The Post-Industrial “Shop Floor”

The Post-Industrial ‘Shop Floor’:
Emerging Forms of Gentrification in San Francisco’s Innovation Economy

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Abstract: San Francisco, California is undergoing a technology-driven wave of growth arguably more thoroughgoing than the first “dot-com” bubble, fueling hypertrophic gentrification and tales of a deeply class-divided, “Blade Runner kind of society.” While Silicon Valley is still the industry’s employment center, San Francisco is seeing faster tech firm growth, and is transforming its downtown to become more “livable” and promoting public space as key to innovation. In this context, this paper offers a reading of urban public space not just as a consumption amenity but also as the “shop floor” of a labor process that goes beyond the walls of the firm to mobilize the social itself in the production of privately appropriated value. With innovation now the watchword of gentrification, the stakes of this shift oscillate between the total commodification of urban vitality and the recognition of the social process of value production itself.

Keywords: gentrification, innovation, technology, San Francisco, public space

Praxis abstract: The pace of gentrification in the San Francisco Bay Area at present is truly astounding. City leadership and liberal think-tanks have succeeded in framing runaway housing costs as a standard supply-side issue and a failure to build enough market-rate housing to absorb high-end demand. At the same time, the tech economy is digesting the diverse San Francisco that fostered its rise and fabricating an ersatz replacement. Various groups from artists to livability advocates have gotten good at claiming to matter as part of a curated “diversity” that is supposed to enhance innovation. That seems to me a dead end, because the issue is how the population gets divided into “productive” and “unproductive” in ways that translate directly into vastly different abilities to pay for existing in space. Now, refusing inclusion (through job-training programs, for instance) in the false meritocracy of the tech economy is a lot to ask of beleaguered activists ready to give up on San Francisco entirely, because it’s reasonable to desire a share of the wealth now being created. But Livable City, WalkSF, and the San Francisco Bicycle Coalition, for instance, who occupy some measure of influence in the remaking of the public realm, need to widen their political engagement and be willing to address affordability and inequality. The case of Mid-Market also shows that when the sector contracts (which is inevitable) and land prices drop, the city should have the cash reserves to bank land not just for affordable housing but for production spaces that utilize the already existing “shop floor” to more democratic ends. Spaces like Omni Commons could play a role in such a move, were they able to scale up without being forced to pay the exorbitant land prices that make them grant-dependent. But the way
forward isn’t at all clear, and many activists have given up on San Francisco to focus now on preserving Oakland.

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Introduction

The San Francisco Bay Area is in the midst of a wave of political-economic restructuring surrounding the “tech” economy potentially more thoroughgoing than that of the first “dot-com” boom and bust of 1995-2001. While Silicon Valley remains regionally dominant, since 2008 the tech sector in San Francisco proper has grown more quickly, and makes up a larger percentage of the region’s tech employment than ever before. Meanwhile, firm expansion in suburban, growth-restricted Silicon Valley has driven workers to San Francisco in search of housing and cultural life, in turn driving Silicon Valley firms to create a shadow transit system of chartered, Wi-Fi-equipped luxury buses for these employees. As a result, the city has been transformed from an already wealthy and gentrified city into a veritable playground for the instant wealth of the tech industry, with skyrocketing housing costs expelling the working and even middle classes. What appears to be a replay of the previous bubble, however, has less speculative foam and more actual economic heft. Most importantly, it has seen the growing fusion of firm development and gentrification, under the stewardship of a municipal growth machine that seeks to remake the fabric of urban space itself into a generator of innovation and post-industrial value.

With this boom have come sharp contradictions, placing tech at the center of debates over what kind of city San Francisco is to be. Employment data from major tech firms confirmed the open secret that their employees are disproportionately white and Asian men (Miller 2014). The high wages of the sector have spurred a stunning housing price boom; at over $1 million, median home prices have more than exceeded the previous peaks set in 2007, and recent data estimate median rents at an astonishing $4,225 per month (Elsen 2015). Meanwhile, firms like AirBnB, Leap, and Uber openly spurn attempts at regulation.
Periodic outbursts of toxic, anti-poor discourse from the city’s new captains of industry (Montgomery 2013; Rodriguez 2013) seem to provide ample evidence for a “revanchist” sensibility of the sector itself (Smith 1996), and lend credence to popular left narratives that decry the tech “alien overlords” in whose image the city is remade (Solnit 2013). Spirited but dwindling groups of activists protest the rash of “no-fault” evictions conducted by landlords in search of higher rents from incoming tech employees (see the Anti-Eviction Mapping Project at https://antievictionmap.squarespace.com/#/ellis/). Popular debates over gentrification, housing, and job growth, however, hide a more interesting set of developments, in which the entwined processes of innovation and gentrification harness the urban social world itself not just as an attractive amenity but also to generate value in production.

In this paper, I draw on emergent trends in the production of urban space in San Francisco to situate a theoretical exploration. My claim is that current efforts to transform downtown San Francisco into a technopole (Graham and Guy 2002) allow us to expand our understandings of gentrification. While phenomena like upzoning, streetscaping, and commercial development are typically analyzed in the gentrification literature as corresponding to the consumption patterns of the “new middle class,” this moment tells us something new. While traditional consumption elements are present, in Smithian/Marxian terms, the spaces created by the new wave of gentrification in San Francisco are intended in part for productive consumption (Marx 1992, in reference to Adam Smith). Specifically, this means the transformation of the urban milieu into a spatial arrangement that encourages creativity, productivity, and innovation, and recreating the city, both public and private, as the common workplace of the tech sector. It is the urban spatial expression of the logic of
“open innovation” (Chesbrough 2003). Here, current ideology holds, the face-to-face transfer of knowledge and the labor of production take place.

