

San Francisco

ECONOMIC

STRATEGY

2014 Update

Today's Presentation

**1. Overview of the 2007
Economic Strategy**

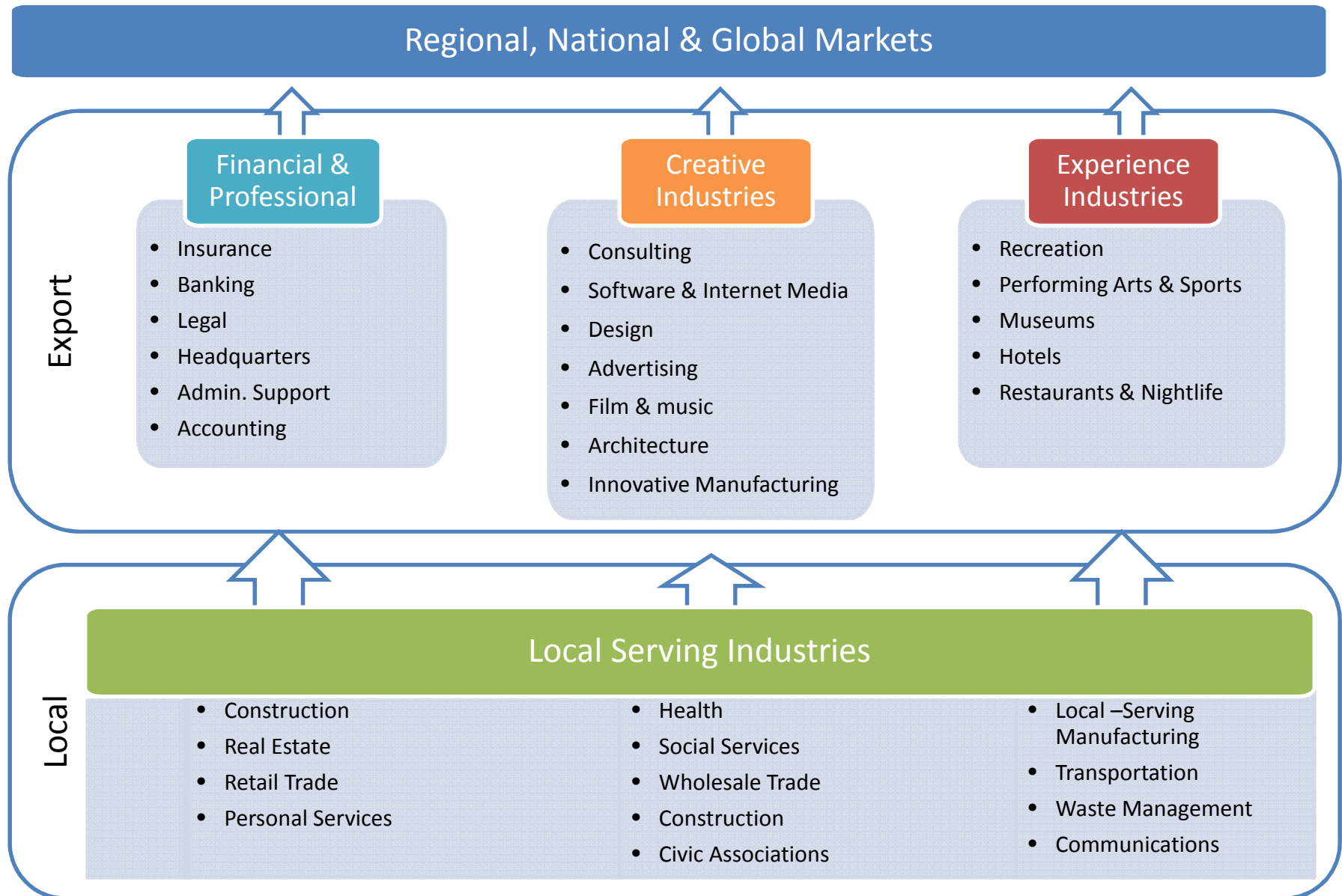
**2. Actions on Policy Goals
and Recommendations**

**3. Economic Performance
2004-2010**

4. Barriers to Job Growth

5. Conclusion & Discussion

The City's Economy



Goals

The 2007 Economic Strategy Identified three overarching goals for our City:

- Create job opportunities by building on our strengths to promote greater overall economic growth
- Ensure greater inclusion and equity in job opportunities with an aim to reducing inequality
- Ensure a sound fiscal footing for the City by encouraging industries with a positive fiscal impact.

