How Rent Control Helped Create East Palo Alto

The story of East Palo Alto's incorporation is one marked by great contention among local stakeholders, but also provides valuable lessons for organizers in forging and mobilizing local coalitions.

By **David Skidmore** - March 22, 2022

An aerial view of East Palo Alto. Photo via Wikimedia Commons, CC BY-SA 3.0

When East Palo Alto incorporated in 1983, it gained a place among the early cities that were predominantly home to people of color in California and, alongside Richmond, was one of only two with a Black majority. Within a year after incorporation, East Palo Alto joined Berkeley, Santa Monica, and Hayward in an early wave of California cities to pass comprehensive rent stabilization ordinances.

East Palo Alto's incorporation thus stood at the intersection of two major social movements: the struggles for Black liberation and for economic justice. The channeling of these movements through electoral politics and legal reform required construction of multiracial and cross-class coalitions that rested upon distinct, yet compatible, sets of interests and identities. The story of East Palo Alto's founding remains relevant today for the lessons it offers about building complex political coalitions that can successfully pursue progressive change in the face of unreceptive institutions and entrenched opposition. These lessons have gained renewed currency during a time when the forces of progress and retrenchment have each intensified and when both tenant rights and racial justice movements are on the rise.

And while rent control was not initially a major focal point of the incorporation campaign, it came to play a central role due to the housing crisis of the early 1980s and also because of its potential for reshaping electoral coalitions at the margin in favor of incorporation amid a tightly contested political landscape.

East Palo Alto: Historical Background

East Palo Alto Historical Map. Adapted by Nick Ellis from original available at "Dreams of a City." Photo provided by David Skidmore

Communities lacking access to power within the broader society have long gravitated to East Palo Alto. In 1916, Charles Weeks founded Runnymeade Little Farms Colony, a utopian agrarian community that primarily raised poultry. The colony peaked at 1,000 members in the 1920s before ultimately failing. During the 1930s, Japanese and Italian immigrants

launched successful flower-growing operations. The substantial Japanese population of East Palo Alto was removed and placed in internment camps during World War II.

After the war, East Palo Alto grew rapidly from a population of 1,500 in 1947 to 12,000 in 1953. The newcomers were mostly white and working class. Over the next few years, East Palo Alto lost significant chunks of its area and population to land annexations by Menlo Park and Palo Alto.

A more devastating blow came in 1958 with the expansion of the Bayshore Freeway, which led to the erasure of East Palo Alto's main business district and the closure of over 50 shops, only a few of which relocated within the community. Appeals by local residents to shift the route to spare the business district were rejected. Freeway construction also prompted neighborhoods to the west of the Bayshore to leave Ravenswood School District, which served East Palo Alto and parts of Menlo Park, and to join the Menlo Park School District, thereby worsening existing patterns of racial segregation in schools.

Demographic Change

Beginning in the late 1950s, Black migrants from the rural South were drawn to East Palo Alto, where housing was relatively affordable and accessible compared with neighboring cities. Over the next decade, East Palo Alto transitioned from a predominantly white to a predominantly Black community as a result of discriminatory housing practices. A 1958 NAACP survey found that 19 of 20 peninsula real estate agencies discriminated against Black people in new developments and prosperous neighborhoods. Race-restrictive housing covenants were common in established white neighborhoods. Between 1925 and 1950, a majority of covenants for subdivisions in neighboring Palo Alto mandated: "No person not wholly of the white Caucasian race shall use or occupy such property unless such person or persons are employed as servants of the occupants."

White flight from East Palo Alto arose from concerted "blockbusting" campaigns carried out by real estate agencies from 1962 to 1964. Agents blitzed crowded Black neighborhoods in San Francisco with fliers advertising the bucolic charms of East Palo Alto. Organized bus tours drove Black prospective homeowners through white neighborhoods in East Palo Alto. Once the racial exclusivity of an area was broken, real estate agents played upon the fears and prejudices of white residents to buy out whole neighborhoods at low prices, only to then sell these homes to Black purchasers at much higher prices. Once Black homeowners came to predominate in various East Palo Alto neighborhoods, the Federal Housing Administration stopped approving federally insured loans for whites who might wish to buy homes in those areas. By 1970, the white population of East Palo Alto had fallen to 33 percent in a community that was now 61 percent Black.