This responds to what I see as a gap in some of the dominant ways of thinking about the production of space. On one hand, space is produced in ways that defuse or defer the contradictions of capitalism. Social space in this sense is internal to the social totality of capitalist society, but external to and dialectically related to the production of value. Whether the multiplicity of “non-economic” social relations, institutions, conventions that are instantiated in space exist to secure the “survival of capitalism” (Lefebvre 1976), the “integral economy” (Jessop 2007), or the “social structures of accumulation” (Aglietta 1979), they tend to be appendages to production proper. On the other hand, producing space can both mop up surpluses—Harvey’s “spatial fix”—and create inputs to value production. The production of housing, road networks, water systems, and other consumption goods—the public and private “consumption fund”—generates surplus value and shelters capital from the tyranny of reinvestment while providing the essential elements for the reproduction of labor-power (Harvey 2007). Streets and sidewalks, for instance, return their value to production indirectly, by smoothing the flow of goods and labor-power.³ For Logan and Molotch, the use-values of urban space are manifold and not reducible to their utility to capital accumulation, while exchange-value is unitary, leveled by the cash nexus of the land market. Put simply, in the capitalist production of urban space, the latter replace the former (Logan and Molotch 2007). Since urban public space formally has no exchange-value, growth-oriented state actors attempt to manage it in the interest of accumulation, most commonly as an enjoyable environment for the consumer (Mitchell 2003). In these theories, the common fabric of urban space is consumed reproductively.
Following Lefebvre, I argue that urban space is in certain ways becoming the "shop floor" of a labor process central to San Francisco's position in the social division of labor of the tech economy. My intention here is to open up a space to consider neighborhood use-values as “means of production” that enter the valorization process at multiple sites: as elements of ground rent, as reproduction of labor-power, as inputs to value production, and as sites of contestation. The “innovation district” is one such manifold social formation, in which social space is leveraged for “quality of life” and productivity of labor-power. In certain emerging narratives of urban development, boundaries between firms begin to break down, giving capital the opportunity to capture the value generated by social processes that have heretofore escaped the firm-controlled labor process. At the same time, investment in public space also reinscribes the social contradictions of the current wave of capital accumulation. The urban as a space of encounter is thought to drive innovation and made to thrive, while the diverse worlds of making do that characterize urban subalternity are biopolitically managed or altogether banished. The social that becomes “productive” is therefore a circumscribed one, reliant on finely grained distinctions between desired and deleterious practices (Kern 2015). Firms like Twitter remain enclosed, controlled spaces despite having open “third spaces” (Oldenburg and Brissett 1982) attached to them, collective working spaces require membership fees, and minority and working class access to the benefits of high-skill work is mediated by a web of meritocratic filtering programs. The widening of notions of the workplace coincides with a narrowing of the social world construed as valuable.
From Skid Row to the Twitterloin

The dominance of the tech sector in the Bay Area’s political economy is globally recognized. With a recent high of over $7 billion in venture capital invested in the region, the current boom has neared the first bubble’s peaks, and in consumer services and software has well exceeded previous totals.\(^4\) Perhaps less well understood is the tech sector’s geographical fragmentation between Silicon Valley (particularly the cities of Menlo Park, Mountain View, Palo Alto, Cupertino, and Sunnyvale) and San Francisco, some 50 miles to the north. This spatial division roughly corresponds to a technical division in the sector between large, established firms with massive fixed capital investments in Silicon Valley like Cisco, Apple, Google, and Facebook, and small, more spatially flexible startups located in or near the South of Market area (SOMA) of San Francisco, startup culture’s hearth. Since the 1990s, San Francisco has been a haven for the latter due to its older, smaller office spaces and greater opportunities to convert former industrial spaces into live-work lofts. This geographical fragmentation contributes to the story San Francisco tells itself about its innovative culture.

Since 2008, however, larger firms have begun seeking offices in San Francisco proper, whose share of the sector is growing at a faster rate than the cities of the Peninsula and Silicon Valley. 2014 second quarter figures indicated that San Francisco’s tech employment had grown by nearly 90% between 2010 and 2014, beating out Silicon Valley’s respectable 30% over the same period, though Silicon Valley remains the regional giant with nearly triple the number of jobs.\(^5\) With this growth, San Francisco’s unemployment rate has plummeted to below 4% (California Employment Development Department Labor Market Information Division 2015). In 2013, tech firms leased over 20% of Class A office space,
40% more than during the 1997-2001 boom (Temple 2013), crowding out traditional downtown stalwarts like finance, insurance, and real estate (FIRE), all of which have declined as a share of office employment since 2004 (San Francisco Planning Department 2014a:50). Office space in the South of Market Area (SOMA), San Francisco’s traditional tech neighborhood, has reached historic low vacancy rates and its prices historic highs. A burst of office construction potentially greater than the prior boom is underway to meet this demand. As of July 2014, nearly 6.5 million square feet of large office space were approved or under construction, with over 11 million pending or in the pipeline; by comparison, from 1996-2003 roughly 7.7 million square feet of office space were built (San Francisco Planning Department 2014b).

