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Gentrification in San Francisco: No One Right Answer

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Abstract

The Mission District is undergoing an uncontrollable second wave of gentrification that is arguably more intense than the first wave during the dot-com boom of the 1990s. As the Mayor of San Francisco Edwin Lee provided incentives to the tech companies in order to continue to keep San Francisco the leader in technology and increase jobs, more tech companies began locating their offices in the Financial District, attracting thousands of talented tech workers. Those tech workers moving into the Mission District put a higher demand on housing, skyrocketing housing costs. This high cost of rent has created a massive displacement of Latino residents from their apartments because they are not able to afford the rent. However, this paper focuses on the different factors that play a critical role not only in the displacement of those residents, but also in the disintegration of the Latino community, ultimately resulting in the exclusivity of affluent residents in the Mission District. A close look at these factors shows there is not one solution, but myriad solutions and most importantly enforcement of the laws that are needed to holistically address the true results of runaway gentrification.

Keywords: Tech companies and workers, high cost of rent, disintegration, Latino community and Mission District.
Gentrification in San Francisco: No One Right Answer

The Gonzalez family lived in the Mission District for many years. This group of twelve relatives crammed into just three rooms because that was the only way they could afford the rent. Lilian Gonzalez, who was born and raised in the Mission, and her extended family were caught up in the frenetic energy of redevelopment, wildly amplified in 1999 by the Tech boom. The family was shocked to find out that her landlord wanted to raise their rent to an amount of money that they could not afford anymore. As a result, they were tossed out of the Mission causing the disintegration of the family unit. Cousins were forced to move to Oakland, Lilian’s father went back to El Salvador, she, her mom, and her brother moved into the downtown area (Mirabal 14). This is just one example of thousands of historical stories of displaced long-term residents being sacrificed to what is dubiously called ‘improvements.’

To understand the current wave of expulsion, we must first examine the historical background of the Mission District's displacement. It has long been home to a number of immigrant groups, from the Ohlone Indians, to the Italians, Germans, Irish and now the Latinos, whose presence in the Mission became an end in itself (Garofoli and Said). The first recorded displacement in the Mission District took place in 1776 when the Spanish arrived forcing the Ohlone, who had lived here for at least 5000 years, to move to other cities. In 1906, the Mission District became a refuge for the homeless displaced by the earthquake and fire. Some of those homeless were Italians who had been living in North Beach before the earthquake, and the Irish who emigrated from Ireland trying to escape the Potato Famine, and the Germans and Scandinavians who arrived from South Market. Since then, the Mission District became a working-class immigrant neighborhood. The Latinos arrived in the Mission during World War II, some coming from the Rincon Hill area because the Bay Bridge construction forced them out.
Others came from what used to be the old Latino neighborhood located around the Lady of Guadalupe church in North Beach because the rent was increased, which resulted in the Latinos inability to afford the rent (Martí 2). History is repeating itself right now in the same way as hundreds of people are being evicted from the Mission. This rich culturally dynamic neighborhood has been subjected to a land grab that is in the midst of destroying an entire ethnic enclave for which many players have responsibility for its continuing disintegration.

The current Mission District’s significant displacement troubles started back in the 1960’s when San Francisco Mayor, George Christopher, supported the redevelopment plans to improve the urban built environment by renovating the deteriorated neighborhoods with the goal of “keeping the high income taxpayers” (Casique 2). The Mission District was just one of these neighborhoods and would be redeveloped because of its especially valuable downtown location, a gold mine for economic opportunity. While the Mission District’s residents were fighting against the urban renewal project, they were also grappling with gentrification because the transformation attracted a new group of professionals and white labor pushing aside the working-class community of color. By the 1990’s, San Francisco was positioned as the leading center of technology because more tech companies began locating in the Financial District. In order to continue as a leading center of technology, many agencies and public officials offered an array of pro-business incentives: “the creation of a high technology business general fund, parking and transit amelioration policies, and the creation of an information technology resource center” (Casique 3). These pro-business practices enticed even more business which started building luxury offices replacing the older factories. Although tech companies were attracted to the incentives, they were severely affected and started losing customers during the financial crisis of
2008, which resulted in their downsizing. This led to a severe unemployment issue in San Francisco that was addressed by Mayor Edwin Lee in 2011.