San Mateo County, of which East Palo Alto is a part, was among the richest counties in the United States in the early 1980s. During this period, East Palo Alto stood out as a 2.5-square-mile enclave of poverty, with a 25-30 percent unemployment rate and 30 percent of San Mateo's welfare cases despite comprising only 4 percent of the county's population. East Palo Alto's median family income fell to 40 percent below that of the county as a whole.

Because of its unincorporated status, East Palo Alto relied wholly upon San Mateo County for services. Instead of representing specific locales or districts, San Mateo supervisors were chosen through countywide elections. As a result, no supervisor specifically represented East Palo Alto. Nor did the votes of East Palo Alto residents carry sufficient weight to ensure political clout. As a result, the community's interests were routinely ignored. Community leader Barbara Mouton noted at the time: "We have been the stepchild of San Mateo County, and have not gotten the services we need and merit. … The county supervisors are not equipped to run a municipality." Indeed, San Mateo County treated East Palo Alto as a dumping ground for the county's problems as exemplified by the siting of a waste treatment plant and the country landfill in East Palo Alto.

Black Empowerment

This confluence of economic distress, rapid demographic change, and political disenfranchisement took place against the backdrop of rising Black Power consciousness and the struggle for civil rights. East Palo Alto became a hub for Black political and cultural expression.

Pan-African cultural nationalism competed with the Marxist-influenced nationalism of the Black Panthers, which established a chapter in East Palo Alto. Figures such as Bobby Seale, Stokely Carmichael, and Jesse Jackson regularly passed through East Palo Alto.

In the '60s and '70s, a number of significant civil rights and Saul Alinsky-style community organizing groups were either based or active in East Palo Alto. Examples included the San Mateo County Black Action Council, Mid-Peninsula CORE, Community Action Council and Palo Alto chapter of the Student Nonviolent Coordinating Committee. In the late '60s, East Palo Alto hosted several Black Action Conferences, each of which drew over 1,000 attendees, demonstrating the development of racial consciousness, local institutions, and the community leadership necessary to challenge these conditions of marginalization.

Housing Costs and the Rising Demand for Rent Control

The demographic transformation of East Palo Alto coincided with an emerging housing crisis that intensified as the focus narrowed from the national level to the Bay Area and finally to East Palo Alto itself, manifesting politically in the growing popular support for rent control.

Nationally, median rents increased by 13 percent in 1982, compared with an overall inflation rate of 4.7 percent. In East Palo Alto, rents rose 15 percent per year during the late '70s and early '80s, financially straining tenants, who constituted 55 percent of the population of East Palo Alto. Three-quarters of renters had low or very low incomes, according to standards set by San Mateo County. Overall, rent consumed an average of 32 percent of renter income.

A mismatch between housing supply and demand was what drove up rents. During the 1970s, San Mateo's workforce grew by 37 percent while that of neighboring Santa Clara County rose by 82 percent. Meanwhile, multifamily construction permits issued by San Mateo County for unincorporated areas fell from 1,440 during the first half of the '70s to 220 in the second half of the decade. In this environment, property values for multifamily rental complexes skyrocketed. As a result, money was diverted from new construction to speculative investments in existing properties. Speculation was further fueled by tax laws that allowed accelerated depreciation.

[RELATED ARTICLE: Philly's 1970s Fight to Revive Rent Control]

Not surprisingly, then, housing gained currency as an issue in the incorporation struggle. But among the many significant challenges facing the community, why did housing affordability rise to the top of the agenda, especially preceding the 1983 incorporation vote? And why did the new City Council take up rent control as its first act in office and pass a sweeping law within its first year in the face of determined and well-funded opposition?

These questions are all the more puzzling when one considers that the political center of gravity in East Palo Alto rested among long-term Black homeowners who occupied single-family houses on the East side of the Bayshore Freeway. These voters were divided on both incorporation and rent control. Why, then, did leaders of the incorporation campaign come to embrace rent control?

The Fight to Incorporate East Palo Alto

A flier in support of the incorporation campaign. Photo courtesy of East Palo Alto Community Archive, East Palo Alto, California

To answer these questions, we must examine how the campaign for incorporation unfolded. After years of advocacy by the East Palo Alto Citizens' Committee on Incorporation (EPACCI) and a failed effort in 1982, East Palo Alto was incorporated as a city on July 1, 1983. The June 7, 1983 vote in favor came with a margin of only 15 votes out of the 3,459 cast. Barbara Mouton was selected as the city's first mayor.

