

San Francisco's Shift from "One-for-all" to "One-for-few"

The Disintegration of the American Dream in San Francisco with Regard to the
Internet Boom and Gentrification



Protesters block a bus full of Apple employees during a demonstration against rising costs of living in San Francisco.
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Table of Contents

Abstract2

List of Keywords.....2

Introduction.....3

Chapter 1: Conceptualizing the American Dream7

 1.1 Defining the Main Concept.....7

 1.1.1 Romance with America.....7

 1.1.2 The American Dream.....9

 1.2 The Aspect of Financial Success11

 1.3 The Aspect of Homeownership13

Chapter 2: The Internet Boom, Gentrification, and San Francisco.....16

 2.1 The Internet Boom in the San Francisco Bay Area16

 2.2 The Process of Gentrification and the Internet Boom.18

 2.2.1 The “Production of Space” and “Spatial Capital”19

 2.2.2 The Process of Gentrification20

 2.2.3 San Francisco’s “Techies” and Gentrification22

Chapter 3: The Influence of Gentrification on San Francisco27

 3.1 San Francisco versus Detroit27

 3.2 The Mission District30

 3.3 Additional Developments in San Francisco.....31

Conclusion and Discussion36

Bibliography39

Abstract

San Francisco, a city with a strong foothold in the global technology industry, is rapidly changing. The city's roots and image lie in cultural diversity, but it is now becoming more and more monotonous due to the rise of the Internet industry and the process of gentrification that is taking place. Drawing from previous research and recent census data, this thesis examines to what extent the Internet boom and gentrification in the city of San Francisco can be seen as exemplary to the disintegration of the American Dream in terms of its aspects of financial success and homeownership.

List of Keywords

San Francisco, gentrification, Internet boom, technology companies, American Dream, financial success, homeownership, techies, Lefebvre, disintegration, right to the city, privilege, class, race, Ellis Act, Bay Area, urban space, displacement.

Introduction

The direct cause for writing this thesis and exciting interest in the subject is Alexandra Pelosi's documentary *San Francisco 2.0*. I remember walking through the streets of San Francisco on vacation with my parents and being amazed by the many murals and art galleries around me. The city was filled with street musicians and each neighborhood had a different smell from all the types of food that were being cooked. However, the city I saw in the 2015 documentary was nothing like the vibrant memories I had. The colorful murals that once reflected the struggles of the community were being painted over by new businesses, whilst the multicultural inhabitants of these neighborhoods were being evicted from their homes. Although the documentary is not very detailed, it does suggest that there is a link between the many technology startup companies in San Francisco, the process of gentrification, and the emergence of a monotonous culture in a city that was once famous for its diversity. As an American Studies student, this naturally spurred my interest into how these Internet companies exactly affect the city.

Globally recognized as highly important for the development of new technologies in the digital age are regions and cities such as San Francisco, where many startup Internet companies set the standard for the advance of groundbreaking new ideas. Worldwide, Silicon Valley in San Francisco's Bay Area is known for housing some of the world's most notable Internet companies such as Google, Yahoo, and Apple. At the same time one could argue that San Francisco has long been the epitome of the American Dream: it has been a city where everything was possible and where people had an equal shot at success. Because it attracted mavericks, bohemians, activists, and progressives, the city's image was built upon the multicultural and creative character of its inhabitants. More so, San Francisco long enjoyed a reputation as the counter culture capital of the United States.

As can be seen in *San Francisco 2.0*, at the onset of the "digital gold rush", many young people in the technology industry flocked to the city's center. Now the new elite is demanding and causing San Francisco to reinvent itself. Even though some may argue that these Internet companies bring much prosperity to the city, the fact that more and more people are evicted as a result of gentrification shows otherwise. Resulting from these remarkable developments in the city, this thesis will be an endeavor to answer the following research question: To what extent can the

Internet boom and gentrification in the city of San Francisco be seen as exemplary to the disintegration of the American Dream in terms of its aspects of homeownership and financial success?

