











STANFORD UNIVERSITY

May 11, 2015

To: Members of the Palo Alto City Council

From:

Donald Barr

Handwritten signature of Donald Barr in cursive.

Professor of Pediatrics, and of Education (by Courtesy)

David Grusky

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Professor of Sociology; Director of the Stanford Center on Poverty and Inequality

Amado Padilla

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Professor of Education

Ref: Consequences for children currently living at the Buena Vista Mobile Home Park of moving to a high-poverty community

We are writing to inform you of recent national research that may have direct relevance to your upcoming consideration of the financial impact of relocation on families currently living in the Buena Vista Mobile Home Park. We understand that, at the meeting on April 12-13 when you considered the appeal of the Relocation Impact Report previously approved by the Hearing Officer, you asked that an updated appraisal be conducted, and that the appraisal consider, among other things, the impact of residents' displacement from Palo Alto schools.

As you have asked for a new focus on schools, we are writing in regards to the approximately 129 children who live at Buena Vista. In March 2014 Professors Barr and Padilla submitted to you their research report titled *The Families and Children Who Live in the Buena Vista Mobile Home Park*. As part of that research, we personally interviewed 100% of the Buena Vista families who had children age 18 or younger living with them. From this research we were able to determine that:

- a) The average age of these children is 9.5 years (median age 10 years);
- b) More than 90% of the children in Buena Vista are Hispanic;
- c) Nearly all of the children living at Buena Vista are from very-low-income or extremely-low-income families, based on income standards established by HUD.

Based on the incomes of these families, we will assume that, in the event of park closure, nearly all of these families would move to lower income communities such as East San Jose, in which rents are substantially lower. These lower income communities would have substantially higher poverty rates than Palo Alto.

This raises the question of how the experience of living in a high-poverty community will impact not only the childhood experience, but also the adult life course of the children currently living at



Buena Vista. Recent research has documented that, for children in very-low-income or extremely-low-income families, educational and labor force outcomes are very different when these children are able to live in low-poverty neighborhoods as compared to high-poverty neighborhoods. These documented differences include:

- a) High school completion rate;
- b) Attending college;
- c) Income as an adult.

#### High school completion rate

In a nationally representative sample of more than 5,000 families followed for more than 30 years, Crowder and South<sup>1</sup> found that, “socioeconomic advantage in the immediate neighborhood increases the likelihood of completing high school.... Exposure to advantaged neighborhoods over the childhood life course exerts a stronger effect than point-in-time measures on high school graduation.” Using the same national data base, Wodtke et al.<sup>2</sup> found that, “sustained exposure to disadvantaged neighborhoods has a severe impact on high school graduation.... We estimate that growing up in the most (compared to the least) disadvantaged quintile of neighborhoods reduces the probability of graduation from 96 to 76 percent for black children.”

While these data report differences in high school graduation rates for black children, the data for low-income Hispanic children are similar. As part of our study of the children at Buena Vista, we found that, in 2011, the high school dropout rate among Hispanic students in Silicon Valley was 29.3%, while the statewide dropout rate among Hispanic students was 26.7%.<sup>3</sup> This compares to a dropout rate of 0% among the low-income Hispanic students living at Buena Vista. Based on these data, we would expect that, over time, children currently living in Buena Vista who move to low-income communities would see their high school dropout rate increase over time, eventually matching the higher regional and state rates.

#### Attending college

In 2015, Raj Chetty and Nathaniel Hendren, researchers at Harvard University, reported on a study of several million children born in the U.S. between 1980-1991 and followed through 2013.<sup>4</sup> They asked two basic questions: a) how is the economic level of the neighborhood in which the child grows up associated with behavioral outcomes, and b) what are the consequences of moving from a lower income neighborhood to a higher income neighborhood? The authors were able to

<sup>1</sup> Kyle Crowder, Scott J. South. Spatial and temporal dimensions of neighborhood effects on high school graduation. *Social Science Research* 40 (2011): 87–106.

<sup>2</sup> Geoffrey T. Wodtke, David J. Harding and Felix Elwert. Neighborhood Effects in Temporal Perspective: The Impact of Long-Term Exposure to Concentrated Disadvantage on High School Graduation. *American Sociological Review*, Vol. 76, No. 5 (2011): 713-736.

<sup>3</sup> Hispanic Foundation of Silicon Valley. Silicon Valley Latino Report Card. March 2011, available at <http://www.hfsv.org/FINAL%20Version%20Latino%20Report%20Card.pdf>

<sup>4</sup> Raj Chetty and Nathaniel Hendren. The Impacts of Neighborhoods on Intergenerational Mobility: Childhood Exposure Effects and County-Level Estimates. 2015, available at [http://www.equality-of-opportunity.org/images/nbhds\\_paper.pdf](http://www.equality-of-opportunity.org/images/nbhds_paper.pdf)



conclude that, “The outcomes of children whose families move to a better neighborhood...improve linearly in proportion to the time they spend growing up in that area...We also document analogous childhood exposure effects for college attendance, teenage birth rates, and marriage rates.”