In 2011, the administration of Mayor Ed Lee embarked upon a plan to steer this growth toward the Tenderloin/Mid-Market area, San Francisco’s “skid row” of social service providers, single room occupancy (SRO) hotels, discount stores, and vacant commercial space. Squeezed between SOMA, the governmental cluster at Civic Center, and the upscale Powell Street retail district, Mid-Market is a zone of seemingly intractable racialized poverty and homelessness that has frustrated several mayors’ attempts at facilitating its gentrification. With office and retail square footage costs in 2011 almost 30% and 40% below nearby areas, respectively, and very high vacancy rates, planners framed the area as presenting a prodigious rent gap where “projects would not otherwise ‘pencil’” (Central Market Partnership 2011:20) without state intervention.

The crux of the Lee administration’s efforts to remake Market Street is the Central Market Payroll Tax Exclusion, wherein any firm locating in specific parcels of the district, with an annual payroll of greater than $250,000, would see its payroll taxes waived for six
years (see Figure 1). Created in response to Twitter’s threat to leave San Francisco in 2010, the tax exclusion was designed specifically to foster a technology hub along the Market Street corridor (Office of the Controller 2011). Since the exclusion was passed in 2011, Twitter’s offices at 10th and Market have anchored the “turnaround” of the corridor, with at least 18 firms, including Zynga, Pinterest, One King’s Lane, Yahoo, Uber, Salesforce, Zendesk, Square, and Dolby, relocating to or expanding in the area. The city’s channeling of office investment to the area has also spurred aggressive retail and market-rate housing development on the corridor, with over 40 new developments planned or under construction (San Francisco Office of Economic and Workforce Development 2013). As Twitter takes root in what was once a “no-go” space of discarded urban subjects, gentrification-driven “street life”—of the kind not maligned for its unruliness—now follows (Allday 2014).

FIGURE 1 HERE


In a March 2014 statement on tech’s “return” to the city, Lee touted San Francisco’s urban “amenities,” its grit and unpredictable sociality, as part of the reason for the city’s surge in tech employment: “You just don’t feel innovative in suburban areas” (Sailors 2014). In this framing, innovation has an environmental etiology that goes beyond the strictly delimited space of the firm. Speaking to the Commonwealth Club of San Francisco, Lee celebrated the effects of the tax exclusion:
Those of you who have walked the same walk that I’ve walked for many years along Market Street, if you don’t see the difference you’re not looking, at all. There’s a huge difference in the way it feels—and not just there, I think it sparked the whole thing from Castro [Street] all the way down. All of that now is hot real estate. People are setting up businesses, there’s housing being built—some 3000 units on Market Street alone is going to open up within months… And the businesses that are all relocating there are transforming all the storefronts. Where when I started a third of all storefronts on every block of Market between 10th and 5th were vacant… you can hardly find a vacancy right now (Lee 2014).

In the same speech, Lee cited the New Media Teen Center at the main branch of the public library, a capacity-building effort to prepare youth for the tech economy, as a reason to “clean up” the library and set “standards of behavior” (ibid., min. 55). A few months later, the library issued a new “code of conduct” intended to prevent many of the practices, such as bathing, for which the homeless use its public bathrooms (Kilduff 2014). While many of these practices are standard efforts in any state-steered dynamic of gentrification, they intersect with emerging notions of the spatial requirements of “open innovation” to produce new forms of exclusionary redevelopment.

*Ground Rent and Production in the “Knowledge Economy”*

At the core of Market Street’s transformation is the issue of how the urban spatial milieu produces value. Traditionally, gentrification is understood to change private property relations, especially commercial areas, in ways that create a consumption space that yields more ground rent. For instance, in Neil Smith’s foundational analysis, gentrification occurs
when the rent gap between current uses of a given parcel and the potential returns on its “highest and best use” grows large enough to offset the costs of capital reinvestment (Smith 1979). Dan Hammel (1999) argues that Smith omits an important scale of activity. Potential rents are determined not just by the metropolitan bid-rent curve, but also raised by positive neighborhood effects, opening up a determining role for the broader urban milieu. Within this framework, public investments in the streetscape support the revaluation of real estate at the parcel level, yielding higher rents and property taxes for the city based on their contribution to the reproduction of the workforce at a higher standard. Where the consumers of this space are producers—such as traditional office tenants—rent remains an externally imposed cost, rather than part of the value production process itself. In Smithian terms, these examples remain unproductive consumption.

The goal of the present analysis is to consider instead how the formation of “knowledge corridors” combining high-tech employment with amenity-laden housing and a “vibrant” public realm constitutes a form of gentrification that in part functions to create the “shop floor” of the “innovation economy.” While economic geography features a rich literature on innovation districts (Floysand and Jakobsen 2010; MacKinnon, Cumbers, and Chapman 2002; Moretti 2012), urban *spaces* more frequently make an analytical appearance in policy and booster literature (for an exception, see Spencer 2015, blurring line analysis and promotion). For writers like Richard Florida, for instance, urban spaces are meccas for creative people, the drivers of our economic future. These footloose “creatives,” the story goes, are constantly on the move, always innovating and producing value as long as there are spaces and infrastructures that encourage them to congregate and interact. Cities can harness this energy by attracting creatives with the amenities they desire—the arts, livability, social
tolerance—or they can leave money on the table, and let creatives go to other cities they like better (Florida 2001, 2005, 2013).