To answer this research question, it is crucial to provide a theoretical framework. As the American Dream is a vital part of the research question, it is a necessity to define the concept. The notion of the American Dream is one of much debate, as it is a relatively vague concept that is open to personal interpretation. Because it is also a very broad concept, it will be narrowed down in this thesis with regard to its aspects of financial success and homeownership. In my endeavor to research and define the American Dream, it is important to understand what it is that sparks people's desire to follow the American Dream in the first place. An important theoretician who discusses the concept's underlying factors through the so-called "romance with America", is Winfried Fluck. He argues that 'America' as an ideal cannot fail. This has to do with the idea that the romance with America is "a search for something that stands for the highest and purest ideals and that is, at the same time, never quite attainable, so that it will refuel our desire" (Fluck 88).

Furthermore, in various academic articles theoretician and philosopher Henri Lefebvre is mentioned in the discussion of the American Dream in terms of financial success and homeownership. Both Ryan Centner's article *Places of Privileged Consumption Practices* and Don Mitchell's book *The Right to the City* discuss two of Lefebvre's important theories that can be linked to the American dream: the theory on the production of social space and the theory on the right to the city. Former President Bill Clinton mentioned in one of his presidential plans *The National Homeownership Strategy: Partners in the American Dream* that this dream entails the promise of the realization of owning a home. More so, U.S. Department of Housing and Urban Development stated in 1995 that "owning a home serves as one of the main symbols of economic and social success and is a primary aspiration for most Americans" (*The National Homeownership Strategy* 2). If homeownership is indeed a crucial aspect of the American Dream, then each individual should have an equal right to the city. This entails the following, according to Lefebvre: "The right to the city manifests itself as a superior form of rights: right to freedom, to individualization in socialization, to habitat and to inhabit" (qtd. in Mitchell 18). In his theory on the production of space, Lefebvre outlines three different types of space: conceptualized space, lived space, and perceived space. The notion of "lived space" enables a particular claim on

material space, or “perceived space” (Centner 197). In other words, in a city like San Francisco where people participate in its society and have the right to use the city’s public places, they also have the right to *inhabit*. What is more is that the right to inhabit implies the right to housing (Mitchell 19).

What happened in the city of San Francisco, however, is that a form of gentrification arose after the Internet boom in the beginning of the 21st century. Lefebvre’s theory on the right to the city could no longer be applied, due to the fact that the future of urban space during its “production” was no longer determined by inhabitation, but by differences in social power. Centner describes this condition for the illegitimacy of this Lefebvrian framework as follows: “This is only able to occur in a context where its notion of “right to the city” is not fulfilled – that is, where unequal social relations define access to city space and control over it” (Centner 198). Centner’s article *Places of Privileged Consumption Practices* and Matthew Zook’s book called *The Geography of the Internet Industry* are two of the more extensive works that show detailed research into the Internet boom and the lifestyle of the so-called “techies”. Where Zook explains from a historical perspective the emergence of the technology industry in the region of San Francisco and the reasoning behind it, Centner continues on the subject by linking the Internet companies to the process of gentrification and the notion of “spatial capital”, which is an “exclusionary tool deployed by privileged city users” (Centner 194). Despite the fact that Centner’s article takes a turn towards how gentrification and the technology boom have brought along spatialized consumption practices rather than homeownership, his research on the process of gentrification and the technology boom is quite extensive. It is necessary to be able to define and research these concepts in order to write this thesis.

