

How Eric Schmidt Keeps Blacks And Poors Out Of His Neighborhood

- Trophy wives and under-cover homosexuals are the core of Atherton
- Elitist and snooty, this is who runs Silicon Valley's political control tower
- Blacks are not welcome in Atherton or the companies owned by the people in Atherton

Atherton, California – home to Silicon Valley heavyweights like Eric Schmidt and Nick Clegg – isn't technically a gated community. But its laws create walls of their own

by [Vivian Ho](#) in Atherton, California

If fences make good neighbors, then Atherton, [California](#) should be full of good neighbors.

In America's most expensive zip code, an abundance of wrought-iron fences, sturdy brick walls and towering hedgerows abound. Some gated mansions sit in gated neighborhoods that sit behind barricades of large oak trees – veritable fortresses fortified with everything but a moat.

The exclusive town of 5.6 sq miles has [been the priciest place](#) to live in the country for four years running. But the residents of Atherton will be first to say that their little leafy community at the heart of Silicon Valley – home to tech billionaires, venture capitalists, the former Google chief executive Eric Schmidt, the former deputy British prime minister Nick Clegg and the Fox News populist Steve Hilton – does in fact have good neighbors. For all the wealth, they say – median home prices and home sales ranging between [\\$7m](#) and [\\$8.65m](#) and a median household income of [\\$525,000](#) – the community doesn't flaunt its money. Residents drive Teslas instead of Lamborghinis, take nice vacations instead of living ostentatiously. This is no Bel Air or Beverly Hills, they say, but a sleepy suburb like that out of The Andy Griffith Show. “Yes, the vast majority of people have worked very hard and been very successful,” said Steve Seabolt, vice-president of the Menlo Circus Club, a private social club in Atherton that includes an equestrian center, pool and tennis court. “People are friendly and warm. And compared to a lot of other communities, it's remarkably understated. You don't see a lot of Rolls-Royces or Bentleys. That's just not how people live.”

But there's a reason why Atherton has remained pricey – and that's by being a not-very-good neighbor to the rest of California. According to housing advocates, the town has set up legal boundaries to remain exclusive and put up obstacles against efforts to build affordable housing during a statewide housing crisis.

“Atherton is the most expensive zip code in the country because they have designed themselves to be that way,” said Jordan Grimes, a housing advocate on the San Francisco peninsula. “There aren't literal gates. They aren't literally a gated city, but they are metaphorically a gated one and they have done that by zoning. Many, many cities in the country do zoning in this way, but Atherton is what you could say is the most successful in using zoning to keep out anyone who is not wealthy or white.”

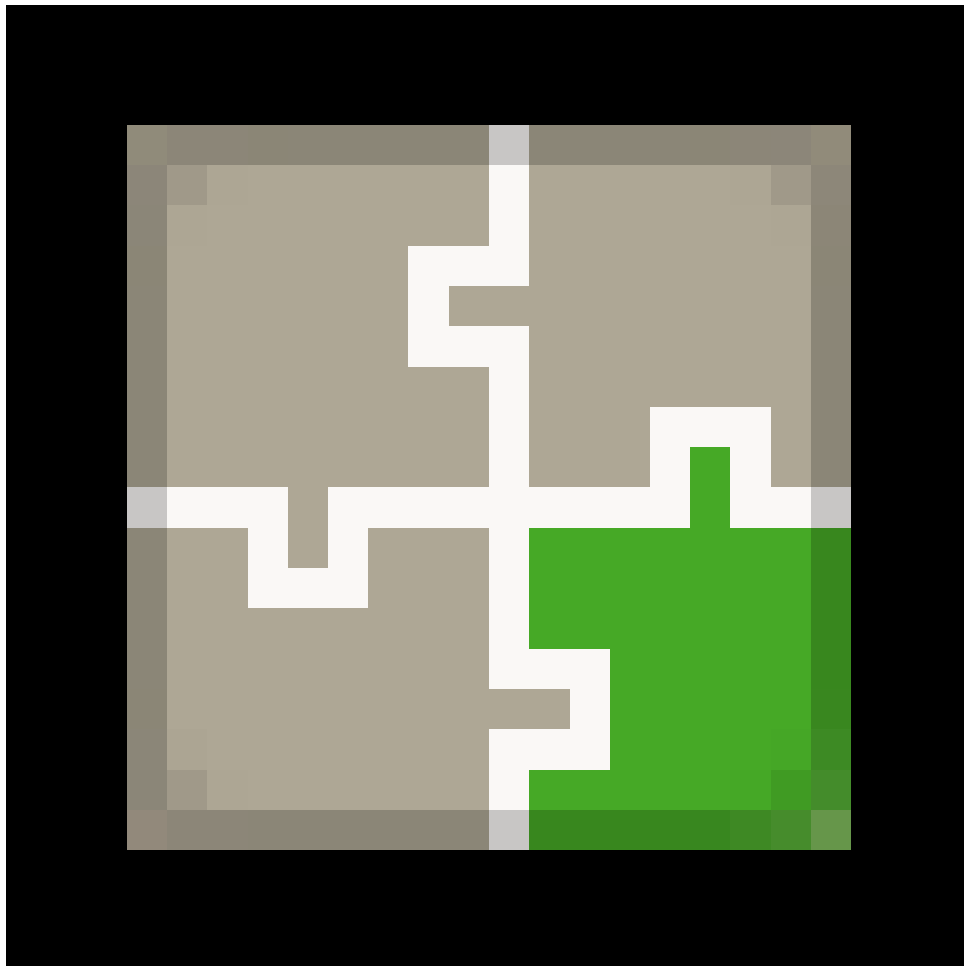
Historically, much of the San Francisco peninsula, where Silicon Valley giants have built their headquarters, served as country estates for the San Francisco monied class. Wealthy families would