The analytical basis of this argument has been strongly critiqued (Scott 2006) and Florida has rightly seen as a promoter of gentrification (Peck 2005, 2010), though he has recently moderated his position in light of the rising inequality now seen in “creative” cities (Florida 2012). Moreover, it trucks in racialized and gendered assumptions about labor and value (Parker 2008). Nonetheless, Florida points to a shift in the business culture that characterizes many of the leaders in high-value industries, away from suburban “nerdistans” and toward dynamic urban milieux: “This urban shift in venture capital and start-ups is in line with the long held view that dense cities, as opposed to sprawling suburbs, provide the ecology required for breakthrough innovation” (Florida 2013). Part of this ecology is the structure and social milieu of urban space itself.

Michael Storper, Allen Scott, and others come to similar conclusions as Florida, but in more rigorous terms (Kemeny and Storper 2012; Scott and Storper 2007; Scott 2006; Storper and Venables 2004). Labor processes with predominantly “nonroutine” tasks command higher wages because they are difficult to mechanize, because they require access to trained, flexible, often precarious labor-power (Gill and Pratt 2008), and because this is “sticky” and restricted by geography. The firms engaged in these forms of production require agglomeration to realize the value of the untraded interdependencies that flourish in dense areas, particularly face-to-face contact (Storper and Venables 2004), as well as the large pools of labor-power that accumulate in cities.

With agglomeration come costs, however. The “growing pains” (traffic congestion, pollution, and high housing costs) of the early semiconductor industry in Silicon Valley lie at
the root of firms’ increasing concentration on software, finance, and early phases of product
cycles (Saxenian 1984), as well as Silicon Valley cities’ opposition to multifamily housing
(Hollister 2014). This also means that there are few housing options for tech workers in the
Valley, causing large firms to recognize the merit of transporting their workforce, a
significant portion of which lives in San Francisco and Oakland, on luxury tour buses.
Activists target these buses as visual evidence of tech’s parasitic relationship to the city,
especially its working class neighborhoods, though by early 2015 protests had subsided and a
pilot program enabling the buses to use public bus stops for a nominal fee still awaits the
result of a 2014 suit filed by labor and tenant groups (Lagos 2014).

With high-value labor-power pooling in San Francisco and Oakland, however,
another option exists: follow skilled workers to the city. Firms locating in downtown San
Francisco enable workers to live closer to the workplace and more fully participate in a
spatial milieu that drives innovation. With a presence in San Francisco, large firms gain
access to the younger, more dynamic startups that they buy or lure employees away from.
Thus, while Mayor Ed Lee’s self-congratulatory discourse emphasizes the role of the
municipal state in closing the rent gap, other pull factors have structurally emerged in the
course of the development of the industry that make San Francisco’s (and now Oakland’s)
urban core increasingly attractive for firm location.

Productivity and the Public Realm

New narratives of what drives innovation have turned the attention of policymakers,
planners, and architects toward the structure of the public realm, not just the supply and
quality of commercial office space. Efforts to make a more livable Market Street, however,
were initiated decades before the current round of reinvestment, by progressive organizations whose “organic intellectuals” gradually infiltrated the city’s planning bureaucracy. The San Francisco Bicycle Coalition and Livable City played key roles in the planning process throughout the first decade of the 2000s, in a growing partnership with a Municipal Transportation Agency (MTA) increasingly receptive to livable spatial design. Formerly fringe models like pedestrian bulb-outs, protected bikeways, and bikeshare schemes are now in the mainstream of San Francisco’s urban planning practice, even if they still run up against durable obstacles embedded in planning codes, traffic flow metrics, parking requirements, and recalcitrant business owners (Henderson 2009, 2013).

These changes to the street have not historically been pursued for primarily economic reasons. But they are now framed in the innovation discourse as key to attracting and retaining tech talent, not just with a more humane consumption fund but also the productivity of urban space. As Bruce Katz and Julie Wagner of the Brookings Institution put it:

Talented people want to work and live in urban places that are walkable, bike-able, connected by transit, and hyper-caffeinated. Major companies across multiple sectors are practicing “open innovation” and want to be close to other firms, research labs, and universities. Entrepreneurs want to start their companies in collaborative spaces, where they can share ideas and have efficient access to everything from legal advice to sophisticated lab equipment (Katz and Wagner 2014).

In 2013, San Francisco affordable housing “starchitect” David Baker publicly supported bicycle infrastructure on 2nd Street in SOMA, his “selfish” reasons including increased property values and a healthy workforce (Hall 2013). As the Mayor Lee noted in a dedication ceremony for the new Bay Area Bikeshare, a bicycle sharing network linking the financial
district and tech corridors of San Francisco to Silicon Valley via the CalTrain commuter rail system, “It’s no surprise that SOMA is the hottest area of [BikeShare] bicycle use in all of San Francisco. It’s concentrated in that area because that’s where a lot of our technology workers and small business workers are working.” (City and County of San Francisco Mayor’s Office 2013a). The national advocacy group People for Bikes promotes the economic logic of livability infrastructure with alacrity, citing innovation, rising property values, larger retail sales receipts, and a healthier and more productive workforce as reasons for cities to invest in bicycle infrastructure (People For Bikes 2013). Livability infrastructure forms an integral component of the innovation hearths cities like San Francisco hope to build as a human capital strategy largely detached from the social justice commitments of many longtime livability advocates.

