

Tech industry in San Francisco addresses backlash



Protesters in San Francisco block a Facebook bus heading to Menlo Park. (Liz Hafalia / San Francisco Chronicle)

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SAN FRANCISCO — It's the kind of backlash that Marc Benioff could never have imagined when he started the city's largest technology company 15 years ago in a Telegraph Hill apartment, some 30 miles north of Silicon Valley.

By starting a business software firm that would create jobs in the city and donate 1% of its profit to charity, Benioff believed he was building a company that reflected San Francisco's progressive ideals. And he says he's proud to have been a catalyst for the city's tech economy that has since grown to 2,000 companies.

But tech-driven gentrification and the "stinginess" of tech companies have created a powder keg, he says.

With the cost of living here at levels that almost no one but the most affluent can afford, protesters have taken to the streets to block luxury shuttles ferrying tech workers to Silicon Valley

companies.

In an incident signaling growing tensions, a protester hurled a rock through the window of a Google bus in Oakland in December. On Wednesday, demonstrators stood outside the Berkeley home of a Google engineer, protesting the company's work on military robots and the tech industry's role in driving up rents and evictions in San Francisco.

"This is an amazing place to live and an amazing place to start a company. It's great that [technology companies are] coming to San Francisco," said Benioff, whose Salesforce.com employs more than 4,000 in the city. "But they need to come part and parcel with a commitment to give back."

Tech industry leaders appear to be heeding his warning. They've launched a goodwill campaign to reboot the industry's image, promising to create more jobs and affordable housing.

Their first stab at reconciliation: addressing complaints about the 18-foot-tall shuttles that clog narrow streets and block city bus stops. The shuttles frequently cause delays for city buses, making some residents fume that they have to cool their heels in old dingy vehicles while those who work for some of the world's wealthiest companies get plush seats, tinted windows, air conditioning and Wi-Fi.

The standoff came to a head this week when San Franciscans turned out for a noisy public hearing to assail a pilot program to charge the shuttles a small fee for using city bus stops. They demanded that the city address the growing economic inequality.

The hearing came just hours after dozens of protesters blocked a bus bound for Google and another bound for Facebook for about 45 minutes, hanging a sign on one that read "Gentrification & Eviction Technologies."

Before the hearing, a Google memo gave employees who spoke at the meeting talking points to show how involved they were in the community, such as "I support local and small businesses in my neighborhood on a regular basis."

"This is what it looks like when the most powerful entity in the history of the Internet starts to realize people hate its guts," Alexia Tsotsis, co-editor of TechCrunch, wrote on the blog.

City transportation officials approved the pilot program, a move that is unlikely to quiet the growing animosity toward tech companies in San Francisco.

"Other than cosmetic changes I don't see any real changes by the tech titans," said Steve Zeltzer, a San Francisco labor activist.

As start-ups have poured into San Francisco in recent years and younger employees of companies like Apple and Google have chosen to live here and make the long commute to Silicon Valley, the pressure has proved too great on what remains a small city geographically, just 7 by 7 miles.

The sweeping gentrification has altered the character of some neighborhoods. And boorish behavior by some has earned tech workers the reputation of being entitled, elitist and self-absorbed.

In December, San Francisco entrepreneur Greg Gopman returned from vacation in Bali and logged onto Facebook to trash the city's homeless as hyenas who "spit, urinate, taunt you, sell drugs, get rowdy [and] act like they own the center of the city." He suggested "the lower part of society" would do well to keep to themselves.

Said Benioff, "We have a long road ahead of us to get people [in tech] to change their behavior."

There's a lot at stake for an industry that has made San Francisco the start-up capital of the world. Growing unrest could eventually force an ever-evolving industry to migrate elsewhere.

Last month, Benioff and technology investor Ron Conway gathered 30 technology chief executives to meet with Mayor Ed Lee to, in Conway's words, "leverage the collective power of the tech sector as a force for civic action in San Francisco."

After the meeting, an organization co-founded by Conway, sf.citi, said it would collaborate with other local organizations, including the school district, to create three committees to advocate for more affordable housing, philanthropy and technical education for residents.

Tech companies also are trying to address one of the louder criticisms: a tax break designed to get more companies to relocate to the Mid-Market area.

To get the tax break, tech companies have to agree to a community benefit program. But some of these were criticized, including one program to pay employees to write Yelp reviews of local merchants.

So some tech companies are hoping cash might help. Twitter, for instance, has submitted paperwork to the city that promises to raise its donations from \$75,000 in 2013 to \$388,000 in 2014, along with the company buying \$500,000 worth of products from local merchants.

"People have said terrible things and misbehaved in general, but I think for every one of those people, there are a handful more, 10 more, who are doing wonderful things," said Twitter co-founder Biz Stone, who is working on a start-up in San Francisco called Jelly, a question-and-answer service that enables users to pose queries to their social networks.

Rose Broome's start-up, HandUp, uses online crowdsourcing to collect donations for the homeless and the needy in San Francisco.

A woman who sells hand-crocheted dolls was able to raise \$200 to get a street vendor's license. A man whose clothes were infested by bed bugs was able to get a Goodwill certificate for clothes.

Broome, 32, gave up a regular paycheck as a data analyst to start the company after walking by a woman sleeping on a sidewalk. She wondered whether technology could have helped the woman find shelter.

"So many hundreds of people have reached out to us saying, 'How can we help you and how can we help our community?'" Broome said. "It's easy to say this is all because of those tech people on the Google bus, but the problems are more complex than that."

But even as it tries to put forward a better foot, the tech industry has found ways to trip over itself.

Recent news that Google has started its own private ferry service to shuttle workers to Silicon Valley has added fuel to the fire. And last week, men wearing earpieces were spotted guarding Google bus stops in the city.

Many cities would love to have the problems San Francisco has. The tech boom has pulled the city out of the recession. Employment in the sector has risen 25% in two years and accounts for 8% of city jobs. The city's unemployment rate has dropped to 5.3%.

But even with thousands of housing units under construction and more planned, the flood of hoodie-wearing geeks has contributed to making large swaths of one of the nation's most expensive cities even more unaffordable.

The median rent for a two-bedroom apartment is \$3,250, the highest in the U.S. The median sale price for houses is \$850,000. The National Assn. of Home Builders ranks San Francisco as the most unaffordable housing market in the country.

Many in the tech community say it's unfair they are being blamed for an affordability crisis decades in the making. They say the fault lies with city policymakers who have failed to meet growing housing demand or to find shelter for the homeless population.

Dima Voytenko, an engineer who is married with two children, also commutes to his job in Silicon Valley on a private shuttle. He says he too struggles to afford his increasingly expensive Cole Valley neighborhood.

He has lived in San Francisco since 2000 and says protesters were right to call attention to private shuttles not compensating the city for use of public bus stops. But he says the divisiveness is "kind

of unpleasant."

"We are not bad neighbors," he said. "I don't think of us [tech workers] as a separate category."

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