

# Views from the hood in wake of tax break

## 'Should come from the heart'

I don't see volunteer service as something that should be included as part of the mid-Market tax break. Many of the tech companies have community service days where for a few hours on one day they plant trees, paint a hallway in a SRO hotel, work with kids, etc. These are all very worthwhile activities, but it's something that should be encouraged whether or not there is a tax break.

Community service should come from the heart. Corporations should encourage community service work to expose their employees to the area where they work, to further develop compassion, empathy and to use their skills to help make things better locally.

These companies have such a tremendous chance and opportunity to do something big that would make the quality of life so much better for our residents, but instead I feel that they are "twittering" the opportunity away.

When I walk down the street, I see affordable restaurants that my residents used to patronize shuttered and then reopened by something that serves the Market Street crowd — a bar, a venue, a gallery. I see my residents confined to the fewer and fewer blocks that offer services they can afford to use. I see the Tenderloin building owners trying to figure out how they can follow the money and cash in on this boom. Nonprofits, too.

What I see is that the Tenderloin's surrounding areas are becoming unaffordable and noninclusive to my residents. Not a good picture.

I don't want to negate all the positive things their employees have done, but the picture for my residents is grim and getting grimmer.

— KATHY LOOPER, CADILLAC HOTEL OWNER, MEMBER TENDERLOIN COMMUNITY BENEFITS DISTRICT



PHOTO: LUCCA RAVENTINKKE

## 'CBAs not taken seriously'



PHOTO: CARMEN BARSODY

At this stage of the game, the benefits and losses cancel each other out. Sure, there's an increase in the grant dollars and volunteer hours, but the soul-crushing income inequality gap is only widening and that, in turn, is fueling the housing crisis, especially for no- and low-income people. The community benefit agreements could have mitigated the problems brought on by such rapid growth, but neither the city nor the tax-exempt companies really took that possibility seriously, so here we are watching our friends and neighbors being swept away by the tide of displacement. The CAC tried, but it, too, has not really stepped up to the need.

— SAM DENNISON, FAITHFUL FOOLS, CITIZENS ADVISORY COMMITTEE MEMBER

## City funding trumps tech benefits

Though the tax break has led to the growth in partnerships between community groups and local businesses, the reality is that the resulting contributions have not come close to making the impact on the Tenderloin that \$33 million a year in additional funds could have. Hospitality House is grateful for the notable financial support we've received from Zendes, Yammer and Twitter, which has improved our programs and offset increasing operating costs. However, these contributions just can't take the place of multiyear government investment through tax revenue, which would support our programs in the longer term and address the growing need for services as we see more people coming through our doors for help.

The extreme economic inequality created by the rapid market-rate development has already resulted in physical and psychological displacement. Our own staff, many born and raised in San Francisco and hired from our community, can no longer afford to live in the city. Unmitigated, this trend will fundamentally alter the culturally diverse fabric that has historically made this city unique, vibrant and welcoming to all people.

— JACKIE JENKS, HOSPITALITY HOUSE EXECUTIVE DIRECTOR



PHOTO: TOM CARTER

## No jobs for TL residents

If you define the Tenderloin as a physical space of city blocks, easily highlighted on a map, then the Tenderloin has benefited greatly. Commercial rents are up, sales tax has undoubtedly increased, median wages for residents have gone up. However, if you define the Tenderloin as the community — the collection of residents, nonprofits and businesses occupying the physical space — and then you compare that group of people pretax break to their current situation, I would say they are doing either worse or the same.

Jobs haven't come for the community members — jobs have moved new people into the community, either displacing current residents or increasing density. The increased population leads to tension over occupation of public space. I have seen numerous small businesses leave and be replaced by more upscale establishments that attract a different population, and I have also heard stories of numerous nonprofit community spaces being forced out due to increased costs.

— PETER MASIAK SEIU LOCAL 21 ORGANIZER, FORMER CHAIR CITIZENS ADVISORY COMMITTEE



PHOTO: MARJORIE BEGGS

## 'It's been a great success'

My first reaction when people speak about how the city has lost revenue is to consider the jobs that would have been taken out of the city without the tax break. I'd challenge the premise that the city has lost money. If you take a step back and look at it as a tax policy, it's been a great success. Property taxes, transfer taxes, business and sales taxes — all are up.

Market at 10th and 11th now has all those restaurants. There's visible activity and they are a plus. They're economic drivers. The tech employees are the customers. Also, without the tax exclusion,

we wouldn't have the activities of the community benefit agreements. At Kasey Asberry's demonstration garden next to Hastings' garage, tech employees have come and done cleanup. To me, the tech companies seem very active in the Tenderloin.

Mayor Lee and Jane Kim should get credit for taking the leadership on the tax break. Market Street was so bad for so long, it needed to reach critical mass to implement the herd mentality and bring other companies and changes along.