2007 Recommendations

The 2007 Economic Strategy included 19 recommendations focused on five policy areas:

- Education and Training
- Governance and Business Climate
- Quality of Life
- Infrastructure
- Technology and Innovation

Actions on Policy Goals and Recommendations

Policies & Actions

Action Area 1: Education and Training

- Developed a City-Wide Strategic Workforce Plan
- Partnered with SFUSD to Develop Career Pathways
- Close the Digital Divide

Action Area 2: Governance and Business Climate

- Passed Business Tax Reform
- Developed Sector Initiatives
- Strengthened Private Sector Partnership
- Make it Easier to do Business
- Provide Assistance to Businesses

Policies & Actions

Action Area 3: Quality of Life

- Launched Invest in Neighborhoods
- Beautify Commercial Districts
- Benefitting from the City's Arts Enrichment Ordinance
- Support Neighborhood Arts Organizations
- Funding our Parks

Action Area 4: Infrastructure

- Provide Space for Housing and Job Growth
- Protect Physical Infrastructure/PDR Job Space
- Improve Entitlement & CEQA Processes
- Maximize Transit for Local and Regional Workforce

Policies & Actions

Action Area 5: Technology & Innovation

- Encouraged incubators and co-working space
- Attracting/Expanding Research & Academic Institutions

