Twitter: Growing up greedy

By Geoff Link

S.F. TECH TAX BREAK PROGRAM GROWS UP

That was a Page One headline on a recent Chronicle story touting the maturing of the process and pledges of Twitter and the other tech firms getting the break on San Francisco's 1.5% payroll tax.

Certainly Twitter, in the contract for its 2014 community benefit agreement, goes on record promising to increase assistance to the neighborhood over what it gave under last year's CBA.

"As Twitter grows, it can continue to deliver an increasingly robust and meaningful CBA," the document avows, and the community applauds. Actually, that is boilerplate language, a script. All seven firms' CBAs say the same thing.

But a promise is a promise, and let's hold them to it.

Just how genuine and generous that gesture is is illustrated in some perspective on Twitter's sweetening of the few grants it awards directly to neighborhood groups at large — from $60,000 in 2013 to $100,000 this year.

That $40,000 for an entire neighborhood is equal to five months salary for an average tech worker. Is that a "robust" increase from a corporation that in the meantime has made 1,600 of its employees and investors millionaires?

The equation of 1,600 wealthy people all in 215,000 square feet at 10th and Market and 30,000 less fortunate in the surrounding two dozen blocks is hard to compute. Twitter's millionaires add up to more than 5% of our poorest-neighborhood-in-San-Francisco population. The 40 grand works out to $1.33 per person. Won't buy a cup of Blue Bottle.

Twitter's valuation rocketed from $9 billion in 2011 — the year the tax break passed — to $25 billion after it went public late last year. That was two months before the 2014 CBA drafts were due. Now it might be worth $50 billion.

That post-IPO value is several times Twitter's worth when it was in the throes of VC financing and probably bluffing when it threatened to leave town for metropolitan Brisbane. The mayor blinked, and here we are. Now the public offering has taken Twitter's stock way beyond Facebook's best day, making the city's giveaway $130 million and counting.

Another view of Twitter's $40,000 grant increase is that it's two-thirds more than last year.

That $40,000 also is 4% of $1 million, the bottom of Twitter's nouveau riche.

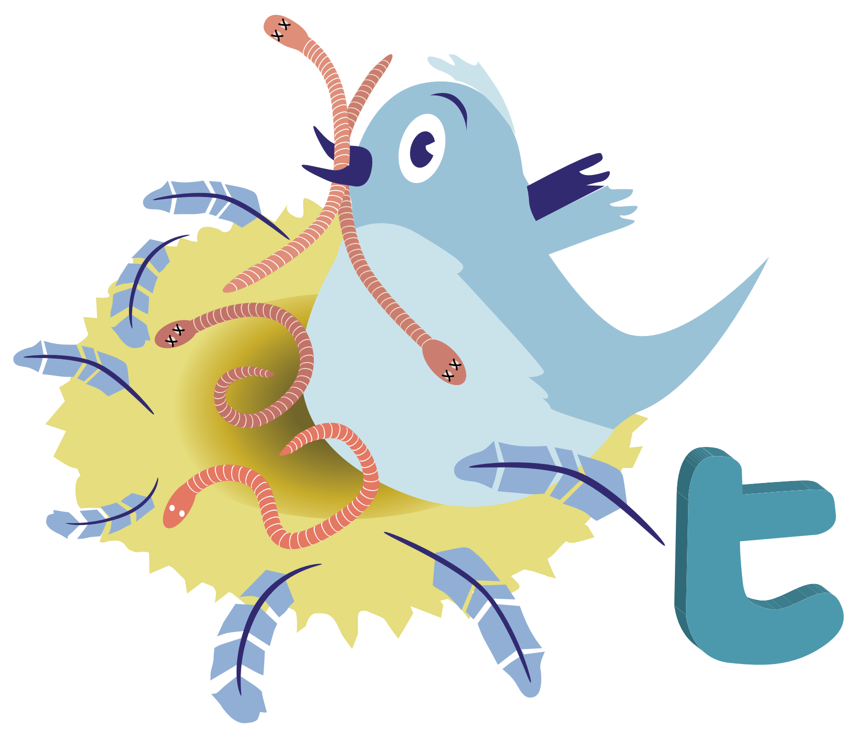
Seen another way, .00000000004%, give or take a couple of zeroes, is less than a teensy smidgeon of Twitter's overall worth.