The victory was a close, hard-fought thing. Three of the five members of the preexisting Municipal Council—a powerless body set up to advise the county on community issues—came out against incorporation. A group called the Citizens Coalition Against Incorporation Now (CCAIN) led the anti-incorporation campaign.

Many who opposed incorporation worried that a cash-strapped city might raise taxes or fees on homeowners or small businesses. Gertrude Wilks, a revered figure in East Palo Alto for her work in education and social services, was the most vocal on this point, told the Standford Daily: "Self-determination and pride will not finance a city. . . . I represent people on a fixed income and they can't afford to pay for a city." However, these fears were largely misplaced as Proposition 13, a statewide initiative passed in 1978, had severely limited the ability of local governments to increase property taxes.

[RELATED ARTICLE: A Bolder Future for Housing Justice—'These Times Call for Radical Actions']

Wilks argued that San Mateo County was seeking to wash its hands of East Palo Alto's dire social and economic problems: "The powers that be will stop at nothing to rid themselves of the poor and Black and other minority people in East Palo Alto." Perhaps swayed by such considerations, the East Palo Alto Homeowners Association opposed incorporation.

Although housing affordability was one among many issues that EPACCI listed in its campaign literature, rent control was not on the agenda prior to the 1982 vote. Nevertheless, real estate interests stepped up as the primary funders of CCAIN.

The mostly white and mostly absentee landlords (83 percent of multi-unit rental housing in East Palo Alto was owned by out-of-town landlords) who owned apartment buildings on the sliver of East Palo Alto that lay on the west side of the Bayshore Freeway fought the hardest to avoid inclusion in the new city. At this point, landlords were concerned that incorporation would foreclose the possibility of the Westside, as that neighborhood was called, joining more prosperous Menlo Park. Two local real estate agents candidly told a reporter that the same property on the Westside would have a higher market value with a Menlo Park address than with an East Palo Alto address. The mobilization of landlord opposition to incorporation, even before rent control became a central issue, cemented an adversarial relationship with pro-incorporation forces over housing issues.

When EPACCI petitioned San Mateo County's Local Agency Formation Commission (LAFCo) in 1981 to seek approval for a ballot measure on incorporation, one quarter of Westside property owners asked LAFCo to leave the Westside outside the boundaries of the proposed city. But after a financial feasibility study concluded that the exclusion of the Westside apartment buildings, which accounted for almost half of the apartment units in the community, would decisively weaken the financial viability of East Palo Alto, LAFCo excluded only a small Westside area consisting of single-family homes.

Despite this victory for EPACCI, LAFCo structured the ballot in ways that seemed designed to frustrate incorporation. In addition to a vote on incorporation itself by residents who lived within the proposed boundaries of East Palo Alto, LAFCo required that voters also approve four other measures dissolving sanitation, recreation, water, and county service districts. Although the latter three districts coincided with the boundaries of the proposed city, the sanitation district covered areas outside of East Palo Alto. All five measures required approval before incorporation could move forward.

In the event, four of the five measures passed, including the main question on incorporation, which gained 1,587 votes in favor versus 1,238 votes against. Only the measure providing for dissolution of the sanitary district failed to gain an overall majority in favor, falling short of passage by 41 votes. As incorporation proponents had feared, the sanitary district measure passed among voters residing within the boundaries of East Palo Alto, but failed due to opposition by voters living within the sanitation district but outside of the proposed city.

After the 1982 defeat, EPACCI successfully petitioned for a second vote the following year. LAFCo gave approval, also agreeing to allow a straight up-and-down vote on incorporation. The campaign for the second vote took on a different complexion. Rent control now moved to the forefront of the debate.

The Formation of the East Palo Alto Council of Tenants (EPACT)

The East Palo Alto Council of Tenants (EPACT), formed in 1982, played a crucial role in mediating the relationship between incorporation and rent control. Among the prime movers in EPACT's creation were Ruben Abrica, Lon Otterby, and Carlos Romero. Abrica was an educator who was later elected to East Palo Alto's first city council. Otterby was a machinist and political activist with experience in the anti-Vietnam War movement. Romero was a Stanford student.