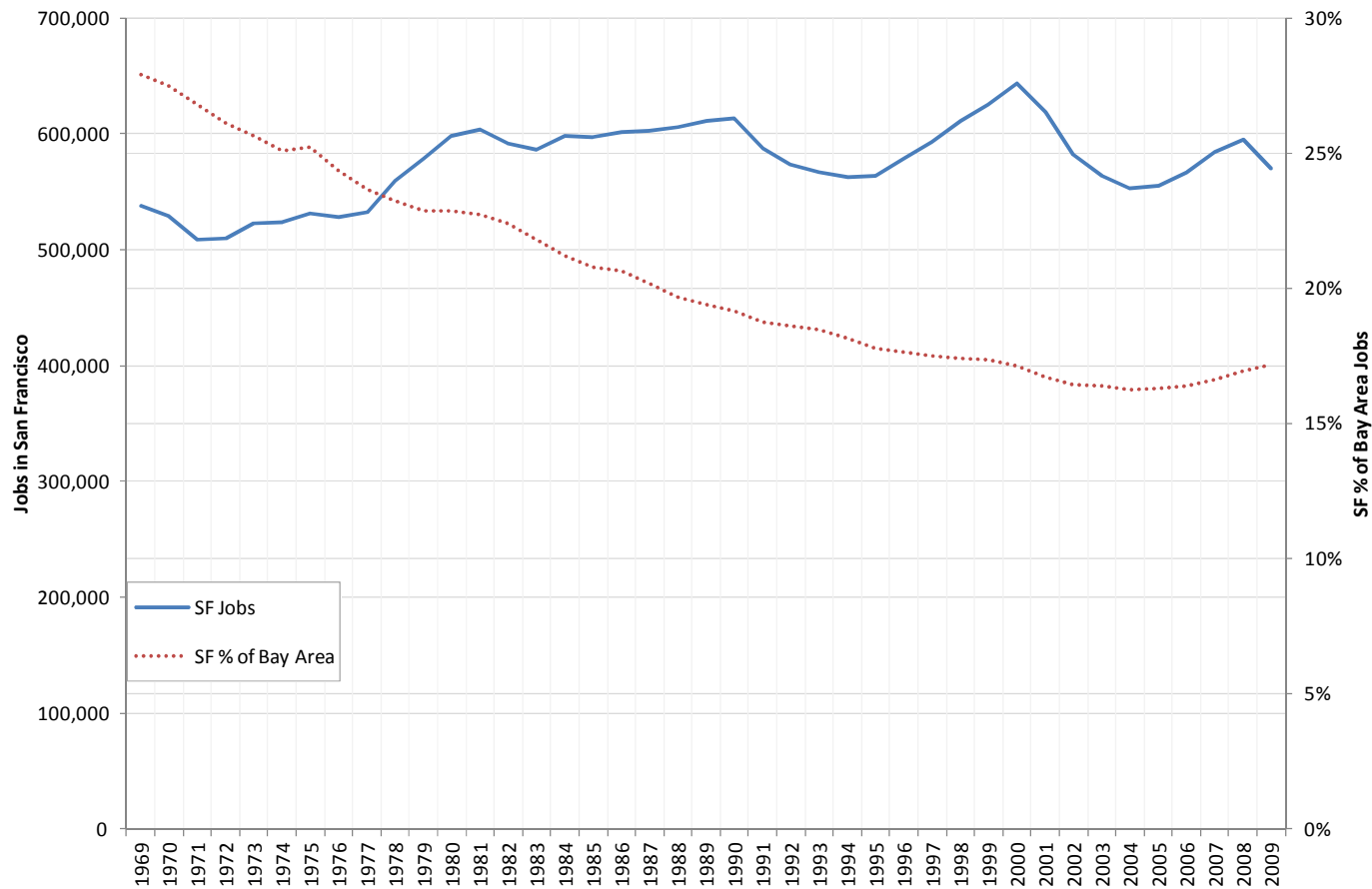
**Economic Performance
2004-2010**

Performance Summary

Jobs:

While employment in San Francisco has been flat for the past 30 years, since 2005 the