



MEMO TO THE PLANNING COMMISSION

HEARING DATE: OCTOBER 1, 2020

September 24, 2020

Case Number: 2020-008417
Project: Recovery Strategies
Staff Contact: Maia Small, Community Equity Policies and Strategies Manager – (628) 652 - 7373
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Recommendation: None - Informational

Purpose of this Hearing

Due to the COVID-19 pandemic and subsequent hazardous air quality caused by recent wildfires, San Francisco inhabitants are suffering an unprecedented health, safety, and well-being challenges that only accelerate the inequities of centuries of historic structural racism. The City of San Francisco and the Planning Department are acknowledging the historic inequities and are developing strategies to address the impacts of the current crisis on the American Indian, Black, Latinx and other communities of color.

In response to the pandemic, Mayor London N. Breed and Board of Supervisors President Norman Yee created the COVID-19 Economic Recovery Task Force hosted the Office of Resilience and Capital Planning. The Task Force is charged with guiding the City's efforts through the COVID-19 recovery to sustain and revive local businesses and employment, mitigate the economic hardships already affecting the most vulnerable San Franciscans, and build a resilient and equitable future. The Task Force is co-chaired by San Francisco Assessor-Recorder Carmen Chu; San Francisco Treasurer José Cisneros; Rodney Fong, President and CEO of the San Francisco Chamber of Commerce; and Rudy Gonzalez, Executive Director of the San Francisco Labor Council. The Task Force has been organized around the following economic recovery policy areas: Jobs and Business Support; Vulnerable Populations; and Economic Development. A report from their efforts is currently in draft form and will be finalized shortly. The Planning Department is beginning an analysis of their recommended actions, related to its purview, and will be working towards their implementation.

At the October 1, 2020 hearing, Ted Egan, City Economist, will provide an overview of the existing economic challenges and Carmen Chu, City Assessor, will provide a summary of the Economic Recovery Task Force report.

The enclosed material is background in support of a presentation and discussion at the October 1, 2020 hearing about the conditions the city faces and will be followed by hearing presentations in the coming weeks with recommendations specific to housing; small business, retail, and the public realm; and the office and hotel sectors; all with a focus on racial and social equity.

Required Commission Action

No action by the Commission is being requested at this time.

Recommendation: None – Informational

Attachments:

Attachment A – Current Health, Housing, and Economic Crisis

Attachment B – San Francisco Economic Update, Ted Egan, Chief Economist, City and County of San Francisco

Attachment A:

Current Health, Housing, and Economic Crisis in San Francisco

Introduction

The global COVID-19 pandemic and related economic slow-down are having major health and economic impacts in the city and around the state, the nation, and the world. In San Francisco, American Indian, Black, and Latinx communities, other communities of color, and people with lower income have been disproportionately impacted by the virus, exposing and amplifying the historic racial and social inequities. This year we also witnessed the murders of George Floyd, Breonna Taylor, and Ahmaud Arbery, which reignited the pain for many from the murders of Alex Nieto, Mario Woods, and Luis Góngora Pat in San Francisco, and many others as a result of police brutality and misconduct. As climate change contributes to extreme weather conditions, California's wildfires this year are bigger than ever before, the City's temperatures are hotter than ever recorded, and more emissions are coming from smoke than the state is reducing from climate action.¹

All San Franciscans' lives and routines have been changed and everyday life now involves stressful decisions about risk and exposure. Essential workers have been on the front line of addressing the virus's impacts including people working in health and safety and those working in food services, sanitation, education and human services, and other key fields. Many essential workers are at a higher risk of contracting COVID-19 and more people of color and lower wage workers tend to work in these fields. As the mandated shutdowns are gradually lifted, what remains are mass layoffs, worsened consumer sentiment, lingering community spread of the virus, risk of eviction and foreclosure, and increasing poverty in the American Indian, Black, Latinx, and other communities of color.

The future is uncertain – where and how we live and interact, how we work, how we care for ourselves and others, how we get around, how we learn, where and how we shop, and what we need and expect from government – is changing. Here, we look at how the crisis has and could continue to impact San Francisco, particularly communities of color, across these key issue areas²:

- Health and Wellness
- Jobs and Businesses
- Housing and Transportation
- Education and Caregiving

¹ Arango, Tim, Mike Baker, Maria Cramer, Giulia McDonnell Nieto del Rio, Bill Morlin, Brad Plumer, John Schwartz, Lucy Tompkins, Max Whittaker and Alan Yuhas, *10 Dead in California as Wildfires Spread on West Coast*, New York Times, September 17, 2020.

Graff, Amy, *San Francisco hits 100 degrees, shatters same-day record*, SF Gate, September 6, 2020.

Barboza, Tony. *Wildfires a massive threat to California's progress in cutting greenhouse gases*, Los Angeles Times, October 8, 2019.

² The Planning Department made an effort to check multiple data sources and select the most reliable sources. However, given the rapid changes, we still found discrepancies among reliable sources. We will continue to update key data points.

This short summary of our complex crisis is the beginning of a conversation on recovery strategies that can address the critical needs of the American Indian, Black, Latinx and other communities of color. San Francisco can reverse its historic inequities and open new possibilities for a healthy, just, and resilient city.

Health and Wellness

The COVID-19 pandemic and recent California wildfires are impacting the health and well-being of San Franciscans. COVID-19 deaths in the nine county Bay Area are low but rising.³ People of color are affected disproportionately by COVID-19. American Indians and Native Hawaiians infection rate is more than five times their share of the populations and Latinx people's infection rate is more than three times their share. Black people's death rate of COVID-19 is almost twice their share of the population and they are 3.57 times more likely to die from the virus than white people.⁴ COVID-19 spread rapidly through the city's homelessness population and it worsened the city's homelessness crisis.⁵

All of the neighborhoods that are most effected by COVID-19 are on the east side of the city and have higher concentrations of people of color. The neighborhoods with the highest rates of cases include Bayview Hunters Point, Tenderloin, Mission, Excelsior, and Visitacion Valley.⁶

Additionally, the hot weather and unrelenting unhealthy air from the wildfires is dangerous for vulnerable populations and those with respiratory conditions. Of San Francisco's youth, 18 percent of middle school students and 21 percent of high school students were diagnosed with asthma and the heat and fires only aggravate their condition.⁷ Some residents already live in areas with unhealthy air year-round in the eastern portions of San Francisco and people who live in areas with higher air pollution are 8 percent more likely to die from COVID-19.⁸

The challenges of overcrowding and unaffordable housing conditions, unemployment, limited access to technology, and essential services jobs in the American Indian community, Black community, and other communities of color have exposed those communities to COVID-19, air pollutants, and violence at much higher rates than the white population.

Jobs and Businesses

While the City took early and decisive action issuing an order for residents to shelter in place on March 16, 2020, the continued limitations on businesses profoundly impacted the economy. According to the

³ Census Bureau, Johns Hopkins University CSSE.