Another theoretician who researches gentrification is Mark Davidson. In his article *Gentrification as Global Habitat* he not only discusses the relationship between globalization and gentrification, but also how gentrification has become a place-based strategy of class (re)formation. In explaining the concept of gentrification, Davidson poses that it should adhere to these four requirements: it upgrades the social composition of the neighborhood (i), it results in a significant landscape change, which itself is motivated by a demonstration of cultural identity (ii), it involves a significant reinvestment of capital into previously devalued space (iii), and it generates processes of replacement and displacement (iv) (Davidson 494). Davidson’s article is not specifically focused on the city of San Francisco;

nevertheless, it is an important study since gentrification can take place globally. Therefore, the question of whether gentrification in San Francisco is leading to a cultural crisis is one that can be applied to many other globally important cities. In order to provide an answer to the above-mentioned sub-question, a comparison is presented in the final chapter between Detroit and San Francisco. Alex Schafran and Thomas Sugrue have both written extensive works on the phenomenon of the urban crisis. Schafran's work is focused on the Bay Area, whereas Sugrue provides a history of the origins of the urban crisis in Detroit. Since both cities in the past have faced and are facing challenges related to outward migratory patterns, the probability of a cultural crisis arises, for the cities are faced with the 'limits of out-migration'. In the case of Detroit, it encompasses "the continuing racialized division between a white middle class, which manages to insulate itself from poverty and crisis, and communities of color, which cannot" (Schafran 281).

This thesis will be divided into three main chapters. The first chapter will present an analysis of the American Dream. This thesis will endeavor to define the notion of the American Dream in this context. I will also outline financial success and homeownership as two inherent notions of the Dream. The second chapter provides a more specific study on the development of the Internet boom, the process of gentrification in the city of San Francisco, and the ways in which they are connected can be found. The last chapter presents an exploration of the implications of the technology industry boom and gentrification on San Francisco's city dynamics. This thesis will conclude by providing an answer to the research question. For that, the notions of financial success and homeownership in the American Dream are paired with relevant developments in San Francisco. Naturally, as the concept of the American Dream is continuously evolving and fluid and since the city of San Francisco is in constant development, this thesis leaves many opportunities for additional research on the subject.

Chapter 1: Conceptualizing the American Dream

In this chapter I will endeavor to provide a theoretical basis on the notion of the American Dream. First, I will discuss an underlying concept that has often sparked many people's desires to follow the American Dream in the first place: the "romance with America". The following discussion is one that is aimed at an attempt to define the American Dream itself. This is necessary for this thesis since the American Dream is a fluent concept, and continuously open to change and varying personal perspective. In the final two sections of this chapter a more detailed account is provided on the aspects of financial success and homeownership that are embedded in the American Dream.

1.1 Defining the Main Concept

The American Dream, a concept upon which many of the ideals and values of the United States are built, is one that has been highly debated through time. It is a concept that is relatively difficult to define, due to the fact that any immigrant coming to the U.S. or even any current citizen has a different perspective on what, for instance, "success" entails. What is more is that even individual world citizens have their own version of an 'American Dream'. Despite the debate about the subject, it is a necessity to make an attempt to define the concept of the American Dream and, more specifically, its inherent aspects of financial success and homeownership.

1.1.1 Romance with America

One could argue that the concept of the American Dream is still relevant in contemporary U.S. society. Many scholars, including Winfried Fluck, have criticized this important concept, because despite the fact that many Americans and immigrants have been not been able to fulfill their American Dream, the romantic view of 'America' persists to this day. This romance with America is an analysis and a view of the United States, which is based in essence on utopian promises embedded in the idea of 'America'. Whether the American Dream is critiqued or celebrated as a result of this is irrelevant: "whatever outrage may be caused by recent events, the romance with America stays intact" (Fluck 89). The romance stays intact due to the idea that 'America' as an idea and ideal cannot fail. Despite the fact that the romance with

America and the concept of the American Dream are closely related, it is important to note that they are not the same. The American Dream can be seen as an aim for success in life based on individual capability. The romance with America, on the other hand, is, as mentioned by Fluck, a search for something that stands for the highest ideals, but concurrently never fully attainable. Therefore, it will continue to refuel our desire. Hence, the difference between the two concepts is that the American Dream in its essence is attainable, but it may also disintegrate due to failure. On the other hand, the romance with America is not attainable, and therefore it cannot fail. Nevertheless, this romance as an idea of 'America' is an important one to grasp in order to understand what it is that excites people to come to the United States and try to fulfill the American Dream.