In order to cope with San Francisco’s unemployment problem, Mayor Lee adopted the same solutions used by some agencies and public officials back in the 1990s. He provided a number of incentives to keep tech companies from vacating San Francisco. According to Los Angeles Times news article entitled, “Mayor Ed Lee faces fire over who benefits as S.F. booms,” Twitter was the first tech company to benefit from a “payroll tax break on new hires for companies that moved into underused buildings in the blighted mid-Market and Tenderloin districts. A city-wide tax break on stock-option compensation followed” (Romney). Mayor Lee opened up these new benefits to all the tech companies and was criticized vigorously for being too loose with Airbnb ordinances and regulation, which residents interpreted as an example of another “tech giveaway.” Lee was lauded for cutting the unemployment rate to half, the fastest wage growth in the country, he has gotten philanthropies to step up and help with the city’s problems from hospitals to schools (Romney). But while the city continues growing at a seemingly unstoppable fast pace, residents have great anxiety over an out of control housing problem that threatens to eliminate the very essence of what San Francisco’s Mission District is all about.

As more tech companies such as Twitter, Zynga, Yelp, and others are growing, they are also hiring thousands of talented tech workers such as programmers, developers, and designers from all over the world. “During the most recent 12 months [of 2016], the number of tech jobs grew by 4.6 percent in Santa Clara County, 2.6 percent in the East Bay and 6.8 percent in the San Francisco-San Mateo area” (Avalo). San Francisco has become a suitable place to live not only for the tech workers that work in the Financial District, but also for those that work in Silicon
Valley and its surrounding areas. From all neighborhoods in San Francisco, the Mission District has become the most desirable neighborhood to live because of its amenities, the cultural richness, and the transit accessibility of the area. Multiple bus lines as well two BART Stations that make it easy to commute to the Financial District. The Mission District is also close to the Freeway and Caltrain, which provide accessibility to Silicon Valley workers (Zuk and Chappel).

The gentrification problem begins when tech workers move into the Mission District starting an uneven housing competition with the long-term residents for available residential units, which has provoked the high cost of rent. According to Zillow, market-rate 2-bedroom apartments range from $3,500 per month in rent to $5,300 (Truong). As Los Angeles Times Article, “Dot-Com Boom Makes S.F. a War Zone” by Journalist Glionna, states, “Some [high paid tech workers] are willing to pay whatever price the landlord names, the dot-coms have driven up rents while displacing longtime tenants.” The Mission District at first looked like a bargain compared to Pacific Heights and other high-end neighborhood prices. However, tech workers do not pay attention to that and are buying houses because they want to enjoy the Mission’s culture. For example, “Mr. Roberto Hernandez talks about how a one-bedroom house in the Mission District was sold for $2 million in cash to a tech worker” (Pogash). But tech workers themselves are not the only ones buying property, Truong a writer from Mashable newspaper claims, “Facebook CEO Mark Zuckerberg purchased a home in San Francisco on the outskirts of the Mission — for $10 million.” But unfortunately dumping unusually large sums of money into housing immediately changes the flavor of a neighborhood.

The fact that the lower income people have to compete with those tech workers who can afford to live in those expensive units has far reaching consequences. A survey in which nearly all of the respondents were Latino stated that “77 percent of the 447 who answered the household
income question reported earning less than $35,000 a year, and nearly all spend more than half their income on rent” (Wenus, “Survey: Latino families in Mission struggle...”). The fact that they spend most of their income on rent provides us with a clear knowledge that this is also affecting their ability to provide adequate resources for their family such as healthy food, medical care, and education. The survey also provided statistics of this, “two in five families are not being able to pay for housing, food, or medical care at some point in the past year” (Wenus). It is more likely that Latinos must work in more than one job in order to provide those resources for their family.

The Mission District has been home for Latinos for so many years that they passionately resist the idea of moving out from their neighborhood. The same survey states that according to city data of 2017, “the median income in the Mission has jumped to $96,000 a year compared to $92,000 a year for the rest of San Francisco” (Wenus). It is important to mention the fact that the Mission has gotten to the point that even middle-class residents are also afraid they will have to move out from the Mission. Ilan Greenberg, after reviewing multiple newspaper articles, wrote an article for The New Republic entitled, “I Left My Home in San Francisco,” in which he portrays the situation of middle-class people in the city. As one of his example he chose this one: Peter Orner, a novelist and professor at San Francisco State University, wrote in The New York Times that a young couple who rented in his Bernal Heights neighborhood was informed that the landlord decided to sell the property because the couple was unable to come up with a down payment for a mortgage. Orner expresses many people’s feelings when he says, “I fear that the more affluent this area becomes, neighbors—people who look out for each other—will become fewer and farther between...Lately in San Francisco, we seem to be comfortable tackling every progressive cause except for the question of where middle-class people … are supposed to live”
This shows that the Mission has become exclusive for upper-middle class people, which means that even middle-class residents are on the verge of disappearing. Greenberg emphasized on the fact that social scientists do not consider a form of gentrification when the more affluent are moving into middle-class neighborhood, they see it more as “an urban battle.” It is easier for social scientists to see how the low-income are being affected by the housing costs, but very difficult for them to recognize that the middle class are also going through the same situation as the lower class. The lack of attention to this critical element inadvertently creates a disappearing middle-class economic ladder which is historically necessary to enable the lower class to climb up and out of their lower status. Since the middle class is the stepping stone out of lower class deprivation, its disappearance forecasts a severe income disparity which in turn creates an atmosphere of extreme imbalance, leading to hopelessness and potential violence.