⁴ COVID-19 Data and Reports, September 2020. Online: <https://datasf.org/covid19/>; Britt, Robert Roy, *A Surprise Surge in Air Pollution May be Causing More Coronavirus Complications*, Elemental Medium. July 10, 2020. Online: <https://elemental.medium.com/a-surprise-surge-in-air-pollution-may-be-causing-more-coronavirus-complications-c444e82a659e>

⁵ Bond, Allison. *As COVID-19 surges among San Francisco's homeless, doctors face difficult choices*. STAT News, April 11, 2020.

⁶ DataSF, COVID-19 Data and Reports, Map of Cumulative Cases. September 21, 2020. Online: <https://data.sfgov.org/stories/s/Map-of-Cumulative-Cases/adm5-wq8i/>

⁷ SFHIP, *San Francisco Community Health Needs Assessment 2016, Asthma and Chronic Obstructive Pulmonary Disease*. Online: <https://sfgov.org/asthma/sites/default/files/2016%20CHNA%20Asthma%20%281%29.pdf>

⁸ Britt, Robert Roy, *A Surprise Surge in Air Pollution May be Causing More Coronavirus Complications*, Elemental Medium. July 10, 2020. Online: <https://elemental.medium.com/a-surprise-surge-in-air-pollution-may-be-causing-more-coronavirus-complications-c444e82a659e>

Bureau of Labor Statistics, the San Francisco metropolitan area lost a 11.6 percent of the area's total full- and part-time jobs between February and August 2020.⁹ According to Economic Tracker, the city of San Francisco lost 23.1 percent of its total employment.¹⁰ The unemployment rate in San Francisco increased from 2.3 percent in February to 10.9 percent in July 2020.¹¹

COVID-19 had a disproportionate impact on employment in low-income communities and communities of color. Lower- and middle-wage industries, including food service, accommodation, and other leisure and hospitality work has seen job losses over 50 percent during the pandemic.¹² Asian, Black and particularly Latinx residents are more likely than white residents to be employed in industries that have suffered significant job losses.¹³ In one area in the Mission District where 58 percent of residents are Latinx, 27 percent of residents work in accommodation and food service fields compared to about 10 percent regionally.¹⁴ For many in these sectors, opportunities to work remotely are few and workers face the difficult decision of working and risking exposure or staying home and not getting paid. People who work in the arts, entertainment, and recreation have also suffered significant losses in employment as compared to higher-wage sectors like finance and professional services.¹⁵

The number of small businesses open in the city decreased by 30.5 percent between January and August 2020.¹⁶ As some small businesses struggle and close, some of which are Legacy Businesses, neighborhood identity erodes, and the heart and soul of communities suffer.¹⁷ In cultural districts, this is of specific concern since small businesses contribute significantly to the culture of communities. Fifty-four percent of storefront businesses open at the start of the pandemic closed by August 2020.¹⁸ Federal funding to support businesses will end soon, which will probably lead to additional business closure and unemployment.

We know that office work, real estate, and the role of the Downtown will not be what it once was. As of September 2020, the percentage of employees traveling to work in the San Francisco metropolitan area was down 43.7 percent since February 2020.¹⁹ Similarly, tourism decreased 67 percent between 2019 and 2020 and will likely not recover until 2025.²⁰ With the risk if COVID-19 infection still high, workplaces and other indoor gathering spaces (such as libraries and museums) continue to grapple with how to

⁹ Bureau of Labor Statistics' Local Area Unemployment Statistics data, *Labor Market: San Francisco-Oakland-Berkeley, CA Number of Jobs*. September 21, 2020. Online at: <https://www.brookings.edu/interactives/metro-recovery-index/>

¹⁰ Opportunity Insights, September 2020, Raj Chetty, John N. Friedman, Nathaniel Hendren, Michael Stepner, and the Opportunity Insights Team. Online at <https://www.tracktherecovery.org/>

¹¹ Federal Reserve Bank of St. Louis, *Unemployment Rate in San Francisco County/City, California*, September 21, 2020, Online: <https://fred.stlouisfed.org/series/CASANFOURN>

¹² California Economic Development Department Data, June 2020.

¹³ Planning Department of IPUMS USA 5-year 2014-2018 data.

¹⁴ U.S. Census Longitudinal Employer-Household Dynamics Data.

¹⁵ Bureau of Labor Statistics, August 2020.

¹⁶ Opportunity Insights, Economic Tracker, *Percent Change in Number for Small Businesses Open*, September 2021. Online: <https://www.tracktherecovery.org/>

¹⁷ Seeto, Margot. *The Permanently Closed Bay Area Businesses We'll Miss the Most*. The Bold Italic. June 30, 2020.

¹⁸ SF Chamber of Commerce Survey, August 2020.

¹⁹ Bureau of Labor Statistics' Local Area Unemployment Statistics data, *Labor Market: San Francisco-Oakland-Berkeley, CA Mobility to workplaces*. September 21, 2020. Online at: <https://www.brookings.edu/interactives/metro-recovery-index/>

²⁰ Werner, Laurie. *Plunging San Francisco Tourism Isn't Expected to Recover Until 2025*, Forbes, August 12, 2020.

prepare the workforce, control access, reduce touch points and increase cleaning, and implement a social distancing plan in order to open their doors.²¹

Housing and Transportation

Where San Franciscans live and how they get around determines their health and resiliency during the city's current crisis. At the same time, San Franciscans' living situations and transportation preferences are changing as a result of it.

Many San Franciscans who struggled to afford the high cost of housing prior to this crisis may now have experienced a sudden loss of income and be unable to pay rent at all. Thirty-seven percent of renter households in California were unable to pay rent and were at risk of eviction as of July 2020.²² The delinquency rate for homeowners who are seriously behind in their payments is soaring in the U.S.²³ Furthermore, overcrowded living conditions put residents at a higher risk of infection, disproportionately impacting lower-income households, which have an overcrowding rate nearly double the city as a whole. Latinx- and Asian-headed households have the highest rates of overcrowding - more than double the citywide rate.²⁴ The Black and American Indian population has been declining for several decades.

One of the largest, upcoming risks to renters is the end of the temporary residential eviction moratorium on January 31, 2021. Nearly all evictions are prohibited and rents are not due until after this time. At that point, a number of tenants will be in a precarious position facing a potential eviction and nearly a year's worth of owed rent. Another pressing concern is providing safe, supportive housing for those experiencing homelessness as the streets are not safe from COVID-19 or unhealthy air. The Project RoomKey initiative has placed over 1,000 people experiencing homelessness in the city's hotels rooms.²⁵

While some struggle to afford their housing, others' income and wealth allow them to pay more than ever for a home. Sales of existing Bay Area single-family homes rebounded in June 2020, the largest jump recorded. The median price rose to \$1 million, up 4.2 percent from last year while San Francisco's median home sale price was over \$1.8 million, 2.4 percent higher than 2019.²⁶ The ongoing increase in median home price, even in a time of health and economic crisis, highlights severe disparities in housing security and income. While sale prices increase, rents for apartments in San Francisco have experienced the sharpest drop in the U.S.; however, rents are still the most expensive in the country.²⁷

Since people are spending more time at home, they may use public spaces and neighborhood differently than they did before the crisis. There is an opportunity to enhance the city's under resourced

²¹ Drucker, Zach, *The COVID-19 Effect on San Francisco's Office Space Market*, *sf.citi* (); April 30, 2020. Online: <https://sf.citi.org/news/the-covid-19-effect-on-san-franciscos-office-space-market/>

²² Nova, Annie, *How the eviction crisis across the U.S. will look*, CNBC, July 28, 2020.

