

# San Francisco split by Silicon Valley's wealth

August 22 2013, by Jessica Guynn

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Every weekday starting at dawn and continuing late into the evening, a shiny fleet of unmarked buses rolls through the streets of San Francisco, picking up thousands of young technology workers at dozens of stops and depositing them an hour's drive south.

It's an exclusive perk offered by Apple, Facebook, Google and other major Silicon Valley companies: luxury coaches equipped with air conditioning, plush seats and wireless Internet access that ease the stress of navigating congested Bay Area roadways.

The private mass transit system has become the most visible symbol of the digital gold rush sweeping this city, and of the sharpening division between those who are riding the high-tech industry's good fortunes and those who are not.

"Some days I think of them as the spaceships on which our alien overlords have landed to rule over us," Rebecca Solnit, a longtime San Francisco resident, recently wrote in the *London Review of Books*.

Fueling the growing rift is a common belief that the vast wealth being amassed by the tech industry is not spilling over into the community.

Instead, activists say, the high-tech invasion is driving up the cost of living to levels that more San Franciscans cannot afford.

They say that a dramatic increase in rent, housing prices and evictions has sharpened [income inequality](#) and squeezed out more middle-class

families, small businesses, artists and intellectuals, the people who gave San Francisco its rich and diverse cultural appeal.

Ground zero for this growing array of grievances is the Mission District, a historically working-class Latino neighborhood where Victorian flats and newer lofts have been overrun by techies.

Heated bidding wars - especially in a half-mile radius of shuttle bus stops - have broken out, causing rents to soar, even double in some cases. Along shuttle routes, trendy new restaurants that serve high-end food and spirits have taken the place of corner stores and mom-and-pop businesses.

Anti-Google graffiti has turned up here, and activists recently held a small anti-gentrification rally at which they smashed a Google bus pinata. Last year, a Google bus driver was caught on video threatening a bystander for photographing a shuttle blocking city buses and bicyclists.

Ted Gullicksen, executive director of the San Francisco Tenants Union, said he fears that the techies are permanently inheriting the city and won't pack up and leave as they did after the 2000 dot-com crash.

"In the first boom, many of those companies went belly-up. Now we are talking about some pretty well-established Internet companies such as Facebook and Google. It's hard to envision them going belly-up, and that's what rescued us the first time around," Gullicksen said.

Unlike in previous booms, the tech industry isn't creating as many middle-class jobs or as much goodwill. The gap between Silicon Valley's high and low earners is widening, with average per-capita incomes going up while median household incomes have fallen for the third consecutive year, according to Joint Venture Silicon Valley, a private group that publishes an annual report card on the region.

In a region that lays claim to some of the world's wealthiest companies, food stamp participation has hit a 10-year high, and homelessness has increased 20 percent in the last two years, the group found.

That has led to some pointed criticism - some of it coming from within technology's own ranks.

San Francisco entrepreneur Chris Tacy admonished fellow techies about their boorish behavior in a series of blog posts after watching a young man reluctantly give up his seat on a bus to an elderly woman and then say loudly to his friends: "I don't know why old people ride Muni. If I were old, I'd just take Uber."

Techies frequently use their smartphones to hop rides with the Uber car service to get to and from work and around town. The gleaming armada of black town cars and limousines is another reminder to some in San Francisco of the growing divide.

Uber, which is headquartered in San Francisco, raised eyebrows over the Fourth of July weekend when it offered New Yorkers the "ultimate freedom from the crowds, the traffic and the long trip out East" to the Hamptons: a rented helicopter for \$3,000.

"Blair Waldorf, Don Draper and Jay Gatsby got nothing on you. This is the epitome of luxury, convenience and style," Uber boasted in a blog post.

It's just those kinds of showy displays of wealth that grate on people here.

Billionaire Napster founder and former Facebook executive Sean Parker spent millions on his fantasy June wedding in the woods of California's Big Sur. Last year David Sacks, a former PayPal executive who founded

Yammer, threw himself a birthday party rumored to cost \$1.4 million with the Louis XVI-theme "Let him eat cake."

Google's three top executives - Larry Page, Sergey Brin and Eric Schmidt - are building their own private \$82 million corporate jet center at San Jose International Airport. It will have five hangars on 29 acres, with one hangar large enough to accommodate a Boeing 747.

If resentment of the growing wealth and power of the tech industry is building, "we are bringing this on ourselves," Tacy said.

"A lot of people in the U.S. don't have economic confidence in the future and at the same time you have a lot of tech wunderkind becoming billionaires," he said. "It's a volatile combination."

Matt Brezina, who has founded two companies here and lives in San Francisco, says the wave of gentrification is inevitable. People are being priced out of San Francisco as they have been out of other highly desirable cities such as Manhattan, Tokyo and London. He acknowledges "a bit" of conspicuous consumption, but says it's not the norm for this generation of techies, many of whom have given millions to charity.

"We have a bit of a different culture here that kind of frowns on that," he said. "We don't wear Prada, and we'll drive a Porsche but not one we own. Who wants to own a car? We drive Porsches on track days at Laguna Seca."

But a recent article in the New Yorker magazine made some here squirm. The author, George Packer, pointed out that Silicon Valley has 50 or so billionaires and tens of thousands of millionaires, but also record numbers of poor people.

"After decades in which the country has become less and less equal,

Silicon Valley is one of the most unequal places in America," he wrote.

Jake Levine, general manager of Digg, said in a recent blog post that he was guilty of "pretty much every arrogance" the piece called out and pledged to become more involved in addressing real-world problems.

Theresa Flandrich, 58, who shares a small, \$645-a-month one-bedroom apartment with her 25-year-old son in North Beach, one of San Francisco's oldest neighborhoods, said she would like to see young, wealthy technology workers connect with the communities in which they live.

Most young technology workers order food and supplies online, so she doesn't run into them at the corner store. They keep their noses buried in their smartphones when they walk on the streets and don't volunteer in the community, Flandrich said.

She has seen a sharp uptick in evictions under the Ellis Act, the state law that allows a landlord to evict all tenants of a building if it is being taken off the rental market. And now she and the other tenants in her building - some elderly and disabled - have also received eviction notices. She is facing the prospect of leaving the neighborhood where she has lived for three decades.

Her son, like most young people, wants to be able to move out and live on his own even as the city gets more and more expensive.

So he's hunting for a job as a recruiter in the tech industry.

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