall be on the physical changes.’ Accordingly, this Draft EIR focuses on physical changes that could be caused due to implementation of the Project.” The citation continues as follows: “Nevertheless, a housing needs analysis of the Project was prepared by Keyser Marston Associates (KMA) and is included as Appendix 3.14 of this Draft EIR for informational purposes. Although the Project would not include the construction of new housing (a direct physical impact), the Project would trigger the demand for new housing in the area to accommodate the increase in employees (an indirect impact)” (pages 1-5 and 1-6). Equity Residential has heard the siren call for “new housing in the area to accommodate the increase (5800) in employees” as well as the desire of current employees to logically relocate close to their new worksites. With an anticipated 9400 Facebook employees on the doorstep of East Palo Alto, we can anticipate significant demographic as well as physical changes to the housing stock of our community, and Equity Residential is well positioned to respond to the need with alarming implications for the physical removal of current West Side housing stock and replacement with new construction that must appeal to the much more affluent Facebook employees who would not find the current older housing acceptable.

Even if all the rationalizations and speculations that populate the pages of Keyser Marston Associates’ report on why no increase in Facebook employees residing in East Palo Alto were valid, the fact that the largest multifamily housing developer in the country has been motivated to pay excessively for the former Page Mill Properties

portfolio in anticipation that a clientele of tenants can be attracted to East Palo Alto whom Keyser Marston Associates maintains will not come because of lifestyle issues and concerns over public safety and a desire for a more affluent and expensive neighborhood such as Menlo Park cannot be ignored. In the DEIR Keyser Marston Associates argues that Menlo Park will not need to increase the housing for Facebook employees because there will be no percentage increase in the Facebook employees as the campus expands over the current percentage of Facebook employees now living in Menlo Park.

If it were true that Menlo Park will not face the threat of an increased percentage of Facebook employees seeking residence in Menlo Park over the 7.8% of Menlo Park workers who also live in Menlo Park, then where is this increased number of workers going to live, many of whom are according to the Keyser Marston Associates report not current Silicon Valley workers? There is something fundamentally contradictory about the Keyser Marston Associates speculations that maintain that there will be no increase in the percent of Facebook workers living in Menlo Park, but they will also not seek to live in East Palo Alto even though as a younger worker population many would like to bicycle or even walk to work. Where will they be living then?

The Keyser Marston Associates report is fundamentally flawed. This deception through omission of a major well-publicized factor wherein the Facebook Campus Project poses a significant threat to the viability of East Palo Alto affordable housing available to the current low income residents of color (only 6.2% of East Palo Alto residents are non-Hispanic whites, the lowest for any community in the State of California) is comparable to a prostituted study by the Pacific Research Institute of the 1990's, which purported to be an indictment of rent control in the State of California by maintaining that rent control worked to the disadvantage of low income people of color and favored only white yuppies. This so-called major study discussed the impact of rent control in four of the five cities in California that had the most rigorous form of rent control, namely, which included what is known as vacancy control, which meant that a unit could not have the rent increased above a maximum legal rent regardless of how many times the tenancy changed as opposed to vacancy decontrol, where the landlord is free to raise the rent to whatever the market would bear each time the tenancy turned over, which is the kind of moderate rent control that cities like San Francisco and Los Angeles and Los Gatos have always had. It was pointed out in 1994 and 1995 that the Pacific Research Institute study was highly flawed in its conclusions because it failed to include the City of East Palo Alto in its analysis. This dishonest, flawed report was the principal document cited in defense of the draconian constraints placed on rent control in the State of California and the right of self-determination by individual communities as to whether to have rent control known as the Costa-Hawkins Rental Housing Act of 1995.

The Keyser Marston Associates report can be placed in the same category of a willfully biased piece of prostitution by its failure to factor into the likely negative impact on affordable housing in East Palo Alto that quite apart from the normal market forces of lifestyle preference and income and desire for safe neighborhoods as factors Facebook employees will consider in their selection of housing, including short commutes and desire to bike to work, there is also the factor of the desire and even the economic

necessity of developers to attract a highly paid Facebook employee clientele to East Palo Alto in order to justify paying excessively for the purchase of the former Page Mill Properties portfolio.

There is no speculation here. Equity Residential is already committed to spending \$10-15 million in addition to the minimal \$142 million that the evidence would indicate they have already spent just in acquiring the portfolio according to Christopher Peter, Equity Residential portfolio general manager at a recent meeting of the East Palo Alto Rent Stabilization Board. That means on the basis of representations made and of the internal evidence, Equity Residential is planning on at least an investment totaling \$152 million and possibly \$157 million in this portfolio over the next three years. The estimate I have heard is that the present actual value of the portfolio ranges between \$80-92 million on the basis of the likely revenue that can be squeezed from the low income current residents, mostly people of color. This estimate was provided by Dr. Eric Oberle, now at Arizona State University, and Matthew Fremont, until the end of 2011 the Chair of the Rent Stabilization Board.

Keyser Marston Associates notes on page 2 of its report, attempting to defend the improbable thesis, that it is unlikely that any significant number of the 5800 additional new Facebook employees let along any significant number of the current approximately 3600 employees (for an ultimate total of 9400) would be disposed to live in East Palo Alto.