So what is it that upholds the idea of 'America', which is arguably based on myths and improbabilities? Fluck poses that five different romances exist, which all add to this general romance with America. The romance of social rebirth allowed the American people to invent their own mythology in which they were in the position of the hero. This mythology is also known as the "American founding myths" (Fluck 90). Second, the outlaw-and-defiance-romance, also known as the romance of American popular culture, portrays the American views on authority through the expression of defiant subcultural values like informality and anti-authoritarianism. The next romance is one that has been especially popular in Europe; the tragic-nobility-romance. In this romance, Southern culture is seen as a "culture of tragic existential dimensions and thus as an antidote to a shallow American materialism" (Fluck 90). Fourth, there is the romance in which individual freedom and creativity go hand in hand without effort. Finally, the romance of transcendentalism and pragmatism entails democratic identity. Various philosophers that touch upon the notion that all men are created equal support this idea. As mentioned earlier, these five romances contribute to the general romantic view of America. However, there is also room and opportunity for personal experience that can add to this general romance.

Despite the fact that the romance with America may initially seem irrelevant to our discussion of the American Dream, as it is a different concept in itself, the two are certainly affiliated. It is precisely this romance with America that has, from time to time, reignited the spark for many people to try to follow their American Dream. One could argue that the five romances upon which the romantic view of 'America' is

built contribute to the popularity of the American Dream. Consequently, in line with this thesis, it is important to be aware of these five supporting components prior to our following discussion of the Dream itself.

1.1.2 The American Dream

According to theoretician Robert C. Hauhart in his article *American Sociology's Investigations of the American Dream: Retrospect and Prospect*, the American Dream is one of the most recognizable and revered symbols of the national heritage of the United States. It looks like an advertising slogan: the American Dream is “pithy, peerless, and evocative” and politicians often use it as a patriotic rhetorical device to inspire the masses of American society with positive thoughts regarding the destiny of their country (Hauhart 65). James Truslow Adams, as mentioned by Hauhart, depicts the American Dream as a dream of a land in which life is promised and supposed to be better, fuller, and richer for every man. There is an opportunity for every person who is interested, in accordance to their own ability to achieve. Although the fact that the understanding of the American Dream amongst Americans has taken a turn to a point in which success is by many people defined by materialistic terms, originally, this was not how Adams, an author of American histories, defined it. He had instead suggested in his original concept that “one could achieve one’s American Dream through natural ability, hard work, perseverance and the achievements that would thereby follow” (Hauhart 66). In recent years, the idea that the American Dream has been reduced to merely materialistic terms, or the goal of monetary success, has been steadily growing. What this development has created is a potential danger for the viability of the concept: a gap has occurred between promise and fulfillment. Various scholars have recognized the following: “The American Dream’s promise of equal opportunity for all to achieve monetary success becomes hollow without a reasonable chance within competitive labor and financial marketplaces” (Hauhart 66). What stands out in this statement are the terms “equal opportunity”, “monetary (or in other words, financial) success”, and “chance”. From this we can conclude that equality in opportunity, or chances if you will, is a crucial factor in the attempt to fulfill one’s American Dream and its inherent notion of financial success.

Adams, who is also quoted by Melanie and Roderick Bush in their chapter *Perspectives on the American Dream*, furthermore articulates the concept of the American Dream in his 1931 book, *The Epic of America* in which the dream is not solely about economics. It is also one “of social order in which each man and each woman shall be able to attain to the fullest stature of which they are innately capable, and be recognized by others for what they are, regardless of the fortuitous circumstances of birth or position” (Bush and Bush 19). What is important to take out of this excerpt is the premise that in the American Dream a person is to be recognized based on their achievements, rather than upbringing or social class. Bush and Bush have found however, that the higher someone is positioned in the social hierarchy, the more likely they are to enjoy upward mobility and availability of material goods (Bush and Bush 44). Hence, the premise that each individual has an equal chance at achieving the promises of the American Dream, regardless of the fortuitous circumstances of birth or position, is no longer the case. From this, one could argue that the disintegration of the American Dream is a process that has been evolving for quite some time already and has become more prominent since the Great Depression. However, this is a discussion that is open to different research.