In the aggregate, the overall changes probably wouldn't have happened without some tax changes. When the tax break expires, I don't think the benefits will disappear, though the growth may even out a bit. It's put the city in a better bargaining position — the city took a gamble and it paid off.

— DAVID SEWARD, HASTINGS LAW SCHOOL CFO

## Getting real about the deal



PHOTO: COLIN HUSSEY

District 6 voters thought they were electing a progressive candidate in Jane Kim. She had an impressive history as a community organizer working for tenants' rights and was president of San Francisco People's Organization, a group in which I represented two community organizations.

When she championed the tax break, many community members felt she signaled a break with her previous progressive record, taking a more pro-business and moderate position.

Since then, many changes to mid-Market have occurred with little input from neighborhood residents. An advisory board was set up (but its

members are frustrated with the process imposed on them. There were benefit agreements included as part of tax break in order to secure the Board of Supervisors' support for its passage. Those were intended to counter adverse gentrification forces in the city, but the opposite is happening.

The mayor's office and others are pushing for changes to the neighborhood without including the residents at the table. If residents, actual voters, had been involved, they should be acting as liaisons with the neighborhood or neighborhood groups. This is not taking place.

The only community groups benefiting from the six benefit agreements are nonprofit agencies that have fundraising and community development departments (and put) their agencies' needs over actual mid-Market residents' needs and desires — new street furniture, planting of trees, assisting small businesses from being displaced, providing resident groups with technical assistance, financial assistance, and board governance. Instead, new entities have been developed and groups like Market Street for the Masses primarily speak on behalf of nonprofit agencies. I have not seen people from tech groups attend any regular community meetings such as Friends of Boeddeker Park, Alliance for a Better District 6, Tenderloin Futures Collaborative, or the Community Benefits District, unless invited.

— MICHAEL NULTY, ALLIANCE FOR A BETTER DISTRICT 6 EXECUTIVE DIRECTOR, TENDERLOIN FUTURES COLLABORATIVE ADMINISTRATOR

## High cost of living threatens the arts



PHOTO: CHRISTINA AUGELLO

We haven't applied for benefits, attended meetings, it hasn't been a part of our existence here. What supports the art is the artists. If someone puts on a show here, they might have 10 people putting in 200 hours each, actors, directors, designers. Take minimum wage: That's \$30,000 for a show that's going to have 400-500 people. That dwarfs everything else. We do 500 performances a year and have three full-time staff.

Theater like this has always existed outside the mainstream. You can't pour theater down people's throats. The artists do it because they have to do it to feel fulfilled. They participate because they need it.

Arts thrive when people can live inexpensively and have time to do their art. That affects a lot of things, not just the arts. The hippie and beatnik thing had a lot to do with the low cost of living. It's really threatened. A lot of pressure on artists and audience.

My sense of the Tenderloin companies that have 1,000 employees, 500 employees, they can get 20 people to come out, wear their T-shirts, clean up or do the food thing. We couldn't use 50 people for an eight-hour day! We could use 50 people in the audience. We don't have an advertising budget, so we don't get the tourists.

We've been scrounging all along. We get grants also, those are important. But when you really look at it, it's the artists.

— RICHARD LIVINGSTON, COFOUNDER AND MANAGING DIRECTOR EXIT THEATRE, PRODUCER OF THE FRINGE FESTIVAL AND DIVA FEST

## Have vs. haven't

Generating wealth for cities is a good thing. Employment, tax revenues, an increased standard of living — increased investment can bring all those. But if it's not equitably distributed, then it's morally and economically problematic; income inequality isn't only our era's defining issue, it's destructive.

At TNDC, all of our work centers around equity; in the realm of development, to me that means recognizing the problems that accompany development and both mitigating their negative impacts and assuring that low-income people and communities of color share in their benefits. That's the gauge against which I measure the payroll tax exclusion.

### Called Lee's bluff?

We will never know whether the payroll tax exclusion was needed to retain Twitter in the city — only its CEO and board truly know if the company would have moved to Brisbane without it. But, assuming it was, I think the direct impact was modest, and the jury is still out on the indirect impact.

The benefits offered through the CBAs have been positive, but they will pale in relation to the long-term displacement that could result from the tech boom that Twitter helped precipitate.

On the other hand, if sufficient benefits of the boom can be directed to Tenderloin residents and other low-income people, those will dwarf both the value of CBA programs and the forgone tax revenue.

### Beyond the CBAs

Ultimately, for me, the story will hinge on displacement. In the Tenderloin and throughout San Francisco, if the real estate gold rush results in significant production of affordable housing, then along with the other benefits of investment, the tax break will have been worthwhile. We are part of a coalition that is pushing market-rate developers to go beyond the 12%/20% affordability requirement under the current inclusionary housing law, and absent that, it will be hard for me to believe that the benefits have been equitably distributed.