First of all as the Keyser Marston Associates report notes in Item 3 under the subheading “Factors Influencing Facebook Workers Decision about Where to Live,” “Facebook’s workforce is younger, more mobile, and more likely to be new to the Bay Area than the Peninsula/Silicon Valley workforce generally.” Most of these factors favor new Facebook employees who do not currently have housing because they are new to Silicon Valley first of all seeking to live close to work. Not all of the Facebook employees will be so highly paid that they can all live in Palo Alto or Menlo Park. Indeed, currently many Facebook employees are not sufficiently paid that they can afford to rent in Palo Alto. It is my understanding that Facebook employees who live in Palo Alto within walking distance of the Facebook offices currently are entitled to a housing subsidy of up to \$500 a month because of the high cost of renting in Palo Alto. Since the Facebook workforce will eventually be tripled and the cost of such monthly rent subsidies due to the current unaffordability of rents for many current Facebook employees would correspondingly be tripled over what it is currently, it is logical to conclude that Facebook would like a reduction of any future rent subsidies by pointing out that their offices are no longer located in expensive Palo Alto, but are located at the far end of Eastern Menlo Park and immediately adjacent to East Palo Alto, where such rent subsidies would no longer be needed because rents would be half as much or lower for comparable apartments in terms of number of bedrooms.

In addition, since many of the new Facebook employees would be coming from outside the San Francisco Peninsula and Silicon Valley and probably even the entire San Francisco Bay Area, many of them might not be coming with strongly reinforced

negative images of East Palo Alto and associations with a high crime rate that all long-term residents of Silicon Valley and the San Francisco Peninsula are brainwashed with through the media based on the premise that crime news and negative news in general sell newspapers and capture the public's interest in a way that good and positive news about a community never can. Unless Facebook or its supporters pursue the unlikely course of cultivating and reinforcing negative stereotypes about East Palo Alto, it is logical to assume that the initial desire of most new Facebook employees would be to live as close to their workplace as possible.

Prior to the present move to the proposed new East and West campuses on the border of Eastern Menlo Park and East Palo Alto, which are generally viewed as the same community though in different cities because of the similarity of the demographics with a majority of African American and Latino population unlike West Menlo Park west of Highway 101, thus suggesting that there may be disadvantages to living in Eastern Menlo Park because of its demographics and possible higher crime rate than in West Menlo Park, all of the former Facebook campus is located either in Downtown Palo Alto or in the Stanford Industrial Park where housing costs are among the highest in the Bay Area and the nation. Unless Facebook wants to encourage its new as well as present employees from being burdened with such high housing costs as to mandate the continuation of rent subsidies, it would be in the financial interest as well as in the interest of convenience of access to the worksites at the East and West campuses located on Willow Road and Constitution Drive, respectively, if unnecessary negative publicity about crime, etc., in East Palo Alto could be minimized if not avoided altogether.

Another thing about Facebook's new employees is that besides logically seeking to live close to work, younger college-educated workers have a high tendency to be environmentally conscious and to be inclined to want to ride their bikes to work. The specific subset of new workers at Facebook that Keyser Marston Associates contemplates being the majority of the new Facebook employees belong to the younger college-educated cohort that is highly environmentally conscious and inclined to ride bikes to work if possible on account of their youthful lifestyle favoring bike riding as being a sign of being environmentally conscious.

Keyser Marston Associates notes in Item 1 on page 2 of the report that presently 26% of the Facebook employees live in San Francisco. This is quite understandable given that the cost of housing is so high in Palo Alto that if one is going to pay high rents in any case, San Francisco offers many more amenities and activities, especially for youthful workers than does Palo Alto as pleasant as Palo Alto is. The Facebook offices before the move are currently located in the heart of high-cost Palo Alto, not the border of Eastern Menlo Park and East Palo Alto. But by shifting the Facebook campuses to an immediate border with East Palo Alto and a significant distance away from Palo Alto, it is to be expected that there would be a psychological shift in the sense of place among Facebook employees. They would no longer think of themselves as located in the heart of Palo Alto whether in Downtown Palo Alto or in the Stanford Industrial Park.

They will think of themselves as in immediate proximity to East Palo Alto. The shift in a psychological sense of place, of where they will be working, from the heart of Palo Alto to the edge of East Palo Alto cannot be ignored as a factor in the first choice as to where to live. The shift in workplace will have a logically corresponding impact on the perception of best options as to where to live. The first choice option unless proactively reversed or diminished by negative propaganda especially for new employees who come to Silicon Valley without well-cultivated previous negative perceptions of East Palo Alto will logically make East Palo Alto the first choice to consider as to where to live. This will especially be true after the current wave of white Facebook employees now highly active in purchasing houses in Eastern Menlo Park as reported to me recently by former East Palo Mayor Carlos Romero based on a report by East Palo Alto City Councilmember David Woods, a professional real estate broker, sweeps up the available Eastern Menlo Park housing, thus driving up the prices spectacularly, leaving East Palo Alto as the principal option for really affordable housing.