²³ Orton, Kathy, *Serious mortgage delinquencies soared to a 10-year high last month*. The Washington Post, August 21, 2020.

²⁴ Planning Department Analysis of IPUMS USA 5-year 2014-2018 Data

²⁵ Episcopal Community Services San Francisco. Project RoomKey. Online: <https://ecs-sf.org/project-roomkey/>

²⁶ California Association of Realtors, *June home sales and price report*, July 16, 2020. Online: <https://www.car.org/aboutus/mediacenter/newsreleases/2020releases/june2020sales>

²⁷ ApartmentList, August 2020.

neighborhoods to include new and protect existing community services, outdoor spaces, and businesses within a 15-minute walk of where people live.

With fewer people leaving home to go to work, the city has seen a marked decrease in commuters. As of early August 2020, BART ridership was down over 80 percent as compared to last year and MUNI ridership was down 30 percent.²⁸ More people are walking and bicycling than before to get exercise, choose a different and potentially safer mode, or are left with no other options. Additionally, significantly fewer people are traveling to and from the city by airplane. San Francisco International Airport saw a nearly 100 percent decrease in the number of people boarding planes in April 2020 as compared to April 2019.²⁹

Education and Caregiving

Our education system has been halted by the pandemic and forced families and students to embrace distance learning. Caregiving infrastructure and safety to support our seniors, mentally ill, and incarcerated, among others, is challenged by the contagion of COVID-19.

There are 53,000 children in San Francisco who are currently not attending school and relying on their caregivers to support their learning and nutritional needs. The San Francisco Unified School District estimates that between one in thirty to forty of students experience homelessness.³⁰ Other families have limited time and resources to support their child's distant learning, including adequate access to internet. Over 100,000 San Franciscans either lack broadband home internet or basic digital skills.³¹ A 2018 San Francisco survey found that Black (81 percent) and Latinx (83 percent) residents had the lowest rate of home internet usage.³² The same survey found that 29 percent of households earning under \$25,000 don't use the internet at home. Many children will not be able to keep up with the demands of their schooling without a guardian's hands-on support or internet access.

Working from home, for many women, has "highlighted and compounded the heavier domestic burden" endured by women.³³ The gradual reopening is forcing women out of the work force or into part-time jobs while their responsibilities at home increase.

Healthcare workers in nursing homes and assisted living facilities and family members who care for their sick loved ones are at high risk of infection. As of September 19, 2020, 214 healthcare workers in San Francisco nursing facilities have tested positive for COVID-19.³⁴

Next Steps

Given these impacts to our communities of color and the city at large, the Planning Department (Department) will continue to collaborate with our partners: community members and City agency

²⁸ Economic Recovery Task Force Report, September 2020 Draft.

²⁹ Economic Recovery Task Force Report, September 2020 Draft.

³⁰ Mikaelian, Gasia. *Thousands of Bay Area students struggle to balance homelessness, education*, KTVU FOX 2, October 17, 2019.

³¹ City and County of San Francisco Digital Equity Strategic Plan, 2019.

³² San Francisco's 2018 Digital Divide Survey.

https://sfmohcd.org/sites/default/files/SF_Digital_Equity_Strategic_Plan_2019.pdf

³³ Cohen, Patricia and Tiffany Hsu. *Pandemic Could Scar a Generation of Working Mothers*, NY Times, June 3, 2020.

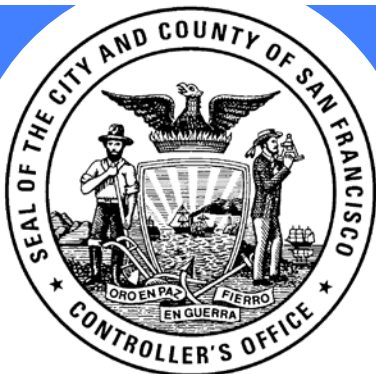
³⁴ California Department of Public Health, 2020. https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/COVID-19/SNFsCOVID_19.aspx

partners, such as the Mayor’s Office of Housing and Community Development (MOHCD) and the Office of Economic and Workforce Development (OEWD), and the Department of Public Health. The Department will build on the Economic Recovery Task Force (ERTF) Report, the Housing Priorities in a Time of Crisis memo, the Housing Affordability Strategies, and the Community Stabilization Initiative to draft the recovery strategies work program, identify priority projects, and design a schedule to share with the Commission later this year. Collective City efforts will inform the vision, planning, and implementation needed for recovery towards a more equitable city with equal opportunities for the American Indian, Black, Latinx, and other communities of color.

We will also continue to monitor the city’s conditions through data and by connecting to community voices in order to evolve our crisis responses as the landscape changes. The Department will create a roadmap to address these issues outlined above. Staff will provide briefings to the Planning Commission on topics such as: vulnerable populations, housing stability, the future of office, and small business and retail, among others as prioritized by our communities.

San Francisco has faced major challenges before and demonstrated strong resilience to overcome adversity. The state and local governments have acted with extraordinary agility and strength to provide an immediate response to the medical and economic impacts of the COVID-19 crisis. Our early action on Shelter In Place likely saved thousands of lives, averting a medical disaster in the region. Swift, decisive City action in the arena of housing now can stabilize San Franciscans impacted by the COVID-19 crisis, aid in the reopening of our economy, and support our long-term housing goals for an equitable, vital, and resilient San Francisco.