Public improvements do not just create amenities to be consumed during workers’ leisure time. Like the “flex spaces” of the tech campus, they are also about in situ productivity. In October 2013, the Mayor’s Office began the Living Innovation Zones pilot project, which focused resources on specific “underutilized sites” on Market Street to support, incubate, and spread the spirit of innovation. Here, innovation captures public terrain that was not operating at “highest and best use” from a productive perspective. As Mayor Lee put it in an October 2013 press release:

This unique initiative brings innovation that is sometimes behind closed doors and brings it out into the light of day where we can all learn and be inspired by it… I’m excited to see our sidewalks come alive with new ideas, and I believe it is initiatives like these that underscore our commitment to innovation and helps secure our
reputation as the Innovation Capital of the World (City and County of San Francisco Mayor’s Office 2013b).

The Living Innovation Zones led in turn to the Market Street Prototyping Festival, another effort to transform the public realm into a lively space of creative labor said to typify the area’s transformation. And in May 2014, the Board of Supervisors voted unanimously to enable greater participation by non-profits and private-sector actors in “activating and managing” public space through programming and events (San Francisco Board of Supervisors 2014). “Activating” urban space doesn’t just increase its appeal as a consumption space, but also creates areas where inter- and intra-firm networking and socializing can happen among people who are “always working.” The blurring of boundaries between work and life, however, is a profoundly gendered dimension of “creative” work, favoring well-resourced men who are not expected to engage in social reproduction (Parker 2008).

The discourse of the city as site of creative labor is neatly summarized in a report by San Francisco Planning and Urban Research (SPUR), San Francisco’s longstanding business-driven planning think tank that has taken the lead on livable design: “[T]hese companies are focusing on the context—the spaces outside and in between the buildings—as an integral part of their workplaces. The workplace is both tied to place and freed from it; it is wherever and whatever the workforce experiences” (Crescimano 2012). This is the spatial expression of “open innovation.” In it, social life itself is expected to generate innovation—value—through a labor process whose key “fixed capital” element is urban space itself: “While efficiency affects every company, this new sort of workplace arises from a drive toward a kind of productivity that prioritizes the generative potential of culture” (ibid.).
Tellingly, Laura Crescimano, the report’s author, is a designer with SITELAB Urban Studio in charge of ground floor planning for the “5M” development, a mixed-use tech office and residential tower planned for the former San Francisco Chronicle building at Fifth and Mission Streets in the heart of SOMA. The phased development, to start in 2017 by prominent development firm Forest City, is intended to “build on the texture and activity of Downtown, Mid-Market, and SOMA” and incorporate current tenants of the site like Techshop, Intersection for the Arts, and Impact Hub (http://www.5mproject.com/).

According to Crescimano, "When you put together a network of people who are interested in art, entrepreneurship, making, and community, they start to make a place together […] your anchor is this cluster of people who then steward the overall life of the place” (quoted in Anderson 2014). The 5M plan includes a 150,000 square foot “active ground floor” with a market hall, fabrication, startup, co-work, and art spaces, 34,000 square feet of open public space designed for art, dance, pop-up performances, “people-watching,” and “community,” 760,000 square feet of office space distributed over two towers, and 400 residential units (Forest City Builders 2014). Mayor Lee has celebrated the project’s “ambitious ideas to transform the site into a place where jobs, technology, the arts and public space come together to create opportunities for innovation” (quoted in Scola 2014). As SPUR’s Allison Arieff argued in a New York Times op-ed, “5M builds on the vitality of public space and the people who activate it” (Arieff 2013). In ideology and physical plan, the project blurs the boundary between the social production of value and its private appropriation.

In many ways, this marshals an understanding of the social long recognized by geographers, anthropologists and economic sociologists attentive to the non-objectifiable, non-monetizable social processes on which the production of capitalist value depends
In an inverted Polanyian narrative, re-embedding “the economy,” specifically its innovation processes, transforms urban space into the common means of production of a certain sector of capital, and shapes public social life according to its requirements. This points toward the essentially multivalent nature of the practices that make up urban space itself, and even the urban space-economy, in which capitalist firms depend on capturing value from manifold labor practices that they do not direct nor completely controls (Hardt and Negri 2011). By encouraging the formation of a district where these practices can occur, planners of technopoles hope to attract firms who depend on “buzz” and are willing to pay a premium for access to it (Storper and Venables 2004), extracting value from dense webs of social relations in which information, and labor, is “in the air” (and thus often unremunerated; see Hurr 2014).

Thinking these together, I offer the following proposition: the kinds of activities that make urban space “vibrant” can be understood to produce value—sociocultural vitality and human/non-human creativity—that largely escapes objectification (cf. Graeber 2001). The attractiveness of this milieu to innovation-reliant firms lies in the possibility of capturing this value without the cost of enclosing it (and paying for it). Planners and architects now work to make the public milieu of Market Street a space that supports these processes of social innovation, renewing devalorized urban space for reasons that go beyond its role as a realm of consumption. To paraphrase Marx, here the “free gifts of culture,” provided by a livable and vibrant public realm and associated “third places,” form a critical dimension of the capitalist valorization process at two sites: the reproduction of labor-power (healthy and creative laboring bodies) and the production of commodities (intellectual property in the form of ideas, designs, apps and websites, as well as prototypes for future commodities).
Here the commons reappears as a *social factory*, not as a primordial state but a “second nature” (Lefebvre 2004:109–10) supporting the accumulation process.