The cost of housing will definitely impact the preference of many Facebook employees as to where to live and will incline more to look at opportunities in East Palo Alto even if Facebook chooses to support rent subsidies for current employees, because that will not affect the issue of purchasing ownership housing. But the latter is unlikely, as the reason for the current rent subsidies is that Facebook has been located in high-cost Palo Alto and in order to encourage highly qualified workers to work at Facebook who want the option of walking to work. But after the move to the new campuses, that rationale will no longer exist and it is to be expected that the subsidy will be eliminated, thus providing an additional incentive to Facebook employees, current as well as new and future, to give serious consideration to East Palo Alto as to where to live.

The issue of quality of schools is raised as one of several lifestyle-related reasons why new Facebook employees will choose not to live in East Palo Alto despite the change in a sense of place and proximity to East Palo Alto, no longer perceived as far away, but now as immediately proximate to the Facebook worksites. Since according to Keyser Marston Associates most of the new Facebook employees will be young, it is likely that a high percentage will not be married or at any rate be raising families with small or school-age children. The age at which especially college-educated people marry or choose to raise families tends to be no earlier than the late twenties or thirties. The age at which people marry and begin to raise families in the United States, especially the college-educated, begins later and later. In addition there are three charter schools in East Palo Alto that have excellent records for feeding their elementary school graduates into the Sequoia Union High School District leading to high school graduation. In addition the Eastside College Preparatory School, which currently caters primarily to minority children since that is who live in East Palo Alto, which has probably the smallest percentage of non-Hispanic whites in its population of any city or town in the State of California (6.2 %), has an extraordinary record of graduating 100% of its students to 4-year colleges and universities, including Stanford, Princeton, Yale, and MIT, with every graduating class. It is entirely conceivable that should the demographics of East Palo Alto change and more non-Hispanic white and Asian children come to live in this community currently populated principally by Latinos, African Americans, and Pacific Islanders that access to

this extraordinary school with its matchless record of graduation of its students each year to the finest colleges and universities in the nation will prove to be a positive incentive for Facebook employees to seek residency in East Palo Alto so that their children might qualify for admission to this extraordinarily successful college preparatory school. The Keyser Marston Associates report willfully fails to acknowledge that one of the finest college preparatory schools in the Bay Area is located in East Palo Alto because that would dynamite their thesis that there are no remarkable educational institutions in East Palo Alto. The majority of the employees at Facebook, especially employees interested in forming families and raising children willing to take the long view, will have the intelligence to understand that only if they become residents of East Palo Alto will they have the inside track in their children being eligible to attend a school that will virtually guarantee their children entrée into a an Ivy League-level university. As more and more Facebook employees locate to East Palo Alto and the demographics gradually change in favor of highly educated non-Hispanic whites and Asians, the presence of the educational gem of Eastside College Preparatory School will rise into increasing prominence and will surge as a magnet to catalyze the long-anticipated gentrification of East Palo Alto. Market forces have long been poised to displace the current minority population to make way for highly educated whites and Asians and the lure of a cynosure like Eastside College Preparatory School ultimately plays into the hands of those market forces. Eastside College Preparatory School will remain in place to serve whoever lives in East Palo Alto with its matchless educational curriculum whether minority children of color as is presently the case or the future cohort of children of white and Asian Facebook employees. Eastside College Preparatory School has achieved legendary status for its educational prowess. The failure of the Keyser Marston Associates report to acknowledge that far from being a total educational desert, East Palo Alto already is home to one of the most extraordinary educational institutions in the entire Bay Area if not the entire country, is suspect and suspicious. I myself have attended a number of Eastside graduations and marvel every time I attend at the unparalleled brilliance of each graduating class. I know of no other educational institutional personally of comparable magnificence. The Keyser Marston Associates report is shameless in its failure to acknowledge this educational Pearl without Price in the midst of East Palo Alto.

As a bus rider who uses public transportation several times a week, I can personally vouch that the four SamTrans bus lines 297, 397, 480, and 481 make it possible to travel throughout East Palo Alto 24 hours a day seven days a week. In addition East Palo Alto has an excellent free shuttle service that in all likelihood would be expanded should Facebook employees reside in East Palo Alto in significant numbers and especially if Facebook were to provide additional financial assistance to increase the frequency of service and hours of service late on weekends. Facebook currently “facilitates commuting from San Francisco and other Peninsula cities by providing direct free bus service and shuttle service from Caltrain. Free vanpools are also provided from various other Bay Area cities. These free services no doubt have an influence on where workers choose to live” as Item 4 on page 2 of the Keyser Marston Associates report states. If the support Facebook currently provides elsewhere to facilitate transportation and this is a factor as to where the Facebook employees choose to live, should Facebook provide additional free shuttle service in East Palo Alto, which already has considerable free

shuttle service, would this not therefore also incline Facebook employees to choose to reside in East Palo Alto because of its close proximity to their workplace as it is relocated immediately adjacent to East Palo Alto because of lifestyle preferences such as bicycling to work, which would be greatly facilitated by living in East Palo Alto if the workplace is immediately adjacent to East Palo Alto, the principal reservoir of greatest affordability of both rental and ownership housing on the San Francisco Peninsula?