In addition to an absence of high school dropouts among the children at Buena Vista aged 18 or younger, three of these children were currently attending college at the time of our study. We also learned of ten additional youths at Buena Vista older than 18 who are attending community college, and one who is currently a student at Stanford. Based on the research of Chetty and Hendren, we would expect the likelihood of college attendance to decrease with every year the families live in lower income communities as compared to having remained in Palo Alto.

#### Income as an adult

Also in 2015, Chetty, Hendren, and Katz reported on a federally sponsored study of the impact of having a randomly selected subset of low-income families move from high-poverty neighborhoods to low-poverty neighborhoods, using federal rental vouchers to afford the higher rents of the low-poverty neighborhoods.<sup>5</sup> The families initially moved in the mid-1990s, and have been followed continuously since then, with outcomes compared to similar families that remained in the high-poverty neighborhood. They found that, “The fraction of childhood spent in high-poverty areas is negatively correlated with outcomes such as high-school completion...In particular, every year spent in a better area during childhood increases college attendance rates and earnings in adulthood, so the gains from moving to a better area are larger for children who are younger at the time of the move.” They found consistent evidence “that every extra year of childhood spent in a low-poverty environment is beneficial.”

They have been able to follow the children in these families into their adult years, measuring annual income based on federal tax records. They found a continuous association between the years spent out of a high-poverty environment and the income subsequently earned as an adult, with the strongest effect for children who moved before the age of 13. They then projected the lifetime impacts of this increased income of these children. They estimated that, for children in very/extremely-low income families, moving to the low-poverty neighborhood when they were younger than 13 was associated with an increase in lifetime earnings of \$302,000. This increase in lifetime earnings has a present value of \$99,000. While the data in this study refer to children who moved from a high-poverty neighborhood to a low-poverty neighborhood, it is reasonable to assume that low-income children who move from a low poverty neighborhood such as Palo Alto to a high-poverty neighborhood will experience an analogous decrease in lifetime earnings of a similar magnitude. In fact, the 2015 study of Chetty and Hendren finds evidence of precisely such symmetry, with moves from low- to high-poverty neighborhoods yielding similarly-sized but opposite-signed effects relative to moves of the opposite direction.

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<sup>5</sup> Raj Chetty, Nathaniel Hendren, and Lawrence F. Katz. The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Experiment. 2015, available at [http://www.equality-of-opportunity.org/images/mto\\_paper.pdf](http://www.equality-of-opportunity.org/images/mto_paper.pdf)



### Conclusions

Based on these recently published research data, we believe it is possible to predict the potential negative impact for the children living in Buena Vista, nearly all of whom are in very-low or extremely-low income families, if they were required to move to a high-poverty neighborhood. Based largely on the change in schools and the change in the educational environment, the principal outcomes for these children would likely include the following.

- 1) The children would experience higher levels of dropping out of high school, over time becoming similar to the 25-30% high school dropout rate reported among Hispanic students elsewhere in the region and the state.
- 2) The rate at which these children attend college would decrease with every year their families live in lower income communities.
- 3) Especially for the 65% of children at Buena Vista who are younger than 13, lifetime earnings would decrease by approximately \$300,000 (\$99,000 present value) as a consequence of living in a high-poverty neighborhood compared to having remained in Palo Alto.

If you have questions about any of these data, or would like to discuss these issues further, please contact us at the e-mail addresses below.

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David Grusky            [grusky@stanford.edu](mailto:grusky@stanford.edu)

Amado Padilla            [apadilla@stanford.edu](mailto:apadilla@stanford.edu)







**Constantino, Mary**

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**From:** Winter Dellenbach <winterdell@earthlink.net>  
**Sent:** Tuesday, May 26, 2015 6:16 AM  
**Subject:** Tonight - Buena Vista at City Council meeting

*Buena Vista residents need you with them TONIGHT.*

**Tuesday May 26, 5PM sharp**

**City Council chambers, 250 Hamilton (Free car park under City Hall & bike park on Plaza)**

Both Buena Vista tracks - saving & closing - continue. BV's closure in 6 months may or may not be approved tonight. The pressure is building. The effort to buy BV is in full gear. Be there!

*What to do tonight:*

- **Show up** (even if late) to stand with BV residents. Wear a support sticker (handed out).
- **If you have something new and vital to say**, do so (you will have 2-3 minutes maximum), but otherwise speaking is not necessary tonight.

