



OFFICE OF THE CITY ADMINISTRATOR



Edwin M. Lee, Mayor
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CITIZENS' ADVISORY COMMITTEE FOR THE CENTRAL MARKET & TENDERLOIN AREA

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MEETING MINUTES

September 3, 2015

5:45 pm

City Hall 1 Dr Carlton B Goodlett Place, Room 416

Order of Business

1. Call to Order/Roll Call

Members Present:

Rob Gitin (Chair, Seat 8)
Stephen Tennis (Vice Chair, Seat 11)
John Bogacki (Seat 4)
Brad Paul (Seat 5)
Sam Dennison (Seat 6)
Antoinetta Stadlman (Seat 10)

Members Absent:

Vacant (Seat 1)
Vacant (Seat 3)
Peter Masiak, Chair (Seat 2)
Julian Dash (Seat 7)
Vacant (Seat 9)

2. Approval of Minutes – March and May 2015

Minutes of March 5 and May 7 meetings approved (6-0)

* August 6th minutes were not official since that meeting did not have a quorum

3. Approval of Excused Absences August 6, 2015

Steven Suzuki, Julian Dash, Brad Paul, Eva Perring, John Bogacki and Peter Masiak were not able to make it to the meeting.

Motion to approve absences (B. Paul) and seconded (S. Tennis) – Approved 6-0.

4. Displacement in CMTA Presentation (10minutes)

Brian Cheu, Director of Community Development, with the Mayor's Office of Housing and Community Development (MOHCD). Oversees community development block grant HUD funds and affordable housing programs throughout the city. Focusing on non-profit displacement from various neighborhoods within SF. After a hearing on this issue, the

city convened a citywide non-profit displacement task force made up of all the major stakeholders. The working group created a set of findings and recommendations to the city, including technical assistance, the need to provide direct resources, and the potential to amend planning requirements. The SFBOS provided a mid-year supplemental to help provide both technical assistance and financial assistance to both art related and social service related non-profits in need. Northern California Community Loan Fund was picked to take the lead in assisting the non-profits seeking relief. MOHCD feels that partnering with outside philanthropic entities will be the best way to provide a comprehensive approach to work toward long-term solutions. The recent creation of CAST could be used as a model to help non-profits that are not art related but social-service related. In other parts of the bay area region there are models of social service non-profit “campuses”. For example, the Sorbato Family Foundation down the peninsula has been successful partnering with social service non-profits in securing and managing property on behalf of non-profits: <http://www.sobrato.com/cumulative-giving/> Many of the social service non-profits have expressed interest in areas in and around major transit (see BART), and prefer being near Market St. and/or the Tenderloin.

S. Dennison; noticing that the eastern neighborhoods are bearing the burden of high density of housing as opposed to toward the western neighborhoods, is there an ability to spread around the density instead of having it so concentrated?

B. Paul inquired about the possibility of using an “inclusionary housing” type model toward commercial property? Mr. Cheu said that generally speaking, legally there must be a tangible benefit for the company who’s building the community is seeking to provide square footage for non-profits, however if the city enters into a development agreement with a private company seeking to develop commercial property, these negotiations can be incorporated. B. Paul mentioned being creative about using the SB 395 mandate reducing greenhouse gases by a certain percentage to make sure developers provide adequate services within a commercial development. R. Gitin mentioned that the CMTA CAC is an actual example of how the city has worked with companies to enter into agreements to provide assistance for the community. R. Gitin is looking for hard data on the amount of displacements that have occurred within the non-profit community in SF.

See link to May 2014 report:

5. Presentation by Community Liaisons [Discussion]

This section of the agenda allows companies to present on their monthly progress for August 2015. Chair Gitin informed that this item will be tabled to provide more time to discuss item 7.

6. Vacant Seats and renewal process [Discussion]

CAC members who are seeking to renew need to apply to the SF BOS Clerk of the Board.

7. CAC Framework Amendment [Discussion/Possible Action]

The CAC to revisit the Framework of their committee and make possible changes to reflect current priorities.