So long as Facebook is located in Palo Alto, achieving the American Dream of homeownership is virtually unattainable for the vast majority of Facebook employees now and into the foreseeable future for decades except for the top echelon of Facebook management and software designers. The median cost of Palo Alto ownership housing prior to the global recession of 2008 was \$1.3 million. Unlike much of the United States where housing values have plummeted in some states in particular like California, Arizona, Nevada, and Florida, the median cost for a home in Palo Alto has hardly declined at all to a median cost of \$1.2 million. So long as Facebook remained in Palo Alto, the aspiration for most Facebook employees to home ownership near where they work was mission impossible. However, the shift of the Facebook campuses in close proximity to the border of East Palo Alto east of Highway 101 where most of the housing is single detached homes as opposed to multifamily housing such as is concentrated west of Highway 101 now makes the dream of affordable homeownership within ready biking and even walking distance of their workplace suddenly a reality for a majority of Facebook employees. East Palo Alto has historically been the most affordable city on the San Francisco Midpeninsula for decades. It is now the site of the greatest homeownership opportunities for people with a middle class income such as a majority of the Facebook employees ever. East Palo Alto has the highest per capita foreclosure rate of any city in San Mateo County, the highest cost housing market in the country. Over 200 East Palo Alto homes a year since 2007 go all the way to the trustee's sale at the Marshall Street entrance of the San Mateo County Government Center in Redwood City. This number does not include short sales, which would add to the number of homes that each year since 2007 and for years to come will be coming onto the market at prices lower than in any other community on the San Francisco Peninsula south of Daly City. East Palo Alto is poised to become the mecca for affordable middle class housing purchases on the entire San Francisco Peninsula. Whatever lifestyle or crime-oriented reservations the estimated 5800 new and even many present Facebook employees may have about East Palo Alto, the fact that no other city on the San Francisco Peninsula will provide anywhere remotely the number of affordable housing purchase opportunities will have the inevitable impact of tempting Facebook employees to seize the opportunity for the American Dream of homeownership that they will never be able to find in any other community in the San Francisco Bay Area and right on the front door of where they can bike and walk or jog to work if they so choose.

The Keyser Marston Associates attempt to paint a portrait of disincentives for current as well as future Facebook employees to live in East Palo Alto is riddled with speculations that fail to take into account the magnitude of the opportunities for homeownership magnified by the change of workplace that swamps the speculative reservations that Keyser Marston Associates raises (Items 1, 2, and 3). Item 4 on page 2 on "Facebook

Transportation Demand Measurements (TDM)” raises no real disincentive at all to Facebook employees from choosing to live in East Palo Alto. All that is necessary is for Facebook to provide additional shuttle service in East Palo Alto and possibly even door-to-door pickup of employees at the homes they will be purchasing in East Palo Alto for prices of some houses below \$200,000 for a 3-bedroom house, though the entrance of Facebook employees into the East Palo Alto ownership housing market will certainly result in a rise in East Palo Alto prices, but not remotely to the level of present median ownership housing prices in Palo Alto at \$1.2 million or Menlo Park, which is currently in excess of \$990,000, a slight dip from the pre-global recession median high of \$1,020,000, which Keyser Marston Associates points to in the Facebook Campus Project Draft EIR as a disincentive for new Facebook employees to reside in Menlo Park where many Facebook employees could expect at best to be able only to rent at a projected total of only 7.8% of Facebook workers becoming Menlo Park residents.

Correspondingly, it can be expected that many Facebook employees will choose to test the waters of living in East Palo Alto as renters before taking the plunge and becoming homebuyers. Rents in East Palo Alto are considerably less than rents in Palo Alto and as Facebook employees buy up the by comparison dirt-cheap foreclosed houses that will be coming on the market for years to come, Facebook employees can be expected to find a community where many of their colleagues will necessarily have to live in if they choose to become homeowners in close proximity to their work more congenial, the disincentive to Facebook employees living in East Palo Alto affirmed by Keyser Marston Associates in Item 2 in the following words (“a lack of proximity to family, friends, or other community”) will fade as more and more Facebook employees seize on their only possible chance of buying an affordable home close to where they work. Not even if they chose to live in the East Bay in such communities as Fremont or Milpitas would Facebook employees enjoy comparable affordable home ownership opportunities such as they will find only in East Palo Alto.

The combination of traditionally the lowest rents in the San Francisco Peninsula and the lowest home ownership prices located immediately adjacent to their workplace near the heart of Silicon Valley equidistant from the three major metropolitan cities of San Francisco, San Jose, and Oakland and within easy access of Palo Alto, Menlo Park, Stanford University, Caltrain and many other amenities represent a magnet unique in the United States of America plus a benign climate better even than that of Palo Alto because of the closer proximity of East Palo Alto to the San Francisco Bay has to be an irresistible cynosure for the thousands of new and even current employees once the two new campuses are fully in place adjacent to East Palo Alto.

On page 3 of their report dismissing negative impacts to East Palo Alto housing from the Facebook Campus Project expansion, Keyser Marston Associates makes several references to the percentage of employees living in East Palo Alto. “The data indicates approximately 0.2% of Facebook employees currently reside in East Palo Alto. KMA has compared the Facebook commute data to overall commuter patterns for Palo Alto to understand whether Facebook workers are relatively more or less likely to seek housing in East Palo Alto than other workers. About 2.9% of Palo Alto’s workforce lives in East

Palo Alto based on data from the 2006 to 2008 American Community Survey (ACS), which is much higher than the 0.2% specific to Facebook. Therefore, this commute data appears to indicate Facebook workers are much less likely to seek housing in East Palo Alto than other workers” (p. 3).