The question that interests me now is, what will the next iteration of Central Market community benefits look like, once the current CBAs expire in two years? Opportunities to foster equitable development surround us, if we can find common ground.

— DON FALK, TENDERLOIN HOUSING DEVELOPMENT CORPORATION EXECUTIVE DIRECTOR

## Break fuels private investment

The Twitter tax break has resulted in the most private investment in the Tenderloin for nearly 50 years. It also had none of the displacement impacts in the Tenderloin predicted by opponents, as there has not been a single no-fault eviction in the TL since Twitter's arrival.

— RANDY SHAW, TENDERLOIN HOUSING CLINIC EXECUTIVE DIRECTOR

## Displacement getting worse

As an association of about 80 San Francisco health and human services nonprofits, (I see) two major impacts on our sector. The first is the displacement of nonprofit organizations from their office space and facilities where they provide services. Nonprofits need to be located where the people who need services are. But because rents in that area have doubled, tripled, even quadrupled, nonprofits are driven from their spaces when their lease is up. In many cases, they can't find affordable spaces or sometimes anything at all because landlords would rather have a tech tenant than a nonprofit, human services tenant. Even when they do, it can cost hundreds of thousands of dollars to improve the new space so you can use it for your services.

There's another impact: You hear a lot these days that teachers can't afford to live here, restaurant workers can't afford to live here. This is a huge problem in the nonprofit sector because more and more of our workers can't afford to live in the city. It makes it difficult to recruit and retain high-quality employees. We need good workers, like everybody else — and we need to be near BART, because our workers can't afford to live here, another reason we need to be downtown.

These things have been a problem for the last few years and they're getting worse, not better.

— DEBBI LERMAN, S.F. HUMAN SERVICES NETWORK ADMINISTRATOR

## 'Benefits just aren't there'

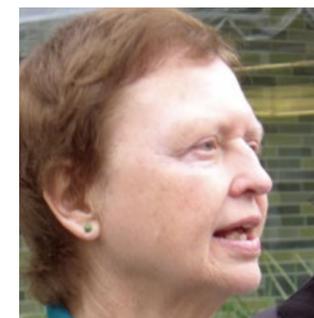


PHOTO: MARJORIE BEGGS

I personally don't know of any assistance or benefits conferred on the neighborhood. I was upset to hear the city is losing \$33 million, and I think the program should be stopped. I don't see benefits conferred back that are anywhere near the value of that sum. The benefits just aren't there. And when I read that nontech companies, like fitness gyms that are already financially successful, are getting the tax break, it makes me mad. I think it's time to return to collecting the taxes and getting that money into the General Fund.

— BETTY TRAYNOR, FRIENDS OF BOEDDEKER PARK COORDINATOR

## 'I don't think we have benefited'

As a community nonprofit that was displaced due to rising rents in our tech-converted building, I don't think we have benefited from the tech tax break. Sure, we have more coffee options and a nice organic grocery store, but that isn't really for the long-term residents of the neighborhood. Rents have gone through the roof, the Filipino community and other working-class folks are living in fear of eviction, and there are still a lot of people suffering on the street.

— SARAH JARMON, SURVIVAL SCHOOL DIRECTOR, SENIOR AND DISABILITY ACTION

## 'Benefits to the community'

I'm going to a meeting today of nonprofits and I know that many people there think the city and the neighborhood got shafted by the tax break. In the years since it was implemented, Curry has received cash donations from tech companies — I don't know off the top of my head how much to us, and I expect it amounts to hundreds of thousands of dollars for many Tenderloin groups — plus gifts for our clients at Christmas and tech volunteers for our Project Senior Vitality. A lot of this is like standard corporate giving. I think at first the tech companies didn't understand this or what it meant to contribute to the neighborhood. But Caroline Barlerin at Twitter and Tiffany Apczynski at Zendes got it and even have departments for their CBAs.

### Streets still mean?

I don't see much change around Turk and Leavenworth. We still find people on our doorstep, and when it's cold, they're lighting fires to keep warm all night — a dangerous situation. I've been here 25 years, and though I'm not so much less worried than I was before, I'm less wary. It seems the percentage of people who are scary has dropped. There are new businesses catering to tech company employees, but few of our clients or staff can

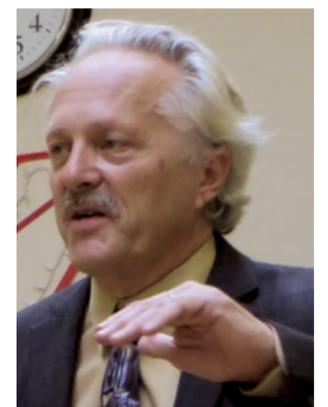


PHOTO: CURRY SENIOR CENTER