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Staking a Claim in the Silicon Valley



By MATT RICHTEL

MOSTAFA AMIRI moved to this little Silicon Valley city in 1980 and became the ice cream man, selling chocolate drumsticks to kids from his truck. That was dangerous enough, said his friends, who worried that anyone driving around with a lot of cash would be a prime target for crime. But when he proposed buying a home here, that was just too much. They begged him to reconsider.

"They said, 'How can you live in the bullets?'" Mr. Amiri said, speaking in the vernacular of his native Iran.

He ignored their admonitions, bought several houses in the late 1980's and early 1990's, and as a result, has become a millionaire. His fortunes underscore how Northern California's real estate market has transformed a city that a decade ago had the highest per capita murder rate in the country.

Housing prices for the ZIP code that includes East Palo Alto averaged \$469,000 in the first quarter of this year, according to DataQuick Information Systems in San Diego. That is a 46.5 percent increase from 1992, the year that East Palo Alto — home to around 30,000 residents — endured 42 homi-

cides, mostly related to drugs and gangs.

Real estate brokers, residents and city officials attribute the pricing change to a variety of factors, including a plummeting crime rate, thanks to community efforts and improved policing, and the opening on the edge of town of a shopping complex that includes a Home Depot and Ikea. But the overriding factor may simply be that, in the well-heeled Silicon Valley, East Palo Alto is

A once crime-ridden city has become a desirable enclave of affordability.

a rare enclave of relative affordability.

The neighboring cities are among the country's most exclusive, with the average home price in the ZIP codes covering adjacent Palo Alto hitting \$869,000 in the first quarter, according to DataQuick. So even though East Palo Alto's housing prices have risen faster than those of Palo Alto since 1988, it still is far more accessible to young couples and the region's service workers.

"There's no place else to go," said Alvin

James, the city manager, adding that within East Palo Alto's 2.5 square miles are dozens of empty acres. "We are sitting on the last bit of low-cost, undeveloped land," he said.

In matters of affluence and education, East Palo Alto has lived in the long shadow of Silicon Valley. In proximity, it is a literal stone's throw from the wealthiest communities, resting directly across the freeway from Palo Alto, Atherton, and Menlo Park, where the captains of the technology industry live. The freeway has served as a kind of gate, relegating to the east side the crack trade and turf wars that erupted between gangs vying to control East Palo Alto.

In 1999, a shopping complex opened on the East Palo Alto side of the freeway, and brought a Baskin-Robbins store, a Starbucks, a California Bank and Trust, Circuit City and Home Depot, among other shops. Last September, an Ikea opened in the same shopping center, which has become valued by retailers because it is on the freeway that runs between San Jose and San Francisco, tying together some very affluent communities. By May 2005, a 200-room Four Seasons Hotel is scheduled to open in a neighborhood once known as Whiskey Gulch and rechristened University Circle.

New housing developments came, too. Near Home Depot are 221 new single-family units, and 129 multifamily units, with the single-family homes selling for \$600,000 to