Keyser Marston Associates in all likelihood is comparing low-income renters to middle-class income renters or homeowners. The overwhelming majority of East Palo Alto residents are low-income or even very low-income people of color. Only 6.2% of East Palo Alto’s total population is non-Hispanic whites. While Pacific Islanders and Asians tend to be lumped together as a demographic category, there are relatively few Asians or Asian Americans in the population of East Palo Alto outside of recent new housing developments such as University Square, the housing component of the Gateway/101 Corridor Redevelopment Project. The one exception is a small percentage of the population who are Fijian East Indians who fled a coup in the Fiji Islands in 1988 that was to the disadvantage of the resident East Indians. These people, too, are largely low income and are especially prominent for driving ice cream trucks in East Palo Alto. Virtually none of the Facebook Palo Alto employees referred to are likely to be middle class or holding positions higher than that of administrative assistant. Most of those employees are likely to be in service positions. Indeed, as Keyser Marston Associates points out on a previous page in the report probably most of the 0.2% specific to Facebook are likely NOT to be actual Facebook employees at all, but contract workers who actually work for a subcontractor to provide security, food, or custodial services. Keyser Marston Associates points out that Facebook makes no distinction between its actual employees and contract employees who provide largely menial services.

Therefore, the commute data for so-called Facebook employees probably tell us nothing at all about the predisposition of actual Facebook employees making professional or middle class incomes (what HUD would call moderate or above moderate incomes) and their relationship to East Palo Alto once the Facebook campus moves fully to the new sites with a considerable psychological distance from Palo Alto. I consider these figures irrelevant until the behaviors of middle-class earners are compared to other middle-class earners who have incomes that could conceivably enable any to become homeowners as opposed to the current East Palo Alto residents, who work at Facebook but who are likely to be renters working at menial jobs.

In addition, as I point out elsewhere, Keyser Marston Associates has totally failed to even mention the fact that the largest multifamily housing developer in the country, Equity Residential, has purchased most of the housing stock on the West Side of Highway 101 for a sum of money believed to be at least \$142 million and likely more and the promise of additional investment of \$10-15 million in upgrades to the 1812 units purchased in order to better attract an affluent tenant clientele. (The West Side of East Palo Alto is now frequently referred to as Woodland Park or the Woodland Park Neighborhood, a name conferred on it by the previous owners of the 1812-unit portfolio, Page Mill Properties, but a designation previously unknown and not used by long-term residents of East Palo Alto such as myself, who is indeed a resident of the West Side. Long-term residents of East Palo Alto use the designation the West Side, referring to the division of

East Palo Alto by Highway 101.) Equity Residential can be expected to work with real estate firms to make East Palo Alto maximally attractive to Facebook employees in order to recoup their investment by tearing down older buildings and replacing them with new construction that would include amenities not now generally present in the older buildings that comprise the majority of East Palo Altos' affordable housing stock under the Rent Stabilization Program.

Representatives of Equity Residential (Chief Investment Officer and Executive Vice President Alan W. George, Vice President for Investor and Public Relations Martin J. McKenna, Senior Vice President for Transactions James J. Alexander, and Vice President for Northern California Investments John Hyjer at a meeting on Tuesday, 16 August 2011, at 12:30 p.m. at the Cafe Renzo in Downtown Palo Alto with Matthew Fremont, at that time the Chair of the East Palo Alto Rent Stabilization Board, myself, the longest-serving member of the Rent Stabilization Board with 19 years of service by that date, and Carlos Romero, at that time Mayor of East Palo Alto as well as a member of the City Council, affirmed several times during the course of that meeting that they had no plans nor any idea as to what they were going to do with the 1812-unit portfolio at that time for which they were willing to pay probably \$150,000,000 (they neither affirmed nor denied the amount that we had reason to believe was the purchase price, which would be at least \$60,000,000 more than the current likely market value of the portfolio). On the other hand, Alan George, who was seated to my right, affirmed several times (six as I recall) that Equity Residential would be tearing down several buildings that had exhausted their useful life. The same affirmations were made by the same Equity Residential representatives at a meeting that took place later the same day at the offices of Youth United for Community Action (YUCA) located at 2135 Clarke Avenue at 4:00 p.m. where there were a number of community leaders and representatives of various nonprofit organizations present. They included among others John Liotti of Northern California Urban Development, founder of East Palo Alto's first credit union; Stewart Hyland of Peninsula Interfaith Action (PIA); Andrés Connell, Executive Director of Nuestra Casa; Charisse Domingo of Youth United for Community Action (YUCA); Victor Ramirez of Community Legal Services in East Palo Alto, Inc. (CLSEPA); Jeanne Merino of the Stanford Law School and Community Legal Services in East Palo Alto, Inc.; Chester E. Smith, Associate Manager, GSMOL Region 1, from Palo Mobile Estates; East Palo Alto City Council Member and Mayor Carlos Romero, and William Byron Webster, President and Board Chair of the East Palo Alto Council of Tenants (EPACT) Education Fund, and senior member of the East Palo Alto Rent Stabilization Board.