The disparity of financial obligations that exist for tech workers who support families and those who are younger and single are contributing to the discouragement of families in the area. Tech workers who wish to comment on the housing situation usually request to remain nameless because the tech companies have established restrictions on the tech worker’s freedom to talk to the press. If the reporters want to interview a tech worker, they have to submit a request to the specific tech company where that employee works. If the tech worker talks without authorization, the PR team told the reporters from KQED that “the story could be “weaponized” against the company, which was “under a microscope” (Harnett). However, there are some tech workers that are willing to talk about their situation. A Twitter Software Engineer, in his 40’s who earns a base salary of $160,000, talks about the fact that he pays $3,000 in rent which he thinks is “ultra-cheap” for the area for a two-bedroom apartment in San Francisco. He states that he would love to have a bigger apartment in which to live with his wife and two kids, but he
found himself competing with young tech workers who although are paying an expensive $2,000 for a single room are happy to share it with other workers of similar income who contribute to the high rent. He says, “Families are priced out of the market” (Solon).

Even though the tech workers are overwhelming the Mission District with their presence, we have to acknowledge that the tech workers, not necessarily experiencing great value as we see above, are simply taking advantage of the American free-market system skewed towards the wealthiest of us, regardless of the consequences. The landlords play a huge role in displacing long-term residents. There is a San Francisco’s rent control law, which protects the tenants that have lived in multi-unit rental buildings built before June of 1979. This law was developed to stop landlords from raising rent prices to tenants, but when the unit is empty the landlords can raise the rent to a market-rate price, which is known as “vacancy decontrol” (Zik & Chapel). However, the landlords started using the Ellis Act to evict hundreds of long-term Latino residents living there since the 1990’s. The Ellis Act permits landlords to empty out buildings by saying that they are going out of business because empty buildings are worth 20% more in profits when they are sold. Landlords, if they do not wish to sell the building outright, can sell those apartments and condominium conversions, for a higher price to new tenants “When abused, as tenant rights advocates argue it often is, the Ellis Act allows real estate speculators to purchase rent-controlled buildings, evict long-term tenants, and sell shares to people who can afford to own their own homes” (Kloc). The Mission District has the highest number of renters in San Francisco which means that because they are not owners, the Latinos would be more likely to succumb to eviction and displacement. A statistic shows that after Google began attracting thousands of high-paid employees to the bay area in 2005, the number of Ellis evictions tripled. Also, Ellis evictions grew 175 percent from 2012 to 2013 (Kloc). The San
Francisco Board of Supervisors’ budget and legislative analyst report stated that the population of Latinos could drop from 60% in 2000 to just 31% of the Mission by 2025. It's currently at 48%” (Truong). The Latino community is in imminent danger of disappearing in the midst of this uncontrolled process of power and money.

Landlords can legally evict their tenants by using the law that allows them or their relatives to move into those apartments. The law requires landlords and relatives to move into the unit within three months and live there for at least three years. However, NBC Bay Area did a survey in which they knocked on the doors of 100 houses where an owner move-in eviction took place, to see what the real situation was. They stated that “In 24 cases, nearly one in every four, neither the landlord nor their family member was living in the unit. In some instances, new tenants had moved into the home, paying significantly more rent than the previous tenants” (Shaban, Bott, and Villarreal). NBC Bay Area found the following case: Nicole Delise is a 4th grade teacher who was fraudulently forced to move out of her apartment in 2015 where she was paying $1,450. Her landlord Colin Lam told her that her apartment could get at least double if it was placed on the open rental market. Mr. Lam and his brother-in-law claimed that they were moving into the apartment. To find out if that was true, Delise decided to sue her landlord. They found out that the landlord’s brother-in-law could not answer simple basic questions about the apartment he was supposed to be moving into such as the number of bedrooms. The problem is that the city officials do not check to see if the owners really move into their own apartments. As a result, tenants are evicted without any alternative. The only way to know what is going on is for the tenants to play the role of detective (Shaban, Bott, & Villarreal).

