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Geek-driven gentrification threatens San Francisco's bohemian appeal

As tech industry booms, young and moneyed residents are driving housing costs beyond the reach of longtime residents



Rory Carroll in San Francisco
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Twitter's San Francisco headquarters is in Market Square, a downtown art deco landmark. Photograph: Stephen McLaren/For the Guardian

The Romans used to celebrate victory by building triumphal arches through which troops would march, blowing trumpets. California's new technology lords are not quite so flamboyant but there is no denying the sleekness of the citadels springing up across San Francisco.

Twitter and Yammer have led the way by moving into Market Square, a downtown art deco landmark where employees enjoy gourmet food, yoga studios, arcades and rooftop gardens.

Rising up beside it is the skeleton of what will be a luxury 30-storey apartment block which developers hope will attract young, moneyed tech workers. Meantime previously seedy neighbourhoods are being transformed by geek-driven gentrification.

"It's pretty amazing the changes you're seeing in neighbourhoods that not so long ago were considered undesirable," said Eric Turner, a realtor with McGuire ~~Real Estate~~, while exhibiting a \$1.45m loft. "There are a lot of tech buyers with cash."

A decade after the dotcom crash a new technology boom driven by Twitter, Google, Facebook, ~~Apple~~ and hundreds of startups is roaring through San Francisco, drawing thousands of workers and billions of dollars.

The boom is most apparent in the city rather than Silicon Valley, an appendage stretching 70 miles south along highway 101, and is prompting celebration and soul-searching.

"You are making our city vital, resurgent and strong," San Francisco's mayor, Ed Lee, exulted to entrepreneurs ~~at a recent TechCrunch awards ceremony~~.

The city now boasts 1,826 tech companies and is experiencing 30% annual growth in tech jobs. A reduction in payroll tax – the product of tech industry lobbying – is boosting the influx.



Wil the boom last? 'I don't know. But I do know we are already losing our artists,' said John Avalos, a leading progressive voice. Photograph: Stephen McLaren/For the Guardian

But some worry that rocketing property prices are driving out artists, intellectuals and middle-income families, gutting the city of its bohemian appeal, and that the boom will then collapse, repeating the dotcom bust's economic wreckage.

"Whether it lasts I don't know. But I do know we are already losing our artists," said John Avalos, a member of the city board of supervisors and leading progressive voice.

Share prices of ~~big players like Apple~~ and Facebook have tumbled amid concern the market for tablets and smartphones is saturated. Wall Street also frets that consumers' flight to mobile devices will hit industry profits.

But venture capitalists remain bullish, funding a vast, proliferating ecosystem of startups, and there is widespread conviction the current boom is based on real products in comparison to the 1990s internet souffles.

"I think we're collectively smarter this time around. I don't see the same excess, the super-elaborate parties with Cristal flowing," said Karen Wickre, Twitter's editorial director, as colleagues milled around the company's salad bar. "That said, hubris can always creep in. We all use Rome as an example."

Susan MacTavish Best, an entrepreneur-turned PR doyenne well known in the ~~technology sector~~, agreed the current exuberance felt grounded in reality. "This tech boom is far less ostentatious than what we endured in the late 90s. Cycling to work, late night hackathons and a surprising interest in foraging for one's food are the norm these days."

Tech arrivals were injecting energy, she said. "Our culture in the city is a culture of ideas and a fascination with the future. Robots and 3D printed art installations are very much part of the San Francisco fabric just as our symphony and opera have been mainstays for years."

The geek influx has boosted "~~nerd night~~", a regular gathering of mostly young people curious about science and art. Tickets for a recent outing to a sewage treatment plant (followed by beers at a pub), were sold out within two hours, said co-founder Bart Bernhardt, 36, a San Francisco native.

"What's fantastic to me is the level of creativity and talent. The city is being re-invented through hacker spaces, underground art collaborations, guerrilla science, music festivals. I'm constantly re-seeing my city through the excitement of others."

Bernhardt, who witnessed the dotcom frenzy, sensed perilous froth in the current boom. "It does feel very bubbly to me, the salaries, the rents, the sheer number of companies starting up." Many if not most of the startups would fail, he predicted, but that did not necessarily spell disaster since they would probably "fail faster and cheaper" than dotcom predecessors, and regenerate.



Jack Rikess is facing eviction from the flat he's called home since 1984 as his landlord hopes to raise his rent and attract the younger, richer potential residents. Photographs: Stephen McLaren/For the Guardian



Tech arrivals tend to prefer San Francisco, one of America's most charismatic cities, to the relative sterility of Cupertino, Palo Alto and other Silicon Valley outposts. Fleets of company buses with Wi-Fi allow them to commute and live in the city, prompting intense competition for apartments.

"Call it rebellion, but they don't want to live in Pacific Heights or Russian Hill or Nob Hill, the traditional desirable areas," said Turner, the realtor. Instead they moved into previously dilapidated areas such as SoMa, the Mission and Dolores Park, often paying cash. "You can't judge by appearances. A guy in torn jeans and a t-shirt could be the founder of a big company."

Hip bars, cafes and in some cases bike lanes followed in their wake. The Mission district,

once seedy and violence-prone, was changing fast, said Sandy Cuadra, a longtime resident. "Before I'd hear conversations about a fight here, a fight there. Now it's iPod this, Google that."

Average home prices in San Francisco jumped 15% to \$725,000 last year. Average rent jumped 12.9% to \$2,734 per month. Realtors expect that to accelerate this year.

One consequence is the building of pint-sized 220 square foot apartments which rent for \$1,300 per month, pricier than Tokyo and Manhattan's equivalents.

The property scramble spelled trouble for the poor and middle-income earners, said Ted Gullickson, director of the San Francisco Tenants Union, an advocacy group. Landlords were using a state law to override rent control and expel tenants: so-called Ellis Act evictions had tripled in recent months, he said.

The same thing happened during the dotcom bubble, but Gullickson said the current boom's apparent sturdiness meant the trend may continue indefinitely. "It's outsiders who come to work for Facebook, Google and Twitter and the like and they're sucking up the property. We need to restrain the tech companies to mitigate the impact on the existing community."

Jack Rikess, 56, a poet and magazine writer, and his wife pay about \$1,000 in controlled rent per month for a flat in the Haight-Ashbury district they have called home since 1984. The Grateful Dead and the 1967 summer of love blossomed a few blocks away, and a hippie vibe endures to this day. Three months ago the landlord sent Rikess, and his elderly neighbours in two adjacent apartments, letters requesting they leave because he wished to sell the building.

"Google kid" arrivals to the neighbourhood, said Rikess, had driven the market rental rate to over \$4,200 and the landlord wished to cash in. "We're being evicted because we've been here too long." Rikess is fighting the eviction but bracing for exile. "If we lose we'll have to leave the city, way out, 50 miles."

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