A major difference between the situations of the early 1990s and today is that the settlement agreements negotiated between East Palo Alto on the one hand and Palo Alto, Menlo Park, and Crescent Park on the other in 1991 only related to the University Circle Redevelopment Project. The 1812 units in the Wells Fargo portfolio formerly owned by Page Mill Properties until the 2 March 2010 foreclosure are not in a redevelopment project area. Therefore, the city would have much less latitude in restricting what Equity Residential could do with the properties. The City does have zoning powers, but a contest between the City of East Palo Alto and Equity Residential, the largest multifamily building real estate investment trust in the nation, is like a contest between David and

Goliath where David has neither a slingshot nor stones to launch at the de facto Goliath. Under the Ellis Act of California, Equity Residential would have the right to temporary "go out of business" and in a few years tear down all structures and put in new construction. Sam Zell has perfected the technique of using multiple lawsuits as a battering ram to wear down a community's opposition to whatever he wants to do. The City of San Rafael has been fighting a lawsuit against Equity Residential's sister corporation for mobile home parks, Equity LifeStyle Properties, Inc., over rent control laws that protect mobile home parks for more than thirteen years, a case now in the 9th Circuit Court of Appeals. There is another case initiated by Equity LifeStyle Properties, Inc., against the City of Santee in Southern California that has also been in the courts for more than 13 years I am informed.

At the meeting I described above at the Cafe Renzo, four top officials from Wells Fargo were also present and heard everything that Mayor Romero, Matthew Fremont, and I were told. These included Robert Maddox (Vice President for Real Estate Merchant Banking) and David Ash (West Coast Regional Manager-Special Situations Group-ORE), the top two representatives from Wells Fargo who report directly to CEO John Stumpf.

Equity Residential has made it very clear what it will do with the buildings once they acquire them. The time frame may be four or five years from now. Equity Residential will have a free hand because of its deep pockets and ability to immobilize the City's opposition to destroying the principal source of affordable housing for the City, which is roughly 15% of all the affordable housing for San Mateo County.

At this point I would like to interpolate an analysis of the responsibility that Wells Fargo had sent me by Dr. Eric Oberle, formerly a resident of East Palo Alto and now a faculty member at Arizona State University:

"I think the best argument here for PA at this juncture is that Wells (and Equity) are involved in doing a form of civic planning without being the least bit public and open about it. Wells has a charter responsibility to act in the community interest. But its loan (through Wachovia) was a civic disaster in itself by funding Page Mill. Worse, Page Mill's chaotic and destructive reign played the role of consolidation that members of the community have repeatedly pointed out will create the illusion of 'total control' over a small strip of land with thousands of residents on it."

"Wells should work to either break up this ill-gotten consolidation or place easement and covenant controls that prevent the land from being used counter to the law. Palo Alto has a direct interest in this—in seeing the bidding process slowed down, opened to the public, and subject to a frank acknowledgement that Wachovia/Wells helped create a juggernaut that wreaked havoc on a community and exposed it to the dangerous illusion that it is open to 'development.'"

“These properties might be open to re-development, but only through an exceedingly public process that neither Wells nor Equity seem to have even contemplated. The fact

that they have taken no notice of the settlement agreements governing University Circle, nor the rent stabilization laws, nor the housing element, nor any of the county and state level restrictions bespeaks a dangerous insouciance or a kind of magical thinking that will reap dangerous results.”

"Wells frankly should include a open process, civic planning element to this sale OR they should work assiduously to divide the properties up while contractually tying their use to residential housing for at least ten to fifteen years. The fact that Wells has tried to keep the whole sale secret, and has ignored the local laws and the history of development and settled decisions about the disposition of these properties reveals a community hostile stance that they should work to remedy by delaying the sale, opening up the process, and by requiring long-term thinking and planning as part of the sale. These are responsibilities that Wells inherited with their acquisition of the Wachovia loan, through their charter, and with the favorable tax treatment that they received for doing the work socially stabilizing Wachovia's malinvestments."

"For Wells to sell these properties hastily, secretly, and without a public planning element is to shirk its responsibilities and to engage in community hostile-activity that will adversely affect residents of the entire peninsula."

"Therefore the EPA city council should call on Wells to slow down the process, make it public, and include the future in their work. This is not a simple sale. It is rather a matter of profiting from the misdeeds of a loan that should have never been written and which was the subject of a public bailout of or engaging in a public process that aims at aligning with a long term vision of the residents and communities affected."

At the end of the day, I predict that if Equity Residential cannot get its own way, they will do what I predicted in January 2007 Page Will Properties would do and which they did two and a half years later in June 2009 when they petitioned the San Mateo LAFCO to remove the sphere of influence of the City of East Palo Alto from the West Side, thus eliminating any East Palo Alto government regulation of housing. Wells Fargo after it took over the portfolio as a kind of bargaining chip with which to negotiate with the City picked up the torch from Page Mill Properties and also petitioned for the elimination of the sphere of influence of East Palo Alto before San Mateo LAFCO in 2010. Because they had no real interest in owning and running the West Side, this was simply a stunt to negotiate the 12 lawsuits against East Palo Alto they had inherited from Page Mill Properties. But Equity Residential I predict will campaign to recruit most of the other property owners of the West Side, most of whom are condominium owners, and petition on behalf of nearly all property owners to remove the sphere of influence of East Palo Alto as a first step to detaching the West Side from the City of East Palo Alto. I detailed in January and February of 2007 exactly what could be done under the consolidated LAFCO laws of 2000 (the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000) that replaced the previous three sets of laws that overlapped and even conflicted with each other in order to make changes of boundaries between jurisdictions a smoother process.