city's share of the region's employment has steadily increased.

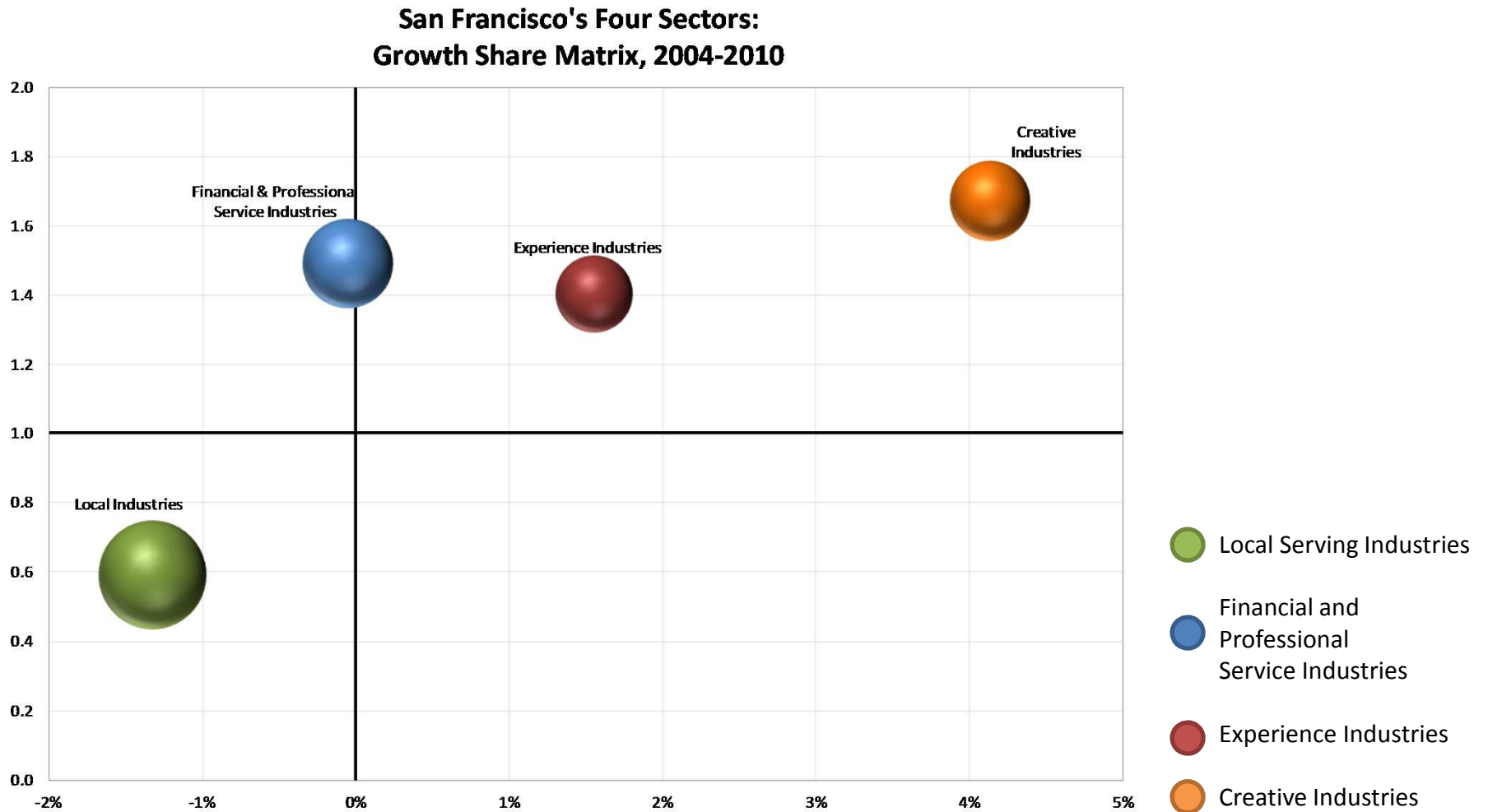
San Francisco Employment, 1969-2009:
Total City Jobs, and as a Share of the Region



