

# In San Francisco, tech boom has left people priced out of housing

March 15 2019, by Julie Charpentrat

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San Francisco, California has become one of the most expensive cities in the world—a result of the tech boom in the Bay Area

In San Francisco, far from the picturesque, winding streets in the hills, a glistening skyscraper represents how the country's tech titans have transformed the city —and made it one of the world's most expensive

places to live.

The figures are mind-boggling: average monthly rent for a two-room apartment in the city by the bay now runs to \$3,700, the highest in the United States.

And a household of four with annual earnings of less than \$117,400 is officially considered "low income."

Want to go visit the Facebook headquarters in the close suburbs? It'll take you two hours to go 30 miles (45 kilometers), day and night.

The Salesforce Tower—named for a cloud-based [software company](#)—now dominates the skyline. Each day, huge buses transport [tech](#) workers to the suburban offices of Facebook, Google and Apple.

All this wealth has sent real estate prices soaring across the Bay Area—from Silicon Valley in the south to Oakland in the east—and widened the rich-poor divide in a striking way.

Thousands of shabbily dressed homeless people wander along Market Street, one of the city's main shopping thoroughfares, not far from the headquarters of Uber and Twitter—as Teslas and Maseratis zip by.

With rent so high, some have taken to living in their cars, like Elizabeth V, a 59-year-old who works up to 16 hours a day as a security guard at one of the tech company buildings.



Salesforce Tower now dominates the San Francisco skyline—and highlights how the city has changed, becoming one of the most expensive in the world, meaning that homelessness has spiked

She earns just \$2,800 a month—not nearly enough to pay for housing for herself and her disabled brother.

"I guess we're kind of invisible because people don't think of us when they think of Silicon Valley. They think of the small minority of engineers that earn a ton of money," says Elizabeth, who wakes up every morning in her car—filled with clothes and boxes of food—in a parking lot in San Jose, in the heart of the tech corridor.

Cary McClelland, whose 2018 book "Silicon City" examines how the area has changed, says: "We see now a kind of homelessness that did not occur before—people who work, that is new."

## Skyrocketing evictions

Whether talking to politicians, housing experts or residents, everyone agrees that even though San Francisco—built on a peninsula—has always had housing problems, the situation has become far worse since the tech boom of 2012.

According to the Paragon real estate group, the average price of a house in San Francisco shot up from \$670,000 in early 2012 to \$1.6 million at the start of 2018.



"Housing is a human right," says a mural in San Francisco, where officially there are 7,500 homeless people

With the influx of tens of thousands of "techies"—software designers, programmers and engineers—whose salaries easily start at \$100,000 a year and go up from there, the cost of living rose quickly.

That triggered "skyrocketing evictions in the city (...) a huge number of businesses had to close," along with cultural institutions and non-profits, said McClelland.

"After the great recession (2008-2011), with so little place for [investment capital](#) to go elsewhere in the economy, so much of it came here and overheated the city," he said.

Servane Valentin, a French realtor, recalled that as of 2012 and 2013, "we saw young 'geeks' in their 20s and 30s arriving with much [higher salaries](#) and had no idea about money."

"They were ready to pay \$2,000 for a studio," a price far above the market value, says Valentin.



Cary McClelland, the author of "Silicon City," says San Francisco is seeing a

new kind of homelessness—people who have jobs and still cannot afford housing

## Reaction

Soaring real estate prices have certainly boosted the ranks of the homelessness—there are officially some 7,500 people living on the streets of San Francisco, a city of just 900,000 inhabitants.

But they have also driven out the middle classes, who now live in the far suburbs, with commute of two or three hours each way. That aggravates road congestion.

As a result, "we almost always have openings for certain lower-paying jobs, such as medical assistants" who cannot afford to live in the city, said Peggy Sugar, 55, who works in the health sector and has lived here for more than 30 years.

The same goes for teachers, firefighters, [social workers](#), waiters and delivery workers, among others.

Yet McClelland says this is not entirely the tech sector's fault per se.



Soaring real estate prices in San Francisco have certainly boosted the ranks of the homelessness—but have also driven the middle class out farther into the suburbs

"Tech is a beneficiary of what is a very complicated environment ... and hasn't figured out how to turn this investment that it's benefited from back to the public," he said.

Tech giants are becoming aware of the criticism leveled at them—and have started to react.

January saw the launch of the "Partnership for the Bay's Future," bringing together public and private organizations, including Facebook,



Genentech and several foundations, who pledged \$500 million to tackle the problems of housing and transport.

The head of Salesforce, Marc Benioff, recently came out in favor of plans to tax major businesses in San Francisco to help the homeless.

Twitter founder Jack Dorsey opposes the move.

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