- Discussion on amending the framework touched on displacement issues. Also discussion on having the next CAC meeting dedicated to discuss any amendments members would like to draft.
- Each member should talk with their respective communities to seek input on what edits the framework should be included, as well as speak with community liaisons and discuss the framework with them.

- Questions for liaisons:

How has the cost of housing affected hiring at your company?

How has the cost of housing affected employee retention at your company?

How has the cost of real estate affected your plans for expansion? If not how do they think the framework should change to address the goals they've been seeking to achieve?

- A. Zendesk: Tiffany sent the questions to executive staff members for input.

Generally speaking, there isn't a specific measure the HR department tracks, but have noticed the cost of living has affected the hiring ability for many entry level employees, specifically the cost of housing. Mid-size SF employee costs and compensation expectations are spiraling out of control, and their sized/matured companies are not able to compete with younger companies that have more VC dollars to pay staff more. Even other offices in historically expensive cities worldwide are approaching just half of the cost of living compared to San Francisco. Zendesk is looking more toward Madison, WI where they have many of their US employees to continue its growth. San Francisco will remain the company's headquarters, but much of the company's growth may occur outside of the city because the cost of increasing staff may not be financially feasible long-term. S. Dennison asked Tiffany to send over bullet points of a summary of the responses her executive team gave her.

Yammer: Kristina Fink, mentioned how the situation at Yammer is different than Zendesk, simply because they had a hiring freeze this past year after being acquired. One thing of note, was employee retention has been a bit of a challenge due to the cost of housing and/or the fact certain employees would prefer to be part of a startup (that hasn't been already acquired). Anecdotally, many employees live far away in the Eastbay near BART and commute into work, or live in a rent controlled apartment and are finding it hard to move to a comparable unit/neighborhood on the open market, because the price has

increased so drastically the past few years. Also, some employees have relocated to Redmond, WA where Microsoft's campus is located. Because the Yammer space is larger than they need (since the amount of employees has decreased the past year) Yammer has hosted a group free of charge at their space free of charge called Alchemist Accelerator that assists small startups just starting out, so the square footage at Yammer is not wasted. R. Gitin touched on the criticism about some tech employees not "giving back to the community or being part of the community/neighborhood" as a somewhat unrealistic expectation when the workforce may be very new to the area and they might have to commute over 90 minutes to where they live (because they can't afford to live in or closer to San Francisco). It is an unfortunate situation that prevents employees from having a more personal investment in the community. Kristina agreed, and mentioned that trying to have more volunteer events onsite has helped get more employees involved.

Twitter: Tom Tarantino expressed how the housing crisis does affect most people living in San Francisco and it is something that Twitter is starting to look more closely into how it affects their employees. Anecdotally, even recruiting existing employees within the company at different offices throughout the country/world has become increasingly difficult because the scarcity and high cost of housing in San Francisco is so drastically different than where they work/live. The high cost of housing affects employees who are trying to raise a family in a variety of ways. Many parents who are raising their children in San Francisco are grappling with the fact that their children's teachers do not live in San Francisco, and many end up leaving the bay area altogether. The affordability crisis in San Francisco affects the quality of life of all San Franciscans and Twitter is no exception. The company wants to work with community partners to try to find solutions to this complex problem.

Spotify: Mo Tracey, the HR team doesn't collect data on the affordability issue when hiring, but they do have a question in a survey that was sent company-wide (all 2,000 throughout the world) as to whether the employee felt they were adequately compensated for the work they do. Company-wide, 65% stated they felt they were adequately compensated, however that percentage drastically decreased when looking only at SF response: 33%. That response is the lowest percentage of all employee responses. The type of employees are primarily senior managers and engineers, which do receive a higher salary than other employees. The general consensus within the SF office (25 employees) is that their housing situation is precarious. Generally speaking a few years ago landlords looked to commercial leases at a minimum of 5 years, and many startups would have a difficult time committing to that far ahead, but now, landlords are looking to have shorter term leases to

capitalize on how hot the commercial real-estate market is, and young startups are actually seeking longer leases because they fear they won't be able to afford prices even four years from now. Mo announced that she will be leaving Spotify to work at a different company, but will be in San Francisco, and will stay in touch. The affordability issue is on the minds of most of her coworkers and her peers. CAC members thanked Mo for her participation these past three years. R. Gitin asked whether or not the affordability crisis has affected the hiring within Spotify's SF office. Mo said definitely. Three years ago the plan was to grow to 90 employees by this time, but in part, the cost of hiring new employees has curbed that growth.