**A New Logic of Socialized Production, or a Productivity-Driven Social?**

These ways of thinking about the development of urban space are not limited to the Mid-Market district. They are part of a growing, generalized ideology that marks an important, though thus far emergent, shift in the logic of revalorization of the built environment. Changing conditions of value-formation have fueled the transformation of formerly industrial urban space into a network of sites for the production of “post-industrial” value: prototyping, web development, app and device programming, artisanal production and so on. These ideologies weigh heavily on current conceptions of what urban space should be, and play out in other places in the region.

Like Mid-Market, plans for the Hunter’s Point Shipyard redevelopment project and the rezoning of West Oakland incorporate innovation as part of their designs. Of the redevelopment plan for Hunter’s Point Shipyard in southeastern San Francisco, adjacent to the city’s last and dwindling black working class neighborhood, Mayor Lee crowed, “South of Mission Bay, Hunters Point Shipyard will be an Innovation District that will act as a demonstration site and test bed for the latest in green infrastructure design and smart cities” (Lee 2013). Meanwhile, West Oakland across the bay, also an African-American neighborhood historically redlined and disinvested by postwar development, is now framed as a creativity hearth:

Arts related businesses in West Oakland are diverse and include traditional ethnic-based cultural groups, youth groups, individual artists, and most notably a large
community of industrial artists who often occupy older and physically-challenged or underutilized buildings due to need for lower rent structures and who contribute industry and creativity to the area. These clusters of arts activities are hubs of innovation and creativity, and spur cultural production (City of Oakland 2014:50). The existing black working class is largely excluded from the Jane Jacobs-meets-Friedrich Hayek subcultural world of innovation among “marginal gentrifiers” (Rose 1984), yet the latter are celebrated as part of the neighborhood’s historic resources that need to be preserved. Innovation spaces form a key part of the area plan for reinvestment in the built environment, as fundamental to West Oakland’s “brand identity” for “creative residents, innovative residents or visitors seeking a new experience” (ibid., p. 58):

The West Oakland Transit Village/ BART development should be curated to include artistic invention and innovation, and to layer uses such that market-rate users in tech or R&D-type creative spaces will augment and support the rental rates, demonstrating the types of creative economy that is present in the rest of the district (ibid., p. 59).

A key anchor of innovation is the former American Steel building, with 70 studios forming what the plan calls an “industrial commons” (ibid., p. 59). The development plan also shifts remaining light industrial land into high-tech production, relocates heavy industry, and creates a new, state of the art logistics center at the former Oakland Army Base at the neighborhoods northern end. These industrial changes are supported by plans for a vital public milieu in key clusters of jobs and housing, again demonstrating the commonsense notions of synergy between public life and innovation economies.

Policing the Urban Shop Floor
In an inversion of Polanyi, the re-embedding of the tech economy in urban space intensifies the industry’s exploitation of the “services” social life furnishes. But this depends on a radical delimiting of the social itself. In Mid-Market, this means the mobilization of the narratives of progressive urban design as part of a territorial project that crowds San Francisco’s poor out of the spaces critical to its resurgence as a technopole. When city planning documents frame Mid-Market as “underutilized” (Central Market Partnership 2011), they mean that its utilization by the poor and by people engaged in illicit economies limits its “higher and better use.” “Activation” entails displacing subaltern activities with more valued bodies and practices.

But despite occasional revanchist rhetoric, the narratives surrounding the territorial project of retaking Market Street for the productive economy are about inclusion, and demonstrate a close attention to the bodily practices that signify the “activation” of space (cf. Kern 2015). Thus, in terms that we might call “post-revanchist,” the city’s Living Innovation Zone plan affirms:

The LIZ is part of the broader efforts to activate, revitalize and reconstruct Market Street from Octavia to the Embarcadero. The LIZ allows the City to incrementally make Market Street more inviting, more inclusive and more livable as longer-term projects are being developed. The City is making an effort to simplify the permitting process to give creative people and entrepreneurs a venue to test new ideas and at the same time bring fun and activity to the sidewalks (San Francisco Office of the Mayor 2013b).

At a design open house for the Better Market Street Project, city representatives promoted sidewalk Streetlife Zones as “places for new experiences” that would “activate”
underutilized space and “invit[e] people to behave in a more open manner.” This relentless “activation” manages diverse encounters, putting them to productive use in “placemaking” efforts that create, in the words of planners, “new opportunities for synergy.” New office designs with active ground floors fulfill city planners’ hope for a “24-hour district” (San Francisco Planning Department 2011), promoting public safety by incorporating Jane Jacobs’ proverbial “eyes on the street” into designs for spaces—and social worlds—that police themselves. Filling public urban space with purpose shrinks its role as a place to simply be or make political claims (see Mitchell 2003), and forms the key basis of the “soft power” involved in the retaking of Market Street. Moreover, it harnesses the remaining vitality of the arts and design strata, with often quite countercultural elements, to act as mediators between the city’s efforts to remake space and “the community” at risk of social displacement (cf. McLean 2014). The current denizens of Mid-Market may not be pushed out—indeed, their residences are well-protected—but they must relinquish their claims to public urban space in order for the area to realize its potential.

The city’s coercive assets in Mid-Market have increased as well. In March 2013, Mayor Lee celebrated the opening of a new police substation, the Central Market Safety Hub:

This new Safety Hub will improve the health and vibrancy of Sixth Street and the entire Central Market corridor – a corridor that has seen new companies, new small businesses, new cultural and arts institutions, new jobs and thousands of new housing units under construction. As we continue to make major strides in creating an eclectic cultural arts, small business, entertainment and innovation economy hub in Central Market, we are making good on our commitment to increase public safety,
cleanliness and vibrancy in the neighborhood (San Francisco Office of the Mayor 2013a).