Abrica recalls: "I went through every single apartment on the Westside two or three times. I started finding out how abusive some of the managers and landlords were." EPACT provided tenants with information on their legal rights, mediated tenant disputes with landlords, and helped tenants navigate bureaucratic hurdles. In one such case, Otterby contacted government agencies on behalf of a tenant who was threatened with an eviction notice after refusing to sign a landlord's petition to annex the neighborhood to Menlo Park.

[RELATED ARTICLE: NJ Tenant Organizing—Looking Back at the Film Techos y Derechos]

Canvassing was a major way that EPACT informed and organized tenants. Members leafleted apartments to invite people to meetings or events and to encourage them to become politically active in support of tenants' rights. EPACT aimed to have at least one person in each building to open locked security gates so that canvassers could get into the building.

EPACT members participated in voter registration drives, spoke before official bodies on behalf of incorporation, wrote on rental issues for a community newspaper called the *East Palo Alto Progress*, carried out workshops on renters' rights, staffed information tables at the local supermarket, lobbied City Council members, helped research and design rental legislation, and served on the East Palo Alto Rent Stabilization Board.

EPACT, Coalition-Building, and Incorporation

While EPACT was a natural outgrowth of the housing crisis that enveloped East Palo Alto at that time, it also connected to strategic moves within the pro-incorporation camp. Since completion of the Bayshore freeway, the ties between the Westside outcropping of East Palo Alto and the rest of the community had grown increasingly tenuous. Among the 4,000 Westside residents, only 20 percent were Black, with most of the remainder white or Latino. Most Westside renters were short-term residents, including the bulk of the estimated 350 Stanford students who lived in East Palo Alto.

After the 1982 defeat, EPACCI not only needed to convince LAFCo to allow another vote a year later, but also to show that there was support for incorporation on the Westside so as to ensure that LAFCo would not remove the Westside from the boundaries of the proposed city, as it had originally planned. The emergence of EPACT as a voice for renters that same year, along with the incorporation campaign's embrace of rent control, gave Westside tenants a reason to support incorporation and gave EPACCI a stronger hand in making the case to LAFCo that the Westside should be included in East Palo Alto.

When it came to the actual vote on incorporation, the rent control issue held the potential to drive away Eastside homeowners who worried about declining property values caused by the threat of rent control. Consider that of 3,038 Black households in 1980, 58 percent owned single-family homes compared with 42 percent who rented. In that same year, 74 percent of the 2,670 white households were renters, with only 26 percent owning single-family homes. For this reason, it became even more crucial to offset these possible losses by registering and turning out the predominantly white Westside voters. EPACCI therefore needed to broaden its appeal to white, short-term residents who lived in Westside apartments. Such residents were at best indifferent to the rationales for incorporation based upon Black empowerment. So the key to winning support there was stressing the status of Westside whites as renters who would gain protections from the new city. Once again, EPACT played a crucial role, especially in registering Westside voters, thereby contributing to the overall doubling in the number of registered voters in East Palo Alto over the course of the incorporation campaign.

Rent control gained salience preceding the second incorporation vote not only because it was a key to winning votes on the Westside, but also because the prominent role of white absentee landlords on the anti-incorporation side provided the pro-incorporation forces with a useful foil. In a Black majority community, it was not hard to generate resentment against the wealthy white absentee landlords who were bankrolling the anti-incorporation campaign. As incorporation leader Omowale Satterwhite later reminisced: "We're in the midst of the Black Power movement. And so, yeah, we weren't going to capitulate to some white landlords."

It is difficult to know precisely what difference EPACT and rent control made to the successful incorporation vote of 1983. While I have not located precinct-level data that could resolve this issue, the margin of victory in 1983 was only 15 votes while the pro-incorporation margin in 1982 was 349. It is therefore possible that rent control cost more votes for incorporation than it gained. Certainly, CCAIN's slogan—"Save Our Homes"—explicitly appealed to homeowner fears that rent control would harm property values.