Performance Summary

Sectors:

Over the last business cycle, the Export Sector grew, while Local-Serving Industries lost jobs.



Performance Summary

Workforce:

San Francisco's two strongest industry clusters—the Creative Industries and the Experience Industries—tend to create high-paying jobs for the highly-educated, and low-paying jobs for the workers with a high school education or less. Local-serving sector is declining, creates more middle income job opportunities for those without 4-year degrees.

	Low Wage (< \$17.50/hr)	Med. Wage (\$17.50-35/hr)	High Wage (\$35/hr +)
Low Education (HS or less)			
Med. Education (Some College)			
High Education (4 yrs. +)			

Locally-Serving Industries

Experience Industries

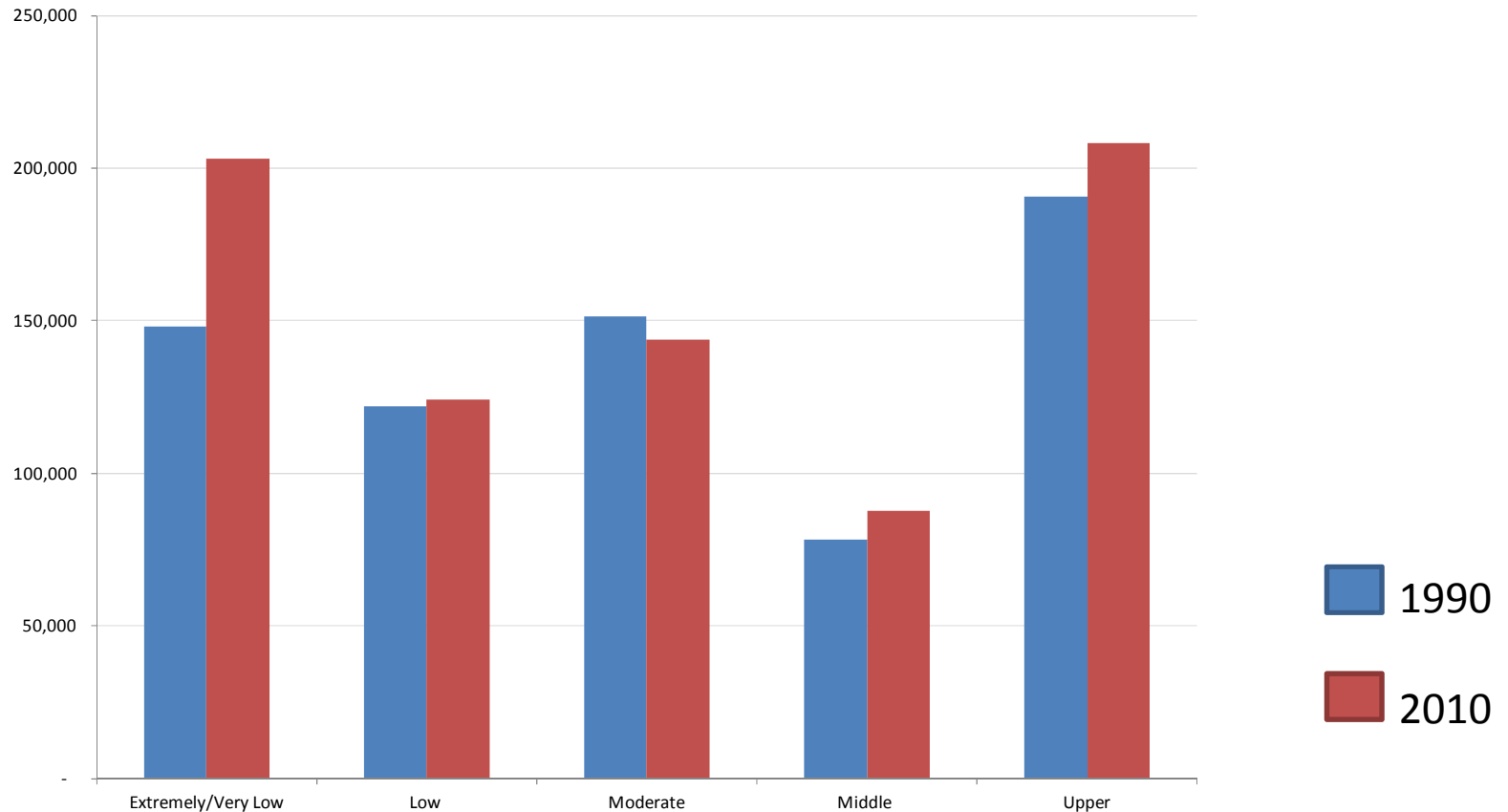
Creative Industries and Financial & Professional Services

Performance Summary

Demographics:

Increase in industries with high wages and low wages has led to an increase upper income and extremely/very low and low income populations increased. Moderate income population has decreased. Children and seniors are declining, and working age adults are growing. The immigrant workforce is growing faster than US-born workforce, at every level of income.

San Francisco Population by Household Income Category,
1990 & 2010



Barriers to Job Growth

Barriers to Business Expansion Summary

- **Real Estate:**

Both residential and commercial real estate costs in San Francisco are high.

- High residential costs result in upward pressure on wages
- High commercial costs result in increased operating costs for businesses in San Francisco

- **Labor Costs:**

Businesses pay significantly more for workers if they're located in San Francisco which discourages job creation in the city.

- **Business & Tax Regulations:**

Business taxes and regulations in San Francisco result in the highest business costs in the state of California.

The Strategy's Policies and Actions are focused on addressing these business barriers, so all businesses – not just those with a built-in competitive advantage – can succeed in San Francisco, and the city can have a more balanced process of economic growth.

Barriers to Business Expansion Summary

- **Real Estate:**

Both residential and commercial real estate costs in San Francisco are high.

- High residential costs result in upward pressure on wages
- High commercial costs result in increased operating costs for businesses in San Francisco