Michael C. Kimmage describes the American Dream as a concept that has two important components: a material and a spiritual component. First, the spiritual component, or metaphysical part of the concept, entails a combination of optimism and happiness. The notion of happiness, as discussed in the Declaration of Independence, is an important goal to be pursued. What, in line with this thesis, could be more interesting is the material component. According to Kimmage, this element stands for class mobility, or simply, the pleasure of economic opportunity. Throughout time, one could argue that this component may have been one of the most important motives for immigration to the United States. In other words, “the American Dream could be defined as the spiritualization of property and consumption, the investment of joy and dignity in consumption and property ownership” (Kimmage 27). Property ownership, in this sense is thus also defined as an inherent aspect of the American Dream. Kimmage even states that despite statistics on the actual class structure of the U.S., actual poverty levels, and actual stagnation of opportunity, the American Dream is still a concept that promises “immediate property and ultimate happiness, physical possessions, consumer goods, and an ensuing metaphysical joy” (Kimmage 27).

What we have seen so far is that an important cause for the popularity of the American Dream can be found in the concept of the ‘romance with America’. What is more is that the original definition of the American Dream entails the promise of a better and richer life for anyone who is interested. Important to note is that the extent of people’s success in life is strongly dependent on their own ability to achieve. Also, in its core, the American Dream promises an equal chance at achieving its inherent promises, regardless of someone’s upbringing or social position. Problematic nonetheless is that this promise became undermined since at least the Great Depression when the material component of the American Dream became difficult to support. This points to the idea that the Dream might have already been disintegrating for some time. Furthermore, another definition of the American Dream posed by Kimmage suggests the existence of two core components: a material and a spiritual component. As Kimmage states that the Dream, amongst other things, promises “immediate property”, “physical possessions”, and “consumer goods” it is of the essence to examine the material component of the concept next through the aspect of financial success.

1.2 The Aspect of Financial Success

As mentioned earlier, this thesis will emphasize the aspect of financial success within the American Dream. Financial success has long been seen as a core component of the American Dream. This was stated by, amongst other theoreticians, Tim Kasser and Richard M. Ryan in their work *A Dark Side of the American Dream: Correlates of Financial Success as a Central Life Aspiration*. One of the more essential statements they make is that many values that came to life in and were encouraged by modern day society suggest that not only happiness, but also success, depend on procuring monetary wealth (Kasser and Ryan 410). In other words, in contemporary society the fulfillment of the American Dream has become more and more dependent on someone’s ability to become financially successful. This is what makes the aspect of financial success an important component in our discussion of the American Dream.

Humanistic theories were developed by Rogers and Maslow, in which suspicions regarding the worth of material pursuits are portrayed. For example, both these theoreticians believe people are “energized by an actualizing tendency” and that

“well-being occurs to the extent people can freely express their inherent potentials” (Kasser and Ryan 410). What is meant by this is that people are inherently driven to try to reach their full potential. Consequently, the more opportunities they have to express their potential, the greater their well-being will be. However, in their attempt at self-actualization, people often forfeit this in order to receive regard or outcomes from others, as many people are overly reward oriented. The concept of materialism is defined by Carl Nickerson et al. as the following: it is “an individual differences variable reflecting a high relative importance placed on the acquisition and possession of income, wealth and material goods; it is usually considered a personality trait or a value, rather than a goal or an aspiration” (Nickerson et al. 531). As discussed by Kasser and Ryan, the pursuit of material rewards in itself is neither positive nor negative. However, when a person puts an excessive amount of emphasis on these material, external rewards, he can be distracted from spiritual, intrinsic endeavors. This can ultimately interfere with personal integration and actualization, or reaching his full potential (Kasser and Ryan 410). As a result, the financial component and the spiritual component of the American Dream as outlined by Kimmage in the previous subchapter are in disagreement.