This situation has reached the point where Mr. Hooshmand, a housing and tenants’ rights lawyer, explains that he gets at least one phone call a week and massive amounts of emails from
tenants that believe they have being wrongfully evicted. He expresses that there are tenants’
rights groups but they do not have a lot of resources to support all the people with needs. He
claims, “There needs to be a lot more checks and balances so that landlords can’t get away with
it” (Shaban, Bott, and Villarreal). Recently, District 2 Supervisor, Mark Farrell, has suggested a
proposal in which landlords and their relatives must present evidence annually, i.e. utility bills or
new voter registration, verifying that they are living in the apartments as they have stated. A
second proposal was introduced by Supervisors Jane Kim and Aaron Peskin, directing the city to
give jail time or fines to any owner that had wrongfully kicked out tenants to increase the rent
(Shaban, Bott, and Villarreal). By having these two proposals in the legislation, they think that
the city will have the landlords checked.

While the landlords are evicting long term residents, Mayor Ed Lee has seen this problem
veer out of control and looked for a solution while also supporting the tech companies to stay in
San Francisco. Mayor Ed Lee’s first goal was to create jobs for people, but in the last few years
he revised it to housing because he thinks that creating more housing projects can solve the
housing problems, “He has unveiled a plan to build or rehabilitate 30,000 housing units by 2020,
a third of them to low-income residents and half to middle-income” (Romney). While this can be
good for the Latino community, there is great debate on whether those housing projects are the
solution to tackle the housing problems that Latinos are facing. Mayor Ed Lee argues, “Luxury
building helps by preventing super-rich newcomers from displacing those in dwindling rent-
controlled units” (Romney). The explanation around this idea is that Lee has always tried to
encourage luxury building via bond measures as long as he could get philanthropic matches that
enable lower-income and middle-income housing to be part of the luxury housing equation.
However, for some people, like the Mission District Supervisor David Campos, the thinking is
that this is not the best idea, because this will attract even more high-income people to San Francisco. He expressed that there would be a time when we won’t have any more land.

While Ed Lee supports the housing projects, the developers are taking advantage of that to create those giant housing projects. But the problem is that developers are just creating luxury housing projects without being forced by fair laws to pay enough attention to the long-term residents’ economic stability. In addition, those projects have a limited required percentage, 25% of affordable units, which is not enough to keep the Latino community in the Mission District or at least in San Francisco. Hwang says, “To retain the Mission’s cultural character, San Francisco must construct a substantial amount of low-cost housing within the neighborhood.” She also added, “If a city really cares about building affordable housing, it must make it a priority” (Garofoli and Said). The battle rages due to the fact developers do not think about creating affordable buildings because they believe those buildings cannot be sustained by just low-income housing residents, denying them the huge profits they crave. The rules need to be made and enforced by our elected officials, not just for individual developer profits, but for the sanctity of the entire community and city. It is a complex balancing act.

In order to keep Latinos in the Mission, activists and nonprofit organizations are revising the housing projects. On February 24, 2017, the planning commission housing project voted to delay the 15th and Mission Street housing project because the Mission Economic Development agency, best known as MEDA, requested that the developers should include three things: more affordable housing as part of the plan, find a way to relocate the auto repair shop that the building would replace, and to make design changes because they claimed that it is a box-like structure and does not integrate with the location. The developers and the commission agreed to stay with the 25% affordable units that are required in that building. Some people argued that
MEDA has been opposed to any development within the Mission District. However, a MEDA representative said that MEDA is not opposed to every project. He stated, “The most important thing is that the project provides as much affordable housing as possible, retain blue collar jobs, preferably provide opportunities for immigrant families entering the neighborhood” (Wenus).

Even as activists are fighting against housing developments, Latinos continue to be displaced by the tech workers at an alarming rate.

Mr. Campos argues that the only solution that he sees is to stop the market-rate development in the Mission District until affordable housing is accomplished - a building moratorium. Mr. Campos sponsored Proposition I, which requires the city to stop building housing developments in the Mission for 18 months. During the time, the city would have to create a Neighborhood Stabilization Plan, to ensure that at least half of all new housing projects are affordable for middle and low-income residents in the Mission (Truong). However, the City Supervisor Scott Wiener claimed that the Mission moratorium is not a good solution to use to fight against housing problems. He stated, "We absolutely must do more to create new housing for people in San Francisco and protect those who currently live here from evictions, but halting construction of new housing should not be one of them. A moratorium will increase pressures on existing residents while depleting funding for badly needed affordable housing construction" (Truong). Some people argued that Weiner is right because the moratorium will make the rent rise thereby causing an ultimately expensive scarcity of housing. Mr. Campos added that halting market-rate development would also halt displacement of long-term residents. The San Francisco Tenants Union lawyer claimed, “the key goal was to encourage the city to come up with solutions that allow middle and low-income residents to remain in the neighborhood” (Truong).
The moratorium proposition was on the ballot for voters for the November 2016 election, but it was defeated.