Now I know that Twitter has put lots more than $40,000 extra into its 2014 CBA. The city administrator says it is $338,000 total this year. But $200,000 of that is in targeted grants to neighborhood services, and half of those targets have a bent toward tech: digital literacy, women in technology, education and homelessness.

How many nonprofits in the TL do you suppose "focus" on women in technology? Twitter continues to feather its own nest with each crumb it tosses to our hood.

Where is the city administrator's sense of fairness? Twitter skates on $130 million in untapped stock options while San Francisco's poorest citizens get poorer.

And when those citizens' required representatives ask about fairness or transparency they're told that's not any of their business. Just read Mark Hedin's front page account in this issue of the role the city has allowed the Citizens Advisory Committee to play.



Staff Illustration by Lise Stampfli

The 11-member body designated by ordinance as the community's voice in the process was admonished at its Jan. 2 meeting by Deputy City Attorney Marie Blits not to worry so much about the community getting its money's worth. She told the CAC members, in essence, that the committee's name defines its role: advisory.

In other words, the citizens committee could review and approve the agreements — or not. But it could not change or decide the CBAs' contents, or even know what the benefits are based on.

It was a public dressing down of the city's window dressing.

The Citizens Advisory Committee is required by Supervisor Jane Kim's Ord. No. 906.3-1 that cynically created a system to draft, negotiate and review the CBA contracts, while allotting the community the sole role of rubber stamp.

In the spirit of fairness and respect, the community must be able to have its voice heard and its recommendations acted on.

Nowhere in the United States is income inequality seen more clearly than in San Francisco with the images of Twitter and the Tenderloin juxtaposed side by side. Of course, not everybody sees it that way. ■

My Take is an occasional series of opinion pieces based on reporting and personal experience.

Boarded-up Grant Building goes on the block

By Mark Hedin

Supervisor Jane Kim maintains that her primary motive in co-sponsoring the Twitter tax break in 2011 was to counter the blight stubbornly afflicting the mid-Market neighborhood by helping to find tenants for long-vacant buildings.

Twitter and two other tech companies did indeed quickly sign leases for space in the long-vacant Furniture Mart, which Shorenstein Properties bought and fixed up that year with those clients in mind.

And the real estate market in general is churning furiously, lining the pockets of landlords and speculators which often, also, forces stalwart neighborhood organizations to move, consolidate or fold in the face of rising rents and terminated leases.

But through it all, the historic Grant Building at 1095 Market, which survived two major 20th century earthquakes and in recent decades nurtured the development of numerous neighborhood nonprofits, including the publisher of this newspaper, has been vacant for two years.

Of course, Kim's legislation succeeded spectacularly well, in terms of enticing Twitter and a host of other companies to relocate to the neighborhood. Some didn't qualify for the tax break but moved in anyway.

On the other hand, the Grant Building, has gone the other way. Bought in 2008 by the Peter Johnson family that immediately began booting the tenants until only The Extra's parent organization, the San Francisco Study Center, and Community Housing Partnership remained. The Study Center was the last to leave, in January 2012, concluding a tenancy of 40 years.

The Johnsons claimed that they planned to convert the building into a hip hostel, with a rooftop bar and restaurant, part of a $16 million restoration. The Planning Department approved those plans, yet the building stands vacant, boarded up by plywood panels painted black, a macabre blight at Seventh and Market.

The Johnsons went back to Planning in November and asked to extend their three-year permits that were about to expire. They cited the economic downturn and the family-owned LLC's limited means as reasons the hip hostel hadn't happened. Their request was approved.

But the Johnsons have no intention of completing the conversion. The Grant Building is on the market, for maybe twice the $9 million the Johnsons paid in 2008.

CBRE is handling the deal and coyly says the Johnsons are still setting the price, somewhere "north" of $15 million.

Peter and Simon Johnson ravaged a liberal bulwark, and now are squandering 140 offices amid the nonprofit real estate crisis. ■

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