San Francisco Economic Update



CITY & COUNTY OF SAN FRANCISCO

Office of the Controller

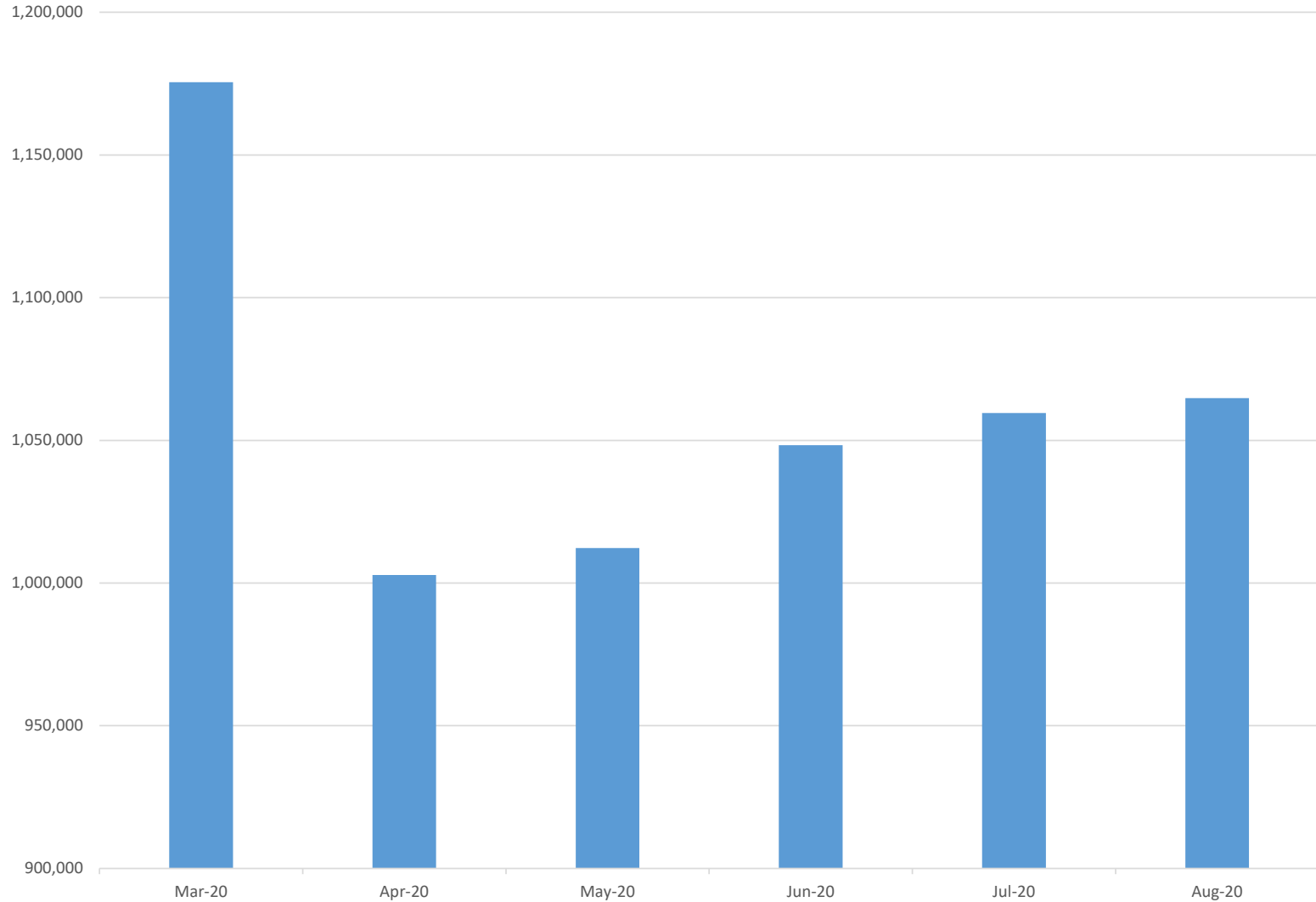
Ted Egan, Ph.D, Chief Economist

October 1, 2020

Local Jobs: 62K Recovered from 175K Lost

2

Total Non-Farm Employment in the San Francisco Metro Division, March-August 2020

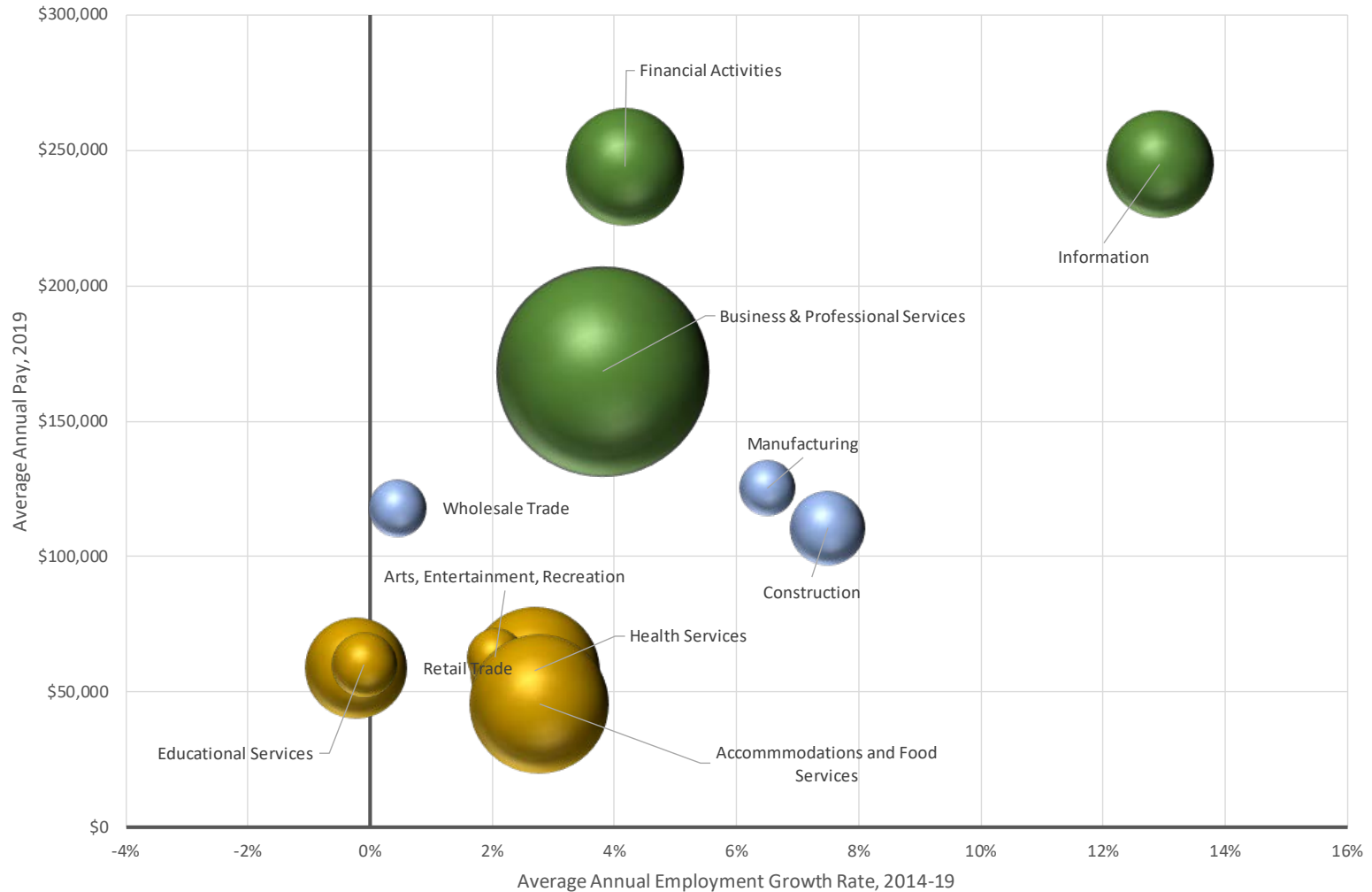