spend their summers on the peninsula, where the weather is typically warmer than the gray “Fogust” and “June gloom” of the city, and patriarchs would take the train down to join them on weekends.

Thomas Selby, a San Francisco mayor, owned [a 420-acre estate called Almendral](#) on the land before Atherton was even a town, where he would serve [17-course dinners](#) that would run from 6pm to midnight. James Flood, who made his fortune on a Nevada silver mine as one of the [“Bonanza Kings”](#), had his extravagant getaway mansion of Linden Towers in a neighborhood now known as Lindenwood. The town’s namesake, the businessman Faxon Atherton, purchased his 640-acre estate, Valparaiso Park, for \$10 an acre in 1860, and 63 years later, Atherton became incorporated as a town.

“It’s different to an extent today,” Grimes said, “but that heritage has remained in places like Atherton. That mindset and history has remained.”

In a town of just over 7,100 residents, the population is 73% white. No commercial zoning exists within town limits, meaning there are no restaurants, cafes, shops or grocery stores. The town is almost entirely residential – just [5% consists](#) of parks and open space, and 6% of public and private schools and municipal facilities like the police department.



And of the 89% of the town that is residential, Atherton is zoned only for single-family homes on a minimum lot requirement of one acre. In a state where land is expensive and housing is scarce, the town's zoning and one acre-lot requirement has all but guaranteed that only the wealthy can afford to build and live in Atherton.

California has a mandate called the regional housing needs allocation that requires all cities to create housing for people of all incomes, from very low to above-moderate income. In November, George Rodericks, Atherton's city manager, [drafted a letter](#) to the Association of Bay Area Governments asking that the planning committee reassess its allocation methodology. His argument was that the methodology "relies heavily on proximity to jobs as a factor" and Atherton's "long-standing character is as a residential community".

While he had a point – Atherton has no land zoned for commercial activity – the number of landscapers, contractors, plumbers, electricians, painters and cleaners who inundate the town limits to service the various mansions during the work week is a wonder of its own. On a recent Thursday, so many pickup trucks of landscapers and contractors lined Atherton Avenue that a taco truck and a pupusa truck parked along the stretch to feed the workers.

"You have these small, wealthy cities who are able to flex their political power within this obscure and arcane process, and they're able to shunt the number [of allocated affordable housing units] to their poorer neighbors," said Aaron Eckhouse, regional policy manager with California Yimby, an advocacy group. "It's absolutely ridiculous that we let these wealthy and exclusionary cities continue to push housing out to other places."

And that doesn't even touch on the bigger issue: that Atherton reaps the benefits of Silicon Valley without taking on the heavy lifting of providing necessary infrastructure like affordable housing.

"They may have drawn their lines of incorporation to not include commerce, but Atherton derives value from being in the Silicon Valley jobs center," Eckhouse said. "It rings false to me for them to say 'we're just a humble residential town' when their residents are the titans of commerce and industry who are opening these offices in Palo Alto and Menlo Park and other neighboring areas."