Next to humanistic theories on the characterization of materialistic values and expectations in the American Dream, there are also contrasting views derived from behavioral theories. On the matter of financial success A. Bandura proposes that “when people feel self-efficacious about obtaining external rewards, better adjustment should result, particularly if the outcome is viewed as positive” (Kasser and Ryan 410). What is controversial about this theory is that it suggests that a person is in the position to adjust to a situation in order to achieve a positive well-being. However, as Bush and Bush have shown in their research, there are limits to obtaining these “external rewards”. Namely, this ability has proven to be, to a certain extent, dependent on upbringing and social class.

All in all, even though financial success has shown to be an important component of the American Dream, it is an aspect that sparks much discussion amongst theoreticians. Both humanistic and behavioral theories have been developed that deal with the well-being of a person and how this is influenced by the goal of financial success. These theories that link the well-being of a person to financial success bring us back to our definition of the American Dream as described by Kimmage. The proposed spiritual component of the Dream promises ultimate

happiness. What we have seen in the above-mentioned theories, however, is that this spiritual component no longer always goes hand in hand with the material component. In other words, financial success does not always lead to ultimate happiness and this leads to friction within the concept of the American Dream.

1.3 The Aspect of Homeownership

Not only is financial success an important aspect of the American Dream that needs to be discussed, but the desire for homeownership also plays a vital role in this endeavor to define the concept. According to Anne B. Schlay, the desire for homeownership has been longstanding within the United States. For example, the British colonists, when they colonized North America, organized the land into parcels that were meant for private consumption. This “earliest version of the American Dream” was not about “owning a home per se, but about owning land” (Schlay 512). From an ideological standpoint, Schlay states that homeownership has often been portrayed as a political right, which, as has been shown frequently, is a more popular right than the right to vote (Schlay 511). More so, the reason why, for example, immigrants have typically pursued the ideal of homeownership throughout history in trying to fulfill their own American Dream, is because of the well-established benefits of homeownership. Homeownership has vast economic, psychological, and cultural advantages (Chandrasekhar 169). In a way, homeownership is often used as a financial stepping-stone to build wealth and it symbolizes the accomplishment of success, stability, and prosperity (Chandrasekhar 170).

Former President Herbert Hoover once mentioned the following: “The sentiment for homeownership is so embedded in the American heart that millions of people who dwell in tenements, apartments, and rental rows of solid brick have the aspiration for wider opportunity in ownership in their own home” (qtd. in Adams 574). What should be taken from this quote are two main ideas that capture contemporary U.S. sentiments: homeownership is a national ideal (1) and renters are expected to strive for ownership (2). In the introduction to this thesis, another sweeping statement by the U.S. Department of Housing and Urban Development in *The National Homeownership Strategy* has been brought to the foreground: “owning a home serves as one of the main symbols of economic and social success and is a primary aspiration for most Americans” (“The National Homeownership Strategy” 2).

In the same policy, which was devised by the 1995 Clinton administration, former President Bill Clinton mentions that the American Dream entails the promise of the realization of owning a home. From this and Schlay's work, we can conclude that homeownership is indeed an essential aspect of the American Dream. Part of having the right to homeownership, is having an equal right to the city in the first place. This "right to the city" is a famed slogan, which is closely associated with Henri Lefebvre, a French Marxist philosopher. Despite the fact that Henri Lefebvre is not directly affiliated with the concept of the American Dream, I believe that his theories provide interesting insights into the rights that people have regarding homeownership and housing, which are closely related to the ideas of the American Dream. Therefore, connecting the Lefebvrian framework to the notion of the American Dream will provide us with a deeper understanding of its inherent promises of homeownership and also what is problematic about these promises.