Source: Bureau of Labor Statistics

Pre-COVID, High Wage Industries Grew Fastest

3

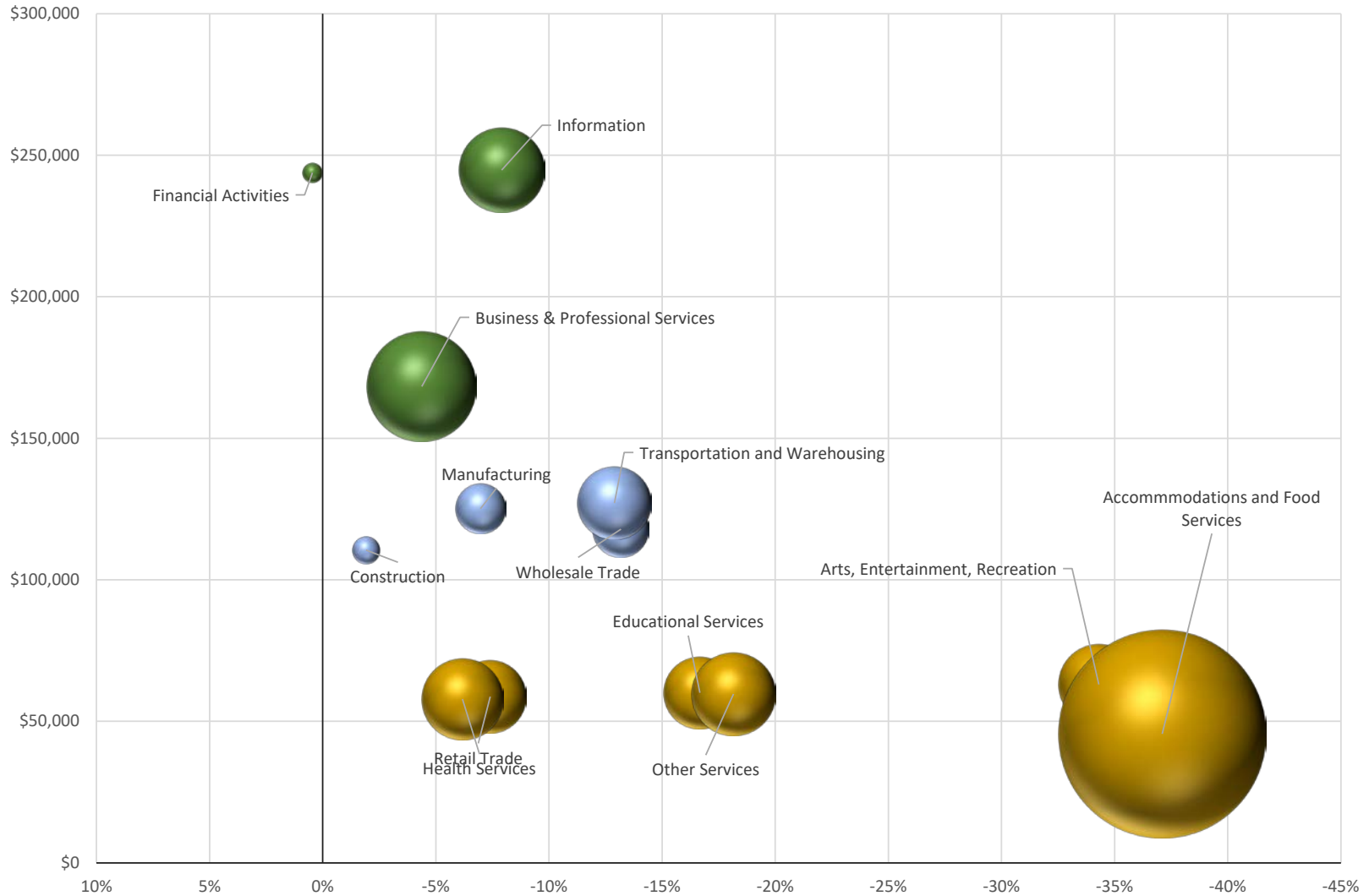
Average Wages, Relative Size, and Employment Growth Rate:
Industry Sectors in San Francisco



COVID Has Intensified That Trend

4

Average Wages by Percentage Change in Employment, February-August 2020:
San Francisco Industry Sectors