Swearing-in ceremony of East Palo Alto's first City Council. From left, Mayor Barbara Mouton, Ruben Abrica, James Blakely and Omowale Satterwhite. Meda Okelo Collection. Photo courtesy of East Palo Alto Community Archive, East Palo Alto, California

In any case, the new City Council enacted a 90-day ban on rent increases as one of its first acts in order to allow time for the crafting of a new rent control ordinance. The Rent Stabilization and Just Cause Eviction ordinance passed by the East Palo Alto City Council on Nov. 23, 1983, allowed landlords to increase rents once per year at a rate no greater than the Consumer Price Index (CPI). The costs of major improvements could be passed along in addition to the CPI. The law protected tenants from arbitrary evictions and required that interest earned on security deposits be returned to tenants annually. Newly constructed units were exempt from the law, as were landlords who rented out four or fewer units. Implementation of the law would be overseen by a Rent Stabilization Board appointed by the City Council.

This did not end matters, as landlord-funded groups fought tooth-and-nail against the city. The Tri-County Apartment Owners Association, representing 3,200 landlords, solicited a $2-per-unit fee toward a war chest to fight rent control in East Palo Alto. Similarly, the Palo Alto Park Association, representing landlords owning 2,400 units of rental housing, assessed a $20-per-unit fee to raise funds for the anti-rent control fight. Following the election, CCAIN, represented by former U.S. Congressional Representative Paul McCloskey Jr., challenged the outcome in court with charges of voting fraud. In the end, a San Mateo judge ruled against the challenge and allowed the incorporation vote to stand. The case was appealed to the California Supreme Court, which ruled in favor of the city.

A landlord group called the "Private Property Rights Committee" spent $20,000 on collecting signatures to force a referendum that proposed to reverse the rent stabilization ordinance previously passed by the City Council. The initiative

was defeated on April 10, 1984, with 58 percent voting in favor of rent control. Notably, Westside voters rejected the referendum by a 328-vote margin, while the pro-rent–control margin on the more populous Eastside was only 35 votes.

Over the succeeding four decades, rent control in East Palo Alto has continued to protect the rights of tenants and mitigate the economic distress associated with the Bay Area's brutal housing market. Indeed, rental issues have remained central to East Palo Alto politics over the years and rent control has served as a defining identity for a city that has continued to experience dramatic demographic and socioeconomic change. A 2015 study by the Center for Community Innovation found that "East Palo Alto is distinctive for its government's commitment to ensuring the city remains affordable to low income households, and for a strong legacy of community organizing that holds the City government accountable to that commitment." In 2022, while housing cost burdens remain high for many residents, rents in East Palo Alto run around 15 percent less than those for San Mateo Country as a whole, according to Rent Café figures.

A button that was handed out as part of the campaign for incorporation. Photo courtesy of East Palo Alto Community Archive, East Palo Alto, California

Rent control also helped foster cohesion and common identity between the Westside and the Eastside of East Palo Alto. Ruben Abrica has observed: "The one thing that integrated the Westside to the east side much more was the rent law. By having a law that protects tenants, people became acutely aware that they were part of the city of East Palo Alto." Even Westside renters who did not plan to put down long-term roots in East Palo Alto understood that they depended upon the city to protect them from exorbitant rents.

East Palo Alto's struggles to incorporate as a majority-POC city and to protect the economic interests and rights of renters foreshadowed the state of California's future direction. Together, the state's Black, Latine, and Asian residents now constitute a majority of the state's population. Meanwhile, rent control—once considered radical—is now the law of the land

as California's legislature passed a statewide rent control law in January 2020. In these ways and others, East Palo Alto served as a forerunner of broader social changes.

Finally, the story of how the forces of racial and economic justice converged in the campaigns for incorporation and rent control in East Palo Alto 40 years ago underscores the importance of building multiracial and multiclass coalitions for progressive change. Urban political structures typically favor landlord interests. Legal systems privilege property rights. Developers enjoy close, crony-like relationships with local politicians and bureaucrats. Highly organized landlord associations face off against tenants hobbled by collective action problems. The structural power of capital poses a formidable obstacle in the struggle for tenant rights.

A number of intertwined factors served to mitigate the power of capital in the case of East Palo Alto:

- A housing affordability crisis.
- An incorporation campaign that served as a precipitating event for tenant organizing.
- The political alliance between Black nationalist and tenant activists based upon the presence of a common adversary in the form of absentee landlords.

Then and now, successful tenant activism depends upon astute alliance-building combined with propitious political conditions.

David Skidmore

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