S. Dennison asked how her coworkers feel about the current situation. Mo said that they are "pissed off" that the affordability crisis is so drastic, that even when they are working at what would be considered a well-paying job in most of the rest of the country, they feel that they are just barely making it.

One Kings Lane: Charlotte Burke, talked about how their call center used to be in San Francisco, but over the last few years the entire call center moved to Oregon because the cost of living was too great. In addition OKL has recently left the mid-market area because the lease was too expensive for the size of the space.

- Allen from Hospitality House talked about the affordability crisis affecting his work but also how it has affected him personally. Having lived in San Francisco for nearly 40 years, he only recently felt out of place in his own neighborhood. He feels that his new neighbors do not embrace the many multi-cultural aspects of San Francisco has historically offered. He also feels that there is less multiculturalism within the city and the lack of affordability is largely to blame. In addition co-workers and peers working in the social service industry are leaving the city at a large rate many leaving the bay area entirely. The COLA that Hospitality House gives does not make up for the rapid increase in housing cost and overall living costs in SF.

R. Gitin expressed his thanks for the input, and appreciated the CBA liaisons for their insight, since he doesn't know too many people within the industry, and was appreciative to hear how this issue has affected this sector as well. Looking forward it might make sense to have a few members (without violating the Brown Act) and liaisons meet to discuss this topic and seek how they could elevate the conversation. S. Dennison talked about the need for a better understanding of how affordability works, not just inclusionary housing but other aspects of the crisis, and has some concerns after listening to the liaisons speak of companies increasing salaries for some employees while not for others, which is just creating more of the income divide that feeds into what the affordable crisis is about. There's a frustration with critics of the affordability issue not seeking solutions,

but rather only placing blame or making “noise”. S. Dennison would like at the next meeting to identify a public forum (one or more) to continue this conversation and work together toward trying to solve this vexing issue. Perhaps having a panel discussion with stakeholders not just in the non-profit world or tech world, but have a wide spectrum within a forum discussion. B. Paul talked about how shifting policy is key, and the workers within the CBA companies who are affected would be helpful in shifting the policy. Enforcement is also needed to make sure individuals and companies aren’t abusing the climate. Building a new affordable housing unit is approximately 300 times the cost than “taking back a rent controlled” unit.

R. Gitin posed the question to see if the CBAs might be interested in continuing the conversation by hosting or helping bring other stakeholders to the table. Spotify is interested in hosting a forum on this issue and Zendesk is interested in participating as well. Zendesk has partnered with SPUR to host a forum on to seeking an answer to the question about what “affordable housing” in San Francisco is, co-presented by Compass Family Housing Services. Tiffany talked about potentially issuing a report to have this discussion have more weight. S. Dennison is interested in having a coalition of non-profits and tech companies to work together on bringing more people into this conversation and have set up a forum.

Kristina from Yammer appreciated the discussion this evening, and thinks meetings like “Talking Tech in the Tenderloin” are really impactful. She thinks having the CBAs look at an area within the complex issue of the affordability crisis and potentially tackle that specific issue together. Tom from Twitter feels confident that they will be able to be partners with this effort of continuing the conversation.

R. Gitin would like to have an agenda item to take inventory on what organizations/forums are already addressing this issue, and where the CAC might be able to fit in. Also, find out where city agencies fit in when it comes to putting together a forum of this type. In addition what topics does the CAC want to tackle within this issue, and how do they want to engage their respective communities that would be empowering and not divisive.

8. General Public Comment

None

9. Committee Members’ Proposed Future Agenda Items [Discussion]

10. Committee Members’ Comments and Announcements

11. Next Meeting Schedule [Discussion/Action]

Motion to hold the next regularly scheduled meeting October 1, 2015.– 6 approved, 0 opposed

12. Adjourned 8:03pm.

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