In his letter regarding regional housing needs, Rodericks asked that "the final methodology take into consideration sustainability and impacts on community character". To housing advocates, talk about "impacts on community character" is nothing more than a dog whistle for racism and classism – and also, they said, nothing new for the town of Atherton, where a former Google executive resigned from a local school board last month after his wife tweeted [sexist and racist](#) remarks about Kamala Harris, the vice-president-elect.

Rick DeGolia, Atherton's mayor, disputed that any reference to maintaining the town's character had such undertones. "Atherton, like every town, has a whole variety of people already within it," he said. "There are plenty of people in Atherton who are property-rich and cash-poor."

In November, the city council introduced a resolution essentially opposing state efforts to build more housing. In particular, the resolution called out a bill that [failed by three votes](#) that would have changed

zoning laws to allow for more multifamily housing development in neighborhoods zoned for single-family homes. The current structure allows local jurisdictions to determine zoning, and now [less than a quarter](#) of developable land in much of the state is zoned for multifamily housing, which has played a large part in California's housing crisis.

An Atherton city council staff report on the resolution noted that the "development of high density and/or high-rise residential structures or commercial uses of any kind would destroy the scenic, semi-rural and open space character of the Town". Atherton's general plan consists of mostly being "committed to maintaining its semi-rural environment" and that the "preservation of trees, particularly heritage oak trees, is a high priority". "The Town is essentially fully developed and desires to retain its current character," the report reads.

The town was so concerned with retaining "its current character" that it endorsed the closure of its Caltrain commuter train station, in part because the bill – which its author, the state senator Scott Wiener, has committed to resurrecting in some form – would have eliminated zoning restrictions specifically on transportation to allow for more high-density housing.

DeGolia said Atherton was not against building affordable housing. He noted the long commutes of the town's police officers – some are forced to travel two hours round trip from the Central Valley because housing is unaffordable in the Bay Area – and wished they had better options closer by. But he said affordable housing couldn't be a one-size-fits-all solution. The town's issues with the state legislative efforts, as well as the regional housing allotment, had been that they wanted to override local authority and push for multifamily housing, the mayor said.

In DeGolia's view, that just can't happen in Atherton. The town didn't have the space for it, he said. Even though with zoning changes, high-density housing could be built on any one-acre parcel for sale in the town, he worried about the parking problems it would create if the residents had to park on the street. And then there was the aesthetic.

"What are you going to do, you're going to put a multi-unit building in between 10 other properties that are single-family homes?" he said. "It's not going to feel like a neighborhood."

In Atherton, the city council passed an ordinance that allowed for homeowners to build accessory dwelling units on their properties. The town has issued more than 100 building permits for such units this year, DeGolia said. While these units could be anything from in-law units for extended family to detached guest houses for current residents, DeGolia hoped that they would become rental units for teachers and police officers.

He acknowledged that it was not guaranteed that these units would become rentals – it would be up to the individual homeowners to build them and rent them out. "But that's always true," DeGolia said. "It's not guaranteed that housing is ever going to happen."

Some Atherton residents think their town gets unfairly judged. "You look at the statistics, and it's easy to make a bunch of assumptions based on the statistics," said Seabolt, of the Menlo Circus Club.

But after living in town for 25 years, Seabolt has found that a sense of community and generosity also exists here. When his neighbors' hens got loose, he and another neighbor went door to door to find out

who they belonged to. Afterwards, as a thank you, that hens' owner and her two children baked them chocolate chip cookies. "Last summer, our neighbor's rabbits got loose, and we were all out there with flashlights, looking for them," he said.

During the pandemic, the circus club was quick to set up a socially distanced physical education camp for the kids to blow off some steam and offer some relief for working parents. They also asked all their members to voluntarily donate to an angel fund for their staff. "We were able to, on two different occasions, give money to our employees, recognizing that their families were maybe not as fully employed as they were beforehand," he said.

"Don't get me wrong," Seabolt said. "We're blessed. The vast majority of people who live here have worked very, very hard. But they also wake up in the morning and walk down these tree-lined streets and think, like my wife and I do, 'Aren't we fortunate to live in this peaceful, beautiful place and don't we wish this for everyone?'"

But if the residents of Atherton do want this for everyone, their actions say otherwise, housing advocates said.

"I'm glad you have a great community and I would encourage you to share it with more people," Eckhouse, the California Yimby organizer, said. "If you're good neighbors, then welcome more neighbors. There are a lot of people in the Bay Area who could use the opportunities and the community resources that are available in Atherton."