Mr. Campos also claimed that the Airbnb is changing the Mission’s populace. He argues that there are more homes in the Mission advertised on Airbnb than in any other neighborhood in San Francisco. To be sure of his argument, Mr. Campos requested a study from the city, which “found that 29 percent of potential rental units in the Mission were listed on Airbnb. A San Francisco law enacted in February limits short-term rentals to 90 days annually” (Pogash). This created discontent between the Latino community and Airbnb. However, Christopher Nulty, an Airbnb spokesman, said that they are not responsible for the demographic changes. He said, “This comes from the same people who want to ban new market-rate housing in the Mission, ban home-sharing and make San Francisco more expensive for middle-class families” (Pogash). It is obvious that he wanted to protect his company’s honor, but Airbnb has a great impact on the displacement of the Latino community.

Many city agencies and community organizations have worked together to create a plan to tackle the housing problem called Mission Action Plan 2020 or best known as MAP2020. This plan aims to ensure that long-term residents will continue living in the Mission District as change happens without freezing the neighborhood or preventing newcomers from moving into the Mission District. It stated, “It is about preserving the ability for the neighborhood to house all incomes and not lose the affordable rental stock, business and the richness and diversity of the neighborhood along with it” (Morse). The plan has two phases; phase one focuses on seven key areas: Tenants’ protections, single-room-occupancy residential hotels, preservation of affordable units, production of affordable housing, economic development, community planning, and homelessness. To protect tenants, the city will create immediate programs and funding
mechanisms through the 2015 affordable housing Proposition A. Single Room Occupancy residential hotels (SROs) have traditionally housed individuals, but it has been used by families in recent years. The city wants to keep SROs’ as a housing option for individual residents. The preservation of affordable units focuses on tools to retain affordable housing stock. They also want to keep the economic growth by creating more jobs, businesses, artists, and nonprofit organizations in the neighborhood. The community will be able to participate in the City’s process for planning housing, transit, and community investments (Morse). Lastly, they will increase supportive programs for homeless and assign them a SRO or similar building. They state, "Phase two of MAP2020 will continue to address questions around the impact of market-rate development, and how these projects can continue to contribute to the goals of MAP2020 ... the Mission is expected to receive close to 2,000 new units of market-rate housing in the next three to five years, and close to 1,000 units of affordable and middle-income housing" (Morse). This plan looks forward to leveling the ground for the low and middle-income residents so there can be equitable, more balanced outcomes.

After examining all of this research, it is clear that tech companies and workers are not the only ones contributing to the displacement of the Latino community. As we can see, there are many other factors that are playing a critical role in these housing issues that we ignore for a number of reasons. One of the reasons these issues are ignored is because of a revolving door of blame between the participants, obscuring the speed at which change is happening. Lack of enforcement is a huge problem because it is difficult to afford the resources to check on all the necessary points. For example, it is hard to discern whether Airbnb units are operating under the 90-day rule, or whether the Ellis Act is being abused by landlords sending duplicitous eviction notices. Nevertheless, the city has been working hard to tackle these problems by creating
MAP2020, which has good solutions because the city is looking for ways to support the affected residents and include them in the process. Even though this plan promises good changes, there is a possibility that this plan may not be implemented. We do not know if, when, how much or from where the funding money will come. Who will be leading these plans and do they have tangled agendas of their own. How long would it actually take to bring these plans to fruition because delays do increase what was once realistic projections into the financial stratosphere.

But if this plan is set in motion, there is more to do to retain the Latino residents in the Mission District. I would suggest that whoever is the next Mayor, continue meetings where tech companies, developers, landlords, and public agencies gather together to propose more solutions in which each agent takes responsibility, in order to lower the housing market-rate. A very strong component in these meetings needs to be the appropriate enforcement agencies who will in the end really make things happen by enforcing the will of law. The tech companies should create houses for their tech workers. Though this can create controversy because it could be seen as a segregation of the most affluent, yet we need it. Companies will fight for what is best for them, but integration into other areas other than one neighborhood is part of compromise. A healthy community needs to have all types of residents in their neighborhood, not only the rich and the poor, and the city must keep in check all the landlords in the Mission District to make sure they are fulfilling their legal obligations. Only if all of these happen, will the Latino community have a chance to remain in the Mission District and their culture will survive.
Work Cited