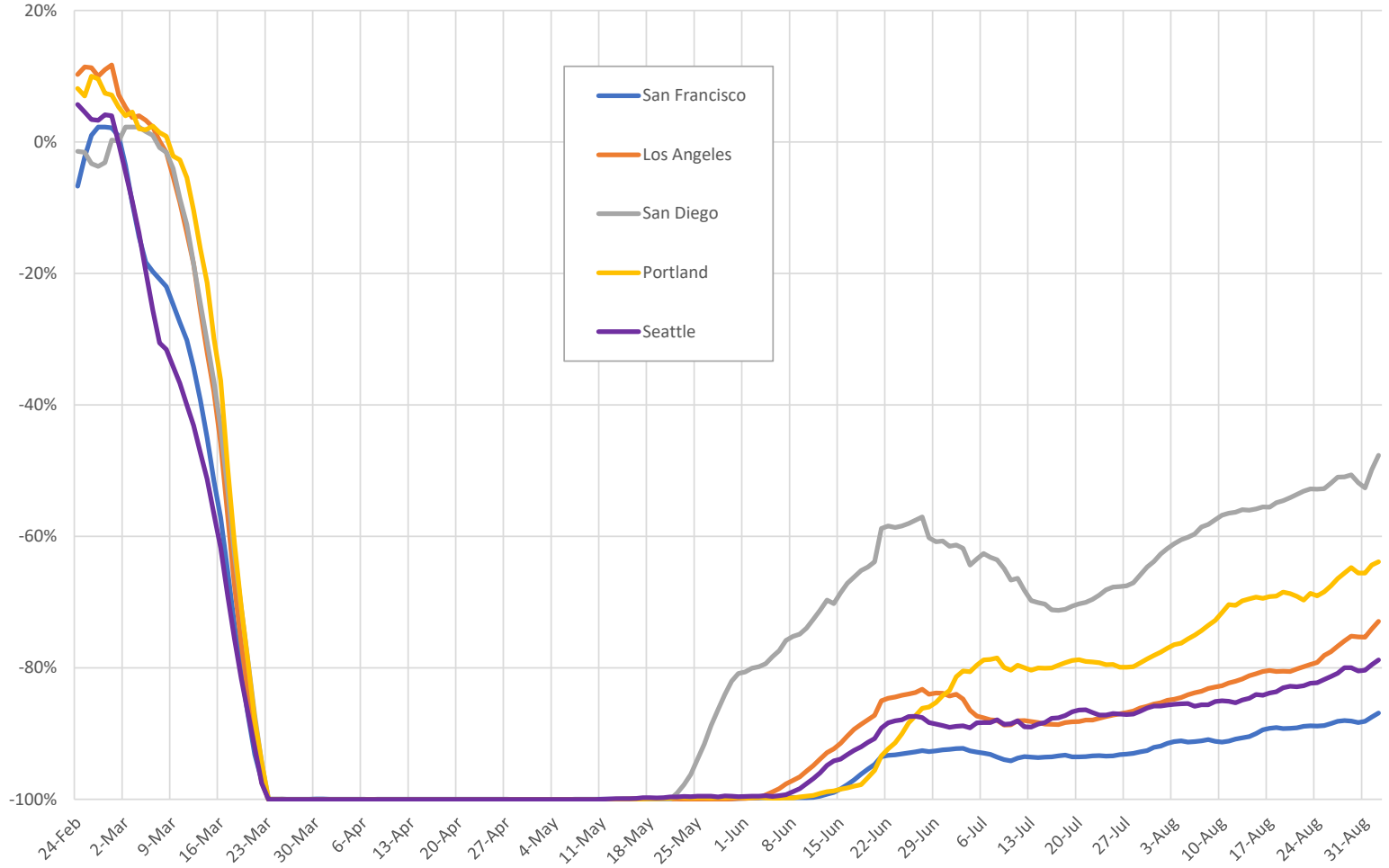


Source: Bureau of Labor Statistics

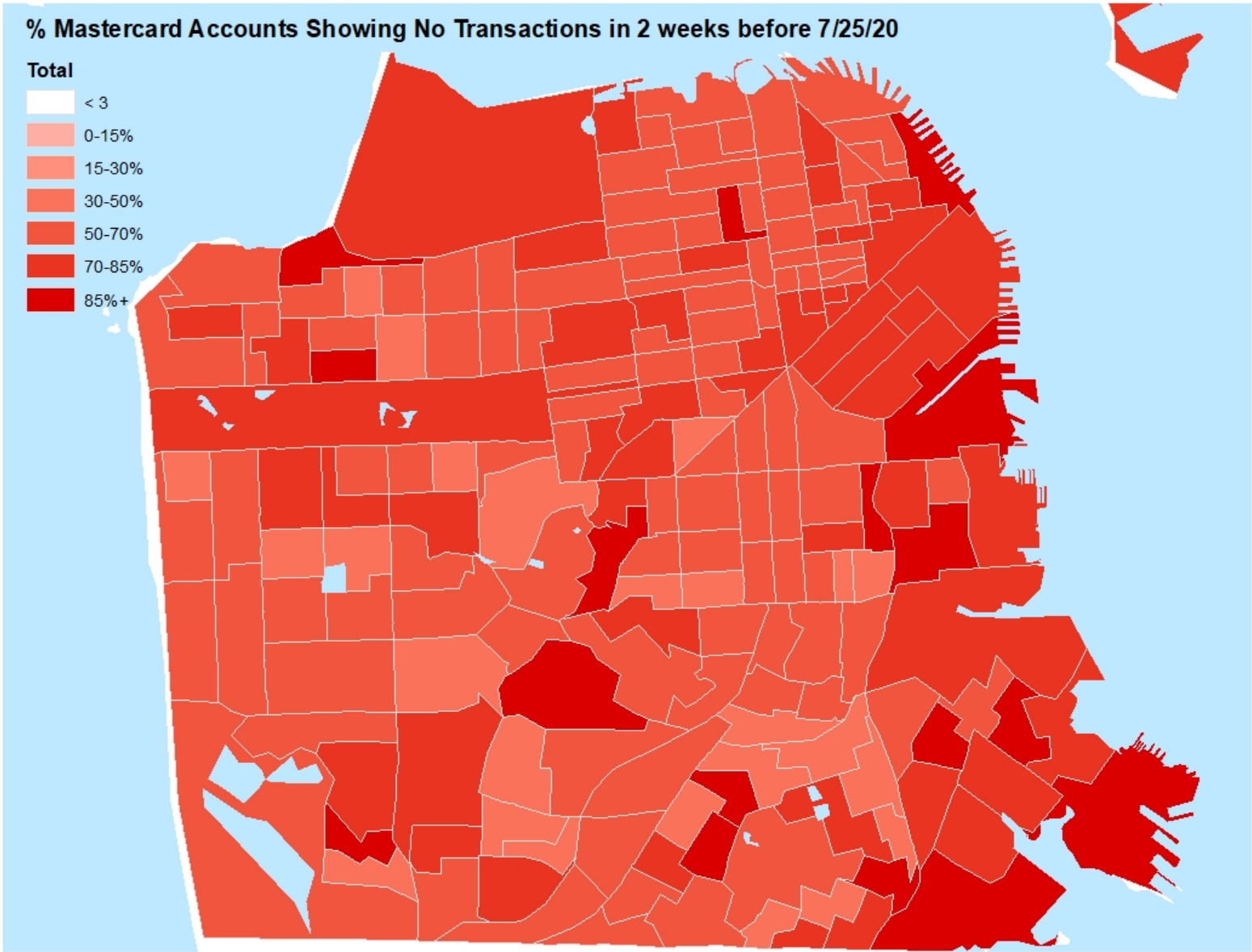
OpenTable Shows Weak Restaurant Recovery in SF

5

Seated Restaurant Diners from Reservations: % Change from 1 year before
San Francisco and Four Other West Coast Cities (through September 2)



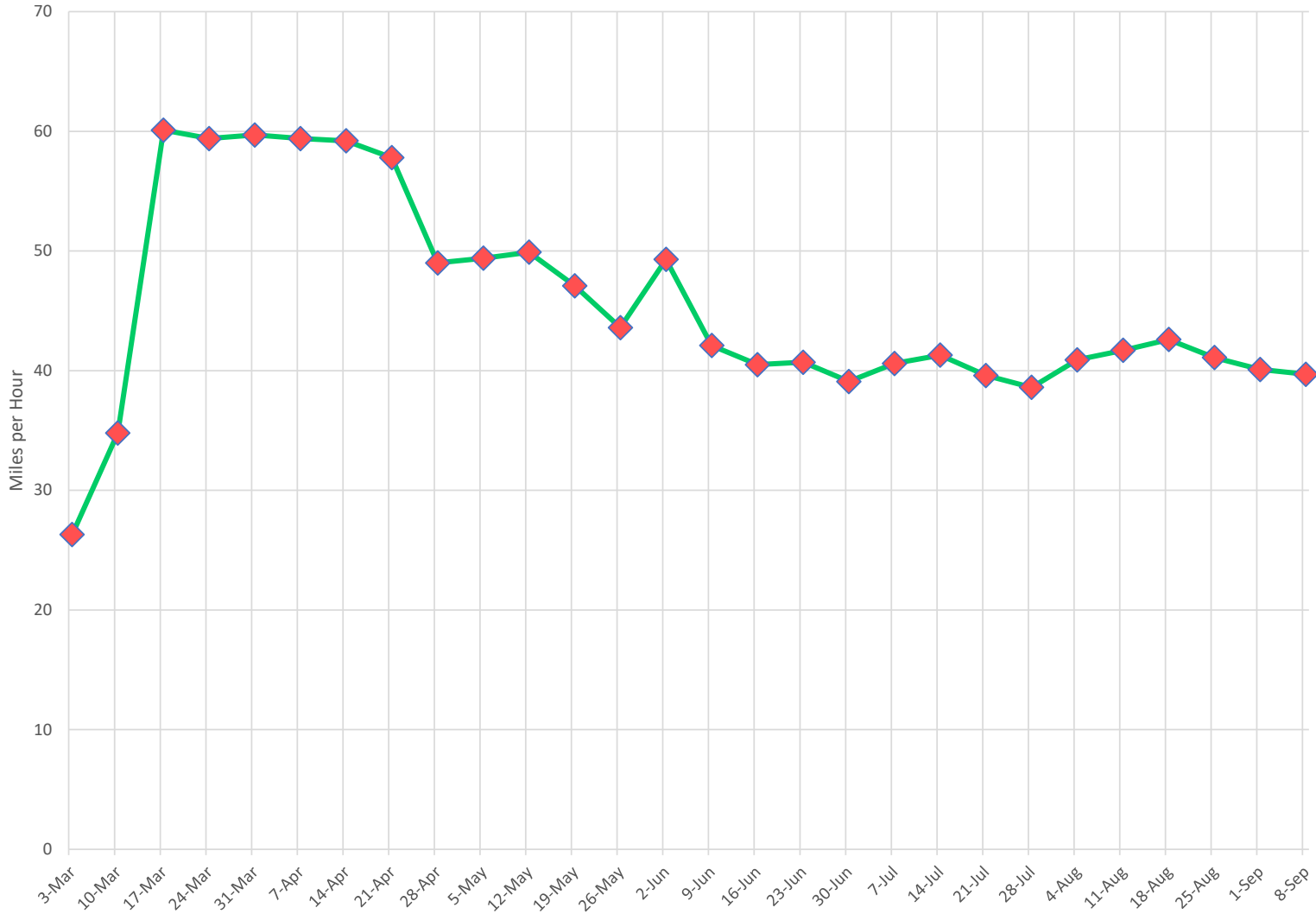
Mastercard Data Suggests Widespread Shutdowns