At the meeting with the members of the teams from Wells Fargo and Equity Residential at the Café Renzo on 16 August 2011, the issue of the Facebook campus expansion due to the tripling of the employees of Facebook was raised as the rationale for the purchase of the Wells Fargo portfolio by Equity Residential, since from a financial standpoint the sale made no sense for the \$150 million we believed Equity Residential was willing to pay for the portfolio. As a likely consequence of the consummation of the Wells Fargo portfolio sale to Equity Residential we anticipate a massive negative impact on affordable housing should Equity Residential follow through on its statements to Carlos Romero, Matthew Fremont, and me that they would be tearing down existing buildings in the 1812-unit portfolio. In a conversation the previous day, 15 August 2011, between then Mayor Carlos Romero and Alan George, the Chief Investment Officer & EVP of Equity Residential for the entire country, Alan George stated that at least 50% of all buildings would be torn down and replaced with new construction with 100 units per acre, which would result in much taller buildings than what currently exists, including buildings that would impact upon the privacy of Crescent Park residents (to which I can personally vouch vis-à-vis the compromised privacy of Crescent Park residents across from the Woodland Creek Homes illegal condo conversion project at the south end of the West Side). (Mark Zuckerberg, CEO of Facebook, recently purchased a \$7,000,000 house on Edgewood Drive. I have not driven by the location to see if his privacy might be endangered by the likely much taller new construction should Alan George's repeated statement of necessary demolitions at the 16 August 2011 meeting come to pass.)

The account of what transpired at the 15 August 2011 meeting was related by Mayor Romero to Matthew Fremont and me following the conclusion of the Café Renzo meeting. Mayor Romero subsequently repeated what he related to Matthew and me after the Wells Fargo and Equity Residential representatives left following the 4:00 p.m. meeting at the offices of Youth United for Community Action probably sometime around 6:00 p.m.

As preamble to my concluding remarks, I concur with the critique of the Keyser Marston Associates report on the impact on housing affordability and circulation in the City of East Palo Alto found in the staff report submitted in the names of John Doughty, Director, Community Development Department; Kathleen Kane, City Attorney; Carlos Romero, City Council Member; and David Earl Woods, City Council Member (the last two the members of a City Council Ad Hoc Committee on this issue) addressed to the East Palo Alto City Council on the subject "Facebook Campus Project Draft Environmental Impact Report Comments" under Agenda Item 12 for the East Palo Alto City Council Regular Meeting of Tuesday, 24 January 2012. Under the heading "Specific Issues" under the subheading "Housing" appears the following comment: "c. The KMA Study was sloppy and cursory at best and reflected a lack of commitment to determining the potential impacts on housing in the City of East Palo Alto . . . d. The study utilized the American Community Survey (ACS) for data. As noted earlier, the ACS is not the most accurate source of data on housing vacancies and occupancies. Notably, the ACS data reflected vacancy rates that were artificially created and manipulated by a large holder of property. Had analyses been conducted and/or questions been posed to the City, we are confident that the KMA Study would reflect

different conclusions. e. Because of the artificially induced vacancies, KMA concludes that approximately 1000 rental units change occupancy every four years in the City of East Palo Alto. This number is inaccurate and reflects market manipulation rather than sustained and historic vacancy rates.”

The East Palo Alto staff report points to the extraordinary number of induced vacancies that has no parallel in the previous history of East Palo Alto as conservatively 1500 to 2000 tenants were involuntarily evicted by a single major landlord Page Mill Properties due to illegal rent increases and other illegal actions between 2008 and 2009. There is no adequate reference in the Keyser Marston Associates report on the unprecedented situation that obtained vis-à-vis the rental housing in the Rent Stabilization Program due to the machinations of Page Mill Properties.

But on the most fundamental level of report of simple numbers, the American Community Survey data is questionable. I will cite one figure that I found baffling. In Table 5 Housing Units by Type on page 13 of their report on East Palo Alto the last item in the column on “Estimated Housing Units” reports for the category “Mobile Home, Boat, RV, etc.” the figure 99. The City of East Palo Alto currently has two remaining mobile home parks of the original four mobile home parks when the City was incorporated in 1983. The larger of the two remaining mobile home parks, Palo Mobile Estates, has 117 pads. The smaller mobile home park, Creekside Mobile Home Park, has 29 pads. The sum of the figures 117 and 29 is 146. I will concede that the number of mobile homes and RVs that may occupy the pads at one time or the other varies. The current owners of Creekside Mobile Home Park are at the present time undertaking the replacement of 17 of the coaches with manufactured housing, but this is a process that has just begun and was not underway at the time the ACS was conducted. At the time the ACS was conducted their figures were off by an undercount of roughly one-third! It is not that difficult to count mobile homes, coaches, RVs in the City of East Palo Alto. The inadequacy of their mobile home count, given that it is a relatively easy number to come by, does not inspire confidence in any of the other figures in their survey.