With Mid-Market at the top of SFPD chief Greg Suhr’s “marching orders,” the area’s homeless have encountered new levels of regulation, including early-morning sidewalk spraying, and have sought refuge in surrounding neighborhoods (Knight 2014). The Central Market Community Benefits District also doubled its public safety and sanitation budget to over $1 million to oversee the corridor (San Francisco Office of Economic and Workforce Development 2013:14). “Vibrant” urban space has no slot for those who lie outside the meritocratic gaze of the innovation economy.

*Counterspaces of Innovation*

It is perhaps evidence of the pervasiveness of the “industrial commons” narrative that efforts to contest the tech-centered metropolis adopt some of its conceptual terms. These terms include the spatial forms of open innovation outlined above. Ironically, however, with investment in the public realm primarily reinforcing the corporate capture of the common “shop floor,” these alternative spaces require the paradoxical freedom *private* property allows.

Small co-working spaces, where small entrepreneurs and socially-minded startups can pool office costs, share know-how, and perhaps even inspire new collaborations, now abound in San Francisco and elsewhere. While many simply create a platform for entrepreneurs to access venture capital, others claim an explicit social mission. The website of co-working space mission*social offers the standard line, which gives members “ability to work and mingle alongside cutting-edge social enterprises, small businesses and
entrepreneurs such as Catapult Design, Inveneo, and Meedan, sharing ideas, tips, and advice in person” (available at: http://www.missionsocial.com/). The Oakland location of the global co-working organization Impact Hub (now incorporated into The Hive, a “shopping, gathering, working, and living space”) draws a direct line between the vibrancy of the urban milieu and the possibilities of innovation, with a progressive inflection:

Equal parts inspiring shared working space, entrepreneurial incubator and a membership-based community of socially engaged people, co-working and co-learning. Located in the heart of one of the coolest cities in the United States (move over Brooklyn), we cultivate, support and connect purpose-driven people as they pioneer solutions for a sustainable and equitable world (available at: http://oakland.impacthub.net/about/).

While co-working spaces are far from public—most require a monthly membership—they internalize the model of the “industrial commons” as a collective resource for entrepreneurial activity.

Such quasi-commons also act as sites where entrepreneurs and activists translate narratives of innovation into efforts to “democratize” tech, either by eroding its boundaries or by putting programming skills to social use. Within more socially minded segments of the industry, issues facing the Mid-Market corridor—especially homelessness—are cast as technical problems to be “hacked” (Wolf 2014). Volunteer-run Freespace celebrates “creativity, community, and civic innovation” (available at: http://freespace.io/). Creative Currency, a partnership connecting the Gray Area Foundation for the Arts, The Hub Bay Area, American Express, and the Mayor’s Office of Civic Innovation, argues that the Mid-Market district “has gained an unsavory reputation which fails to recognize the wealth of
diversity, talent, and community bonds residing within the district” (Sinreich 2012). In the same vein, startup GapJumpers promotes their blind auditions as a way for firms to circumvent bias in hiring, selling its services to help firms “avoid discarding talent that does not fit pre-conceived notions” (available at: https://www.gapjumpers.me/). In Oakland, a growing constellation of socially-minded tech organizations in which people of color play key roles, including Impact Hub Oakland and Black Girls Code, has led to narratives of the city as a “tech start-up game changer” in terms of the industry’s race, class, and gender composition (Grady 2014).

These efforts demonstrate a desire for engagement with questions of inclusion and inequality, but tend to adopt the vocabulary of entrepreneurialism and meritocracy, reinscribing the hegemonic terms of the tech world itself. Moreover, when large firms commit modest resources to workforce development “in the community” (meaning people of color), they tacitly frame diversity within the company as a proxy for a more just city, and at best redraw the boundaries between valuable “talent” and those bereft of it. While there is hope that a new high-tech manufacturing boom will create working class jobs, most efforts at “democratizing” tech involve building individual competitive capacities rather than properly reckon the invisible social labor that supports the activities known as “innovation.”

Some activists do work directly against these logics, to transform the industrial commons into an open social resource, but from the margins and interstices of the tech world itself. One example is the Omni Commons, a collective of artists, musicians, poets, and programmers that emerged out of Occupy Oakland’s Bay Area Public School to take root in a derelict Italian social club in North Oakland’s otherwise hotly gentrified Temescal neighborhood. Omni hosts a hacker space, a citizen bioscience lab, and 3-D printing studio,
in addition to arts, performances, and a radical library, framing a simple mission: “As a commons, Omni is a community center that supports open access to the resources that sustain life” (available at: https://omnicommons.org/). Such counterspaces to the hegemony of capital in tech correctly target the property relations that control the tools of contemporary life, not the tools themselves. The commons here appears as a buffer against exploitation, not a resource to be exploited. Paradoxically, however, as formally public space is transformed to support gentrification, private spaces form the precarious conditions of possibility for a public commons.