Freeway Speeds Fall As Drivers Return to Work...

7

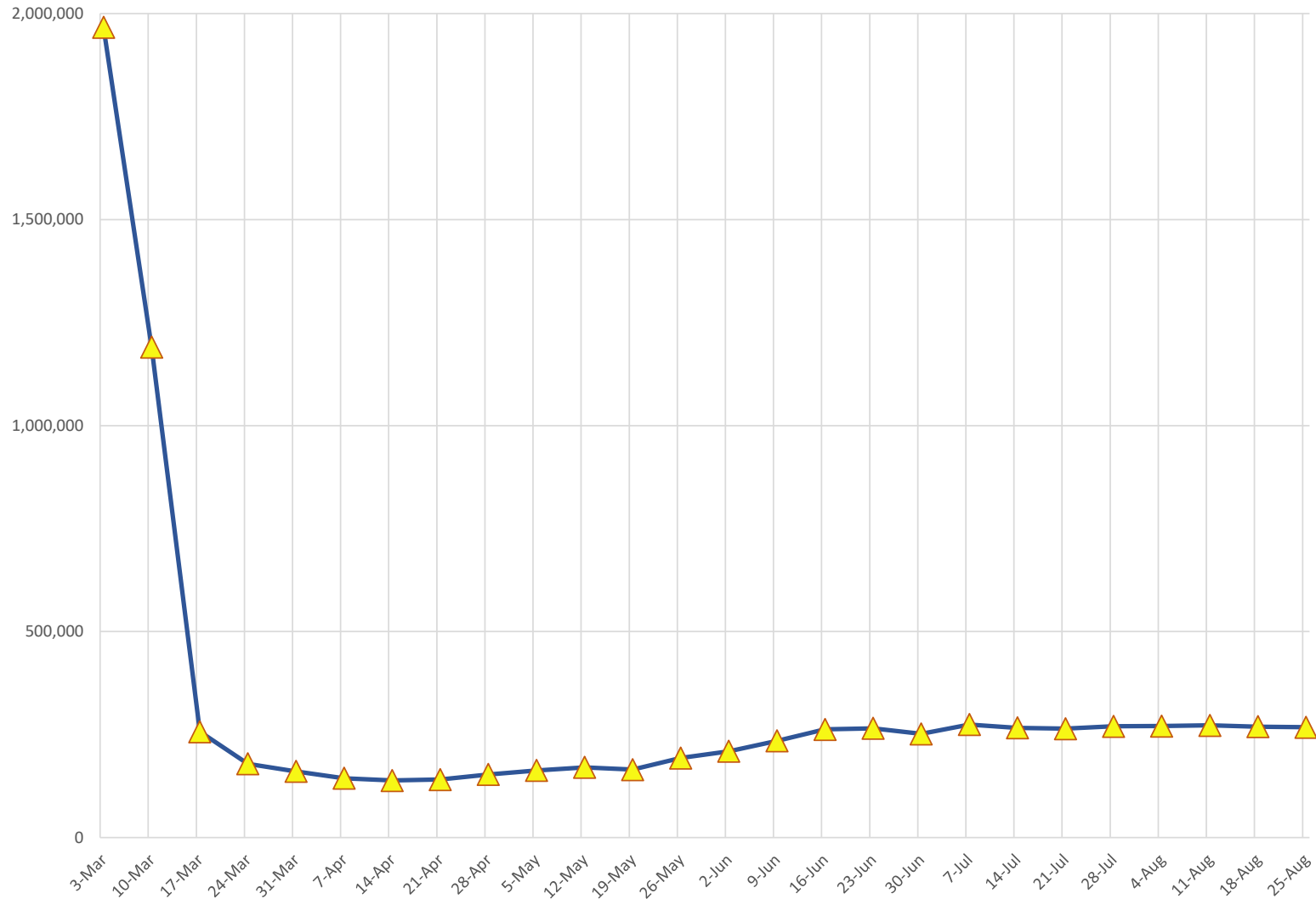
Average Weekly PM Freeway Speeds in San Francisco: All Segments, March 3-September 8