In summary, it makes no long-term sense for Menlo Park to ignore the threat to Menlo Park that will be the likely outcome of pretending that no mitigation is necessary under the pretext that the negative impact on East Palo Alto’s affordable housing will be merely of a socioeconomic character. There is a clear threat from Alan W. George, Chief Investment Officer and Executive Vice President of Equity Residential uttered up to a dozen times in the course of the two meetings on Tuesday, 16 August 2011, first at the Café Renzo in Palo Alto scheduled for 12:30 p.m. and then a second meeting scheduled to begin at 4:00 p.m. at the YUCA offices at 2135 Clarke Avenue that buildings in the Wells Fargo portfolio would be torn down, a statement that was heard by several responsible community leaders in the course of that day in addition to Carlos Romero, Matthew Fremont, and myself. I mentioned, too, that the creation of the Facebook campus in Eastern Menlo Park and the tripling of the Facebook employees came up as the principal specific rationale for what we perceived as a significant overpayment for the Wells Fargo portfolio of what we alleged at the Café Renzo meeting to be \$150 million. The threat of a physical change reiterated at the 16 August 2011 meeting and expanded

on at the meeting with Carlos Romero and Alan George at the meeting on 15 August are sufficient cause for justifying negotiating over a mitigation or mitigations that could take various forms such as an annual monitoring of Facebook employees taking up residence in East Palo Alto either as renters or homeowners, but in particular as renters because of the threat that their attraction to the rental properties on the West Side could serve to encourage Equity Residential to demolish existing buildings in the Rent Stabilization Program portfolio to be replaced with new construction. The new construction would in all likelihood be market-rate housing. Because of the Costa-Hawkins Rental Housing Act of 1995 no new construction can be included in a local rent control program. Therefore, the principal source of affordable rental housing in East Palo Alto and 15% of the San Mateo County's affordable housing stock would be endangered. A joint committee including representatives from Menlo Park, Facebook, and East Palo Alto at the very least needs to be established to determine specific mitigations to prevent the physical destruction of the Rent Stabilization Program and with it 15% of the San Mateo County affordable housing stock.

As a footnote it should be pointed out that the 1991 settlement agreements between the City of East Palo Alto on the one hand and Menlo Park, Palo Alto and the Crescent Park Neighborhood Association (consolidated with the Palo Alto lawsuit) on the other to control circulation generated by the University Circle Redevelopment Project would be seriously compromised by the demolition of present West Side buildings and replacement with denser buildings. The restrictions on increases to circulation impacting both Palo Alto and Menlo Park from University Circle will be seriously undermined.

Also, the threat to destroy existing multifamily buildings on the West Side to be replaced with denser and higher construction discussed by Alan George with Carlos Romero at the 15 August 2011 private meeting will provide a fresh incentive for residents of the Menlo Park part of the Willows Neighborhood to renew their call for new impediments to traffic from East Palo Alto through the Menlo Park Willows Neighborhood that were attempted over a 3-year period in the 1990s when a coalition of Menlo Park Willows residents called for completely sealing off East Palo Alto from access to Willow Road through the Menlo Park Willows Neighborhood and the 2-year campaign between 2010 and 2011 ending on 9 June 2011 when the Menlo Park City Council declined to approve the Willows Area-Wide Traffic Study Survey to introduce restrictions on traffic between the East Palo Alto and Menlo Park parts of the Willows Neighborhood. Failure to address the Equity Residential threat by ignoring it in the Facebook Campus Project EIR will be like manna from heaven for those interested in renewing attempts to close off traffic between East Palo Alto and Menlo Park through the Willows Neighborhood. The Menlo Park and possibly East Palo Alto city councils will find themselves embroiled in years of turmoil if this inevitable consequence of ignoring the threat from Equity Residential of tearing down buildings in what is now no longer the Page Mill portfolio, no longer the Wells Fargo portfolio, but now the Sam Zell-controlled Equity Residential portfolio that comprises most of the housing from the north end to the south end of the West Side of East Palo Alto.

For these and outcomes not yet anticipated it behooves Menlo Park not to ignore the consequences of the inevitably negative impact on affordable housing in East Palo Alto that the Facebook campus expansion must have, but to anticipate these negative consequences by setting up a joint committee that will meet on a regular basis so long as the Facebook campus exists, which may be for decades in the spirit of the adage that an ounce of prevention is worth a pound of cure.

The great opportunity that the acquisition of the Wells Fargo portfolio represents has not escaped the attention of Sam Zell himself. I understand that he came from Chicago during this past week between 16 and 20 January to survey the newest addition to his vast real estate empire in the City of East Palo Alto. He will doubtless be monitoring the opportunities that the Facebook campus expansion generate for the exploitation of his acquisition of most of the property in East Palo Alto's West Side. With this I lay down my pen with the admonition that a word to the wise should be sufficient so that we do not discover too late that we are all living in unnecessarily interesting times.

Sincerely yours,

William Byron Webster

WBW:wbw

Enclosure: "Trials in Low-Rent Bastion in Silicon Valley," The Wall Street Journal, Wednesday, 2 November 2011