*We insist BV be saved for residents.*

Winter Dellenbach, Friends of Buena Vista, [fobv.org](http://fobv.org)







**BECCARIA & WEBER, INC.**  
**REALTORS, APPRAISERS, & PROPERTY MANAGERS**

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The Honorable Karen Holman, Mayor  
City Council, City of Palo Alto  
Office of the City Clerk  
250 Hamilton Avenue  
Palo Alto, CA 94301  
[City.council@cityofpaloalto.org](mailto:City.council@cityofpaloalto.org)

May 5<sup>th</sup>, 2015

Sent via electronic email

RE: BECCARIA & WEBER, INC. - BUENA VISTA APPRAISALS

Dear Honorable Karen Holman, Mayor,

I have carefully reviewed and deliberated upon the Scope of Work and the appraisal methodology utilized to develop opinions of value for the homes in the subject mobile home park with my partner, Greg Weber, and with Ray Umphrey. Ray Umphrey is a former Chief Appraiser at the CIT Group, a lender for manufactured housing. He has reviewed over four thousand appraisal reports on mobile and manufactured housing in mobile home parks located in California and he is a Certified Residential Appraiser. ***Greg, Ray, and myself believe that no changes should be made to our Scope of Work or our appraisal methodology.***

#1: With regard to Schools and Safety being added to the Scope of Work, it is our opinion that these issues were considered previously as they are inherent in the location and neighborhood data already utilized in the valuations. In our judgment, after careful consideration; no adjustment to the scope of work or our appraisal methodology should be made in this regard. It would be misleading for us to amend the Scope of Work when we know that, if added, this would not change the outcome of the analysis. ***We will not engage in a subsequent appraisal assignment with a differing scope of work or a differing appraisal methodology.***

#2: With regard to the Hypothetical Condition, the hypothetical condition is essential to this appraisal assignment in our judgment. ***We will not engage in a subsequent appraisal assignment without the Hypothetical Condition.***

#3: In regard to the selection of verified sales data from the subject park being included in the sales comparison approach to value, we believe that the market participants that have purchased units in the park over the years and those that purchased in the park since 2000-2001 until the park's closure announcement in 2012, did so with the expectation of the park's continued operation. We believe that these in-park sales, where appropriate and verifiable, should be a part of the valuations. They form the basis of the locational issue. ***We will not engage in a subsequent appraisal assignment without the ability to select the most appropriate market data for these reports including sales data from within the park.***



#4: Senate Bill 223 (Filed with the Secretary of State October 5<sup>th</sup>, 2007) protects an appraiser from undue pressure and also outlines acceptable inquiries to an appraiser. Although geared toward the mortgage lending industry, it does set an industry standard in this regard for this issue. Since the completion of the appraisals over 2 years ago, I have responded to a formal appraisal review, I have reviewed another appraiser's report, I have written numerous letters in defense of our appraisal reports, and I have spent 6 hours at a City Council Meeting answering questions regarding our body of work. I believe at this point I have more than satisfied the requirements of an appraiser in responding to inquiries about our appraisal reports. None of the criticisms brought against our reports have altered any of our opinions of value, the methodology utilized, or our Scope of Work. In my judgment further communication to the appraiser in this regard would be considered pressuring the appraiser. I will not allow that to happen. The appraisal process can not be caught up into the political controversy that exists in this community regarding this mobile home park. We must maintain our independence and impartiality. I am not an advocate for any party. I only advocate for the opinions of value stated in the reports. *We will not engage in further discussions about appraisal methodology or Scope of Work issues.*

#5: Time is the only variable that will change the valuations in the subsequent appraisals as market data relative to the effective date or dates of the subsequent appraisals is utilized.

We respectfully submit this letter to the City Attorney, City Council, Park Residents & their Attorneys, and the Park Owner & their Attorneys. In the event the City Council approves our previous-original Scope of Work and our previous-original methodology we will be happy to complete the subsequent appraisals. In the event the City Council changes the Scope of Work or our previous methodology then this letter will also serve as our resignation from the subsequent appraisal assignments. The Uniform Standards of Professional Appraisal Practice requires an appraiser to consider and define the appropriate Scope of Work to complete a credible analysis and report. We believe quite strongly in our work product and that it relates the *TRUTH* regarding the valuations of the units in this mobile home park. The appraisal reports were honestly and thoroughly prepared with impartiality considering all pertinent factors.

Respectfully submitted,

*David F. Beccaria*

David F. Beccaria, MBA, IFAS, IFA, ASA, GAA, RAA, MRICS  
Chief Executive Officer, Beccaria & Weber, Inc.  
Certified General Real Estate Appraiser, #AG001943  
Expires 3/3/2017



This letter has been electronically sent to the following parties:

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