Source: San Francisco County Transportation Authority

...But Transit Riders are Still Staying Away

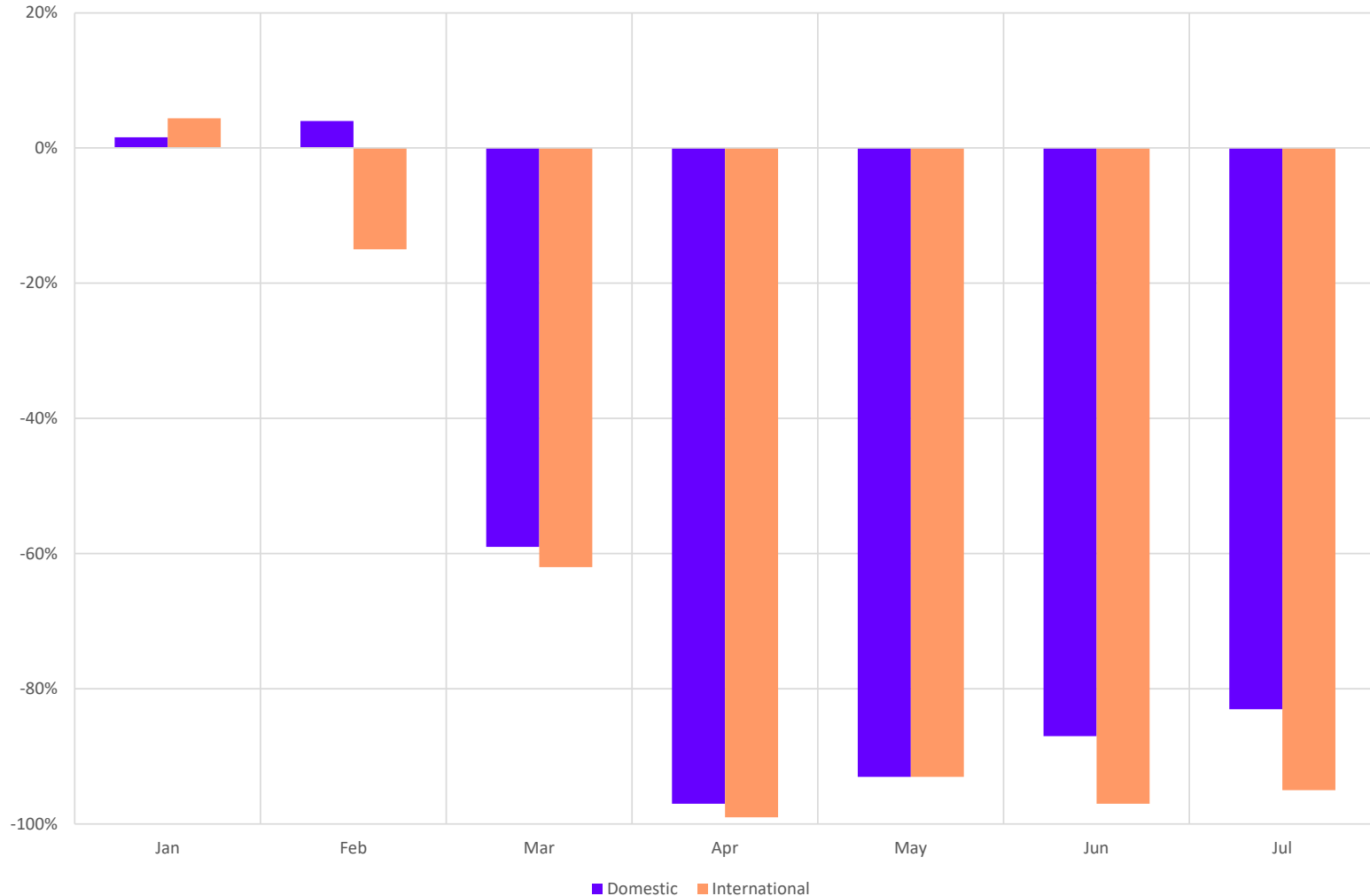
Weekly BART Ridership: March 3 through August 25



Airport Statistics Show a Similar Dropoff

9

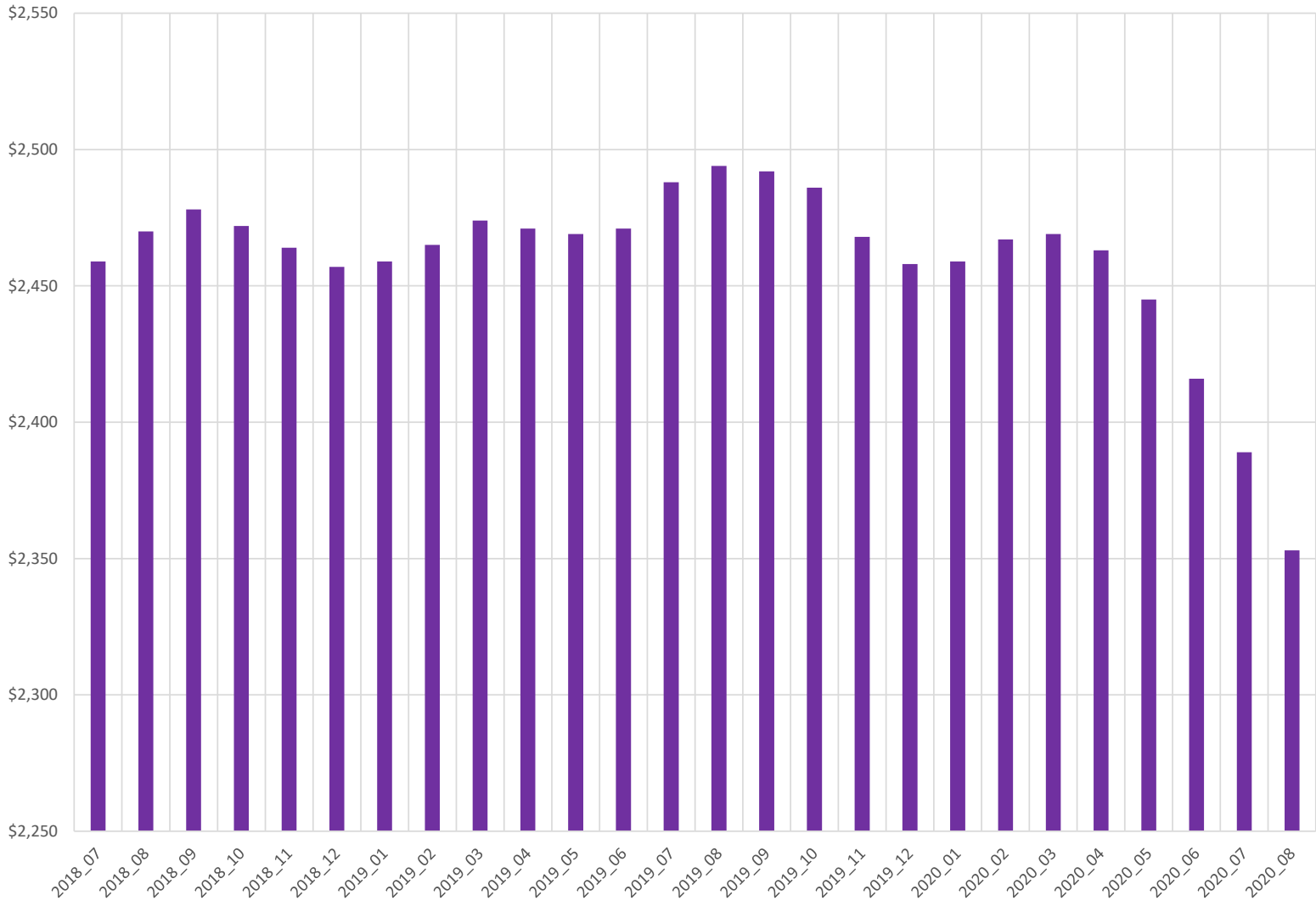
Monthly Domestic & International Enplanements at San Francisco International Airport:
Percent Change from 1 Year Ago



SF's Drop in Asking Rents is Sharpest in the U.S.

10

Average 1BR Asking Rents in San Francisco: July 2018 - August 2020



Tech Cities Seeing Largest Rent Drops in the Bay Area

11

Bay Area Residential Asking Rents: Change Since March vs. March Average



Source: ApartmentList

- This recession is unprecedented not just because of its speed and severity, but because of the role of mandated shutdowns and consumer attitudes to the virus.
- As the mandated shutdowns are gradually lifted – what remains are mass layoffs, worsened consumer sentiment, lingering community spread of the virus, and an avoidance, for many, of travel and large groups.
- Three main conclusions emerge from the data so far:
 1. The recession has exacerbated pre-existing imbalances in our economy
 2. Mandated shutdowns no longer explaining all of the job loss
 3. What activities will come back when?
 - Small business, tourism, downtown office work
 - Not only a question of economic recovery