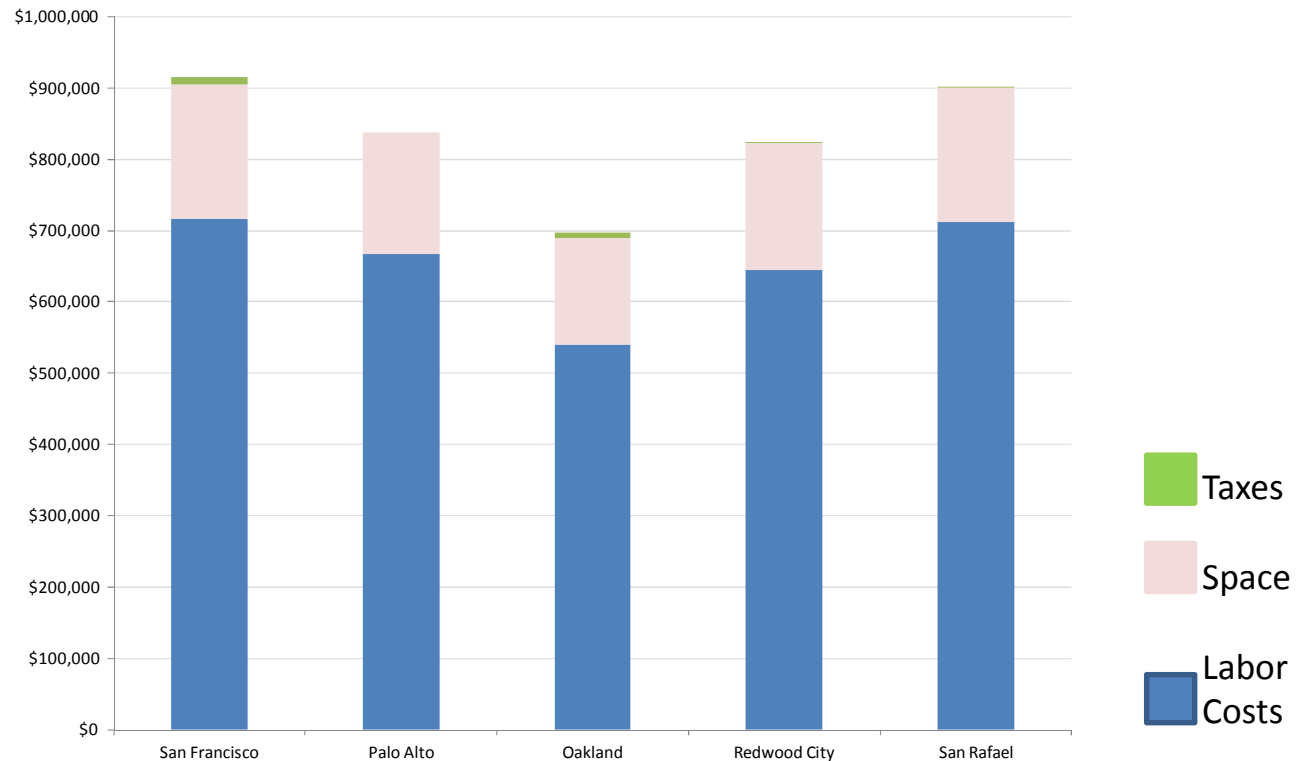
- **Labor Costs:**

Businesses pay significantly more for workers if they're located in San Francisco which discourages job creation in the city.

- **Business & Tax Regulations:**

Business taxes and regulations in San Francisco result in the highest business costs in the state of California.

**Combined Labor, Space, and Local Business Tax Costs:
Small Hardware Store in San Francisco and Four Other Cities**



The Strategy's Policies and Actions are focused on addressing these business barriers, so all businesses – not just those with a built-in competitive advantage – can succeed in San Francisco, and the city can have a more balanced process of economic growth.

Conclusion

Conclusion Continued Action Areas

To ensure the overall competitiveness of San Francisco's economy, the City should continue to implement programs and policies aligned with the recommendations of the 2007 Economic Strategy. In particular the City should focus on the following action areas:

1. Reduce labor costs by building more housing in San Francisco, particularly affordable housing
2. Continue to develop career pathways that promote job mobility and advancement
3. Streamline business regulation and process
4. Assist businesses facing rising real estate costs and lack of space
5. Maintain and expand support for local-serving industries with a focus on neighborhood corridors and industries that support good middle income jobs
6. Address transportation infrastructure capacity
7. Continue to focus on four strategic priorities
 - Strengthen the physical infrastructure sector
 - Upgrade the experience sector
 - Retain large knowledge sector companies
 - Promote knowledge sector start-ups

San Francisco

ECONOMIC

STRATEGY

2014 Update