Conclusion

All state-sponsored development efforts encourage some practices and constrain or discipline others, according to what city and industry leaders see as the “highest and best use” of urban space. What are new in processes of gentrification, however, are efforts to create public and semi-public amenities that are not just part of a pleasant realm of consumption but the bedrock of innovation itself. In partnership with tech firms, arts organizations, and thinktanks, the Lee administration is transforming the Mid-Market district into a work-place, an endeavor that entails new forms of urban space and public life. As spaces beyond the walls of the firm take on a decisive role in the economic performance of the city, the urban milieu and its play of difference now appears as an input to production and a resource to be managed.

The question remains: does the narrative of innovation change how office-district gentrification actually operates? A preliminary answer would be yes, in the following ways.
First, this form of gentrification may in fact have less inbuilt volatility than the luxury retail or housing sectors, which are subject to the vagaries of place-based effective demand, because the industries driving it (Twitter, Uber, Square, etc.) produce the common digital infrastructure for forms of life that are rising in importance in the global North. For as long as large firms depend on “open innovation” and small startups depend on flexible labor to form ad-hoc teams, urban spaces of encounter are likely to be beneficial. If the recapitalization of Mid-Market is successful, it will likely remain an urban outpost for an essentially suburban industry dependent on flows of labor and capital between San Francisco and Silicon Valley. With urban qualities the city’s main locational asset, the imperative to function as an office district where people also live and socialize may create wider spillover effects in residential and commercial gentrification, and increase disciplinary pressure on existing subaltern residents.

This raises a second, equally schematic answer. A critical part of the functioning of urban space as a “creative” cluster requires the preservation of the dynamic culture that makes the corridor innovative. Amid criticism that many of the creative industries are fleeing San Francisco’s high costs, preserving urban qualities entails significant investment, by firms and city offices, in local non-profit and service agencies. Planning documents show the close attention officials pay to preserving the city’s arts sector, as its vulnerability to displacement threatens the creative climate of San Francisco itself. Tech firms, vulnerable to charges of exclusionary hiring, fund capacity-building programs for local youth of color, but tend to reinforce a meritocratic focus on individual talent. These efforts do not erase difference in favor of homogeneity, but modulate and rearticulate it. Nevertheless, if the practices that
matter in the space of Mid-Market hinge on their utility to the process of innovation, the discourse of the technopole forecloses subaltern possibilities for mattering.

It is too soon to know what this phase of San Francisco’s gentrification will bring aside from skyrocketing profits on real estate. Dissolving the walls of the firm may in fact heighten the visibility of the contradictions between the fundamentally social labor of all production and the relations of ownership that allow capitalists to appropriate the value produced. If public space itself is the workplace, then this appropriation could become politically untenable. But few firm walls have actually dissolved. While Mid-Market sees a great deal more middle-class activity in areas surrounding firm growth, some of which is likely decisive for innovation, large firms like Twitter remain cloistered in their remodeled buildings and distant from the life of the street. Nevertheless, there are ample reasons to believe that the narrative of urban public life as critical to innovation will guide city-led efforts to form such districts throughout the global North. Whether the urbanization of the “shop floor” of the innovation economy might lead to a political movement to reappropriate the value urban life produces remains an open question.
Bibliography


**Notes**

1 For the purposes of this paper I will define “tech” as the city of San Francisco does for ease of comparison, using NAICS codes 5112 (Software Publisher), 5179 (Other Telecommunications), 5182 (Data Processing, Hosting and Related Services), and 5415 (Computer Systems Design and Related services). Broader occupationally based definitions such as those developed by Kemeny and Storper (2012) are preferable, but beyond the scope of this paper.

2 Just under 95% of jobs in tech are held by non-Hispanic whites and Asians, based on data calculated from the Longitudinal Employer-Household Dynamics Quarterly Workforce Indicators (LEHD-QWI) Extraction Tool at: http://ledextract.ces.census.gov/.

3 There is a case to be made, however, that effecting a change in spatial location constitutes productive labor, based on Marx’s arguments in Volume II of *Capital*.

4 Based on 2014 second quarter data courtesy of Thomson Reuters, retrieved from Price Waterhouse Coopers Moneytree. Available at: https://www.pwcmoneytree.com/

5 Data calculated from the LEHD-QWI using NAICS codes 5112, 5179, 5182, and 5415 (Computer Systems Design and Related services) is by far the most dominant and fastest growing both in San Francisco and San Mateo/Santa Clara counties.

6 In later work, Smith emphasized the cultural pressure to recapture space from the working classes, who are said to use it unproductively (Smith 1996; but see Mele 2000 on subaltern spaces as vital for middle class cultural production).
These streetscape changes do improve accessibility, but primarily contribute to the attractiveness of place and real estate.

Between the 2005-2009 and 2009-2013 5-Year American Community Surveys, SOMA’s population increased from roughly 25,000 to just under 30,000, and the estimated proportion of employed residents who bicycled or walked to work increased from 30.3% (roughly 3,800) to 34.2% (roughly 4,400) (U.S. Census Bureau 2015a, 2015b).

In addition, March 2014 saw the approval of free public wireless service on the corridor and in all public parks in the city (Ferrell 2014), a public good that also enables production outside the walls of the firm.

While the population of women living in SOMA with a bachelor’s degree or higher, as well as the percentage of women in professional fields, is growing faster since 2005 than the male equivalents, the proportion of men to women in management and executive roles has risen over the same period. Just 39% of residents of SOMA holding management, business, financial, professional, and related occupations are women (U.S. Census Bureau 2015a, 2015b). It can be reasonably assumed that networking spaces are significantly gendered as well.

I am indebted to Alexander Tarr for this ingenious phrasing.