In Don Mitchell's book *The Right to the City: Social Justice and the Fight for Public Space* Lefebvre's main theories are outlined. For example, Lefebvre argues that the city is a place where difference lives. This is due to the fact that cities are necessarily public, in contrast to the countryside. They are places of social interaction and exchange with different types of people. What is more is that "publicity demands heterogeneity and the space of the city – with its density and its constant attraction of new immigrants – assured a thick fabric of heterogeneity, one in which encounters with difference were guaranteed" (Mitchell 18). The struggle that emerges when these different types of people argue over the shape of the city is what Lefebvre calls "an oeuvre": the city as a work, or the city as a collective project through which new modes of living or inhabiting are invented. What has become problematic in contemporary cities is that this "oeuvre" becomes estranged, due to the expropriation by a dominant class. This dominant class is often not necessarily interested in creating a city that is appropriate for the cohabitation of differences, but created out of a specific set of economic interests instead (Mitchell 18). Hence, the city becomes one produced for the people, rather than by the people. Nevertheless, Lefebvre believes that people have a right to the "oeuvre" and, as quoted by Mitchell, he states: "The right to the city manifests itself as a superior form of rights: right to freedom, to individualization in socialization, to habitat and to inhabit" (Mitchell 18). What, in line with this thesis, is important to take from this theory is the idea that when people, in a city like San Francisco, have the right to participate in its society and have the

right to use the city's public spaces, they also have the right to *inhabit*. Moreover, this right to inhabit implies the right to housing (Mitchell 19). Important to note however, is that in the Lefebvrian framework the right to housing is viewed as a form of appropriation and not a direct right to property.

In conclusion, this chapter has defined the concept of the American Dream and provided an in-depth analysis of some of its components. The notion of a romance of America is important in our understanding of the origins of the popularity of the American Dream and what has sparked many people's desires to follow their American Dream. This general romance is composed of five different romances which all contribute to the ideal and idea of 'America'. With this concept in mind we then discussed the definition of the American Dream as originally defined by Adams. The American Dream promised equal opportunity to those who were interested in a better and richer life, however limited by their own abilities. Kimmage outlined a different type of analysis of the American Dream in which it is composed of two major components: the material and the spiritual component. What we have found is that, based on behavioral and humanistic theories on the influence of the Dream's inherent promise of financial success on the well-being of a person, these two components have clashed. In the final sub-chapter we discussed the aspect of homeownership in the American Dream. Chandrasekhar described homeownership as a financial stepping-stone to build wealth, which comes to symbolize the accomplishment of success. Furthermore, I linked the promise of homeownership to the Lefebvrian framework concerning the right to the city. Important to take from this discussion is that each person has a right to the city: the freedom to participate in its society and to use the city's public spaces. According to Lefebvre, this also means they have the right to *inhabit*, which according to Mitchell implies the right to housing. In the following chapter I will discuss the process of gentrification and the boom in the technology industry, which will tie in with the issue of housing opportunities for San Francisco's inhabitants.

Chapter 2: The Internet Boom, Gentrification, and San Francisco

Chapter two deals with two important developments in San Francisco: the Internet boom and the process of gentrification. In the first sub-chapter explores the history of the origins of venture capital in the Bay Area that led to the 1990s Internet boom. The sub-chapter that follows provides extensive research on the notion of “spatial capital”, the definition of gentrification, and most importantly, how gentrification and the 1990s Internet boom are strongly affiliated. Throughout chapter two, continuous references are made to chapter one in order to provide a greater understanding of how the Internet boom and gentrification are intertwined with the disintegration of the American Dream.

2.1 The Internet Boom in the San Francisco Bay Area

One of the main themes in this thesis is the boom in the technology industry, or, in other words, Internet boom. This is because technology companies have influenced the city of San Francisco in various ways. San Francisco has a long history of venture capitalists coming to the Bay region. Martin Kenney notes the following: “Venture capital in Silicon Valley was not created out of a whole cloth; rather it evolved gradually as an element of the endogenous growth of the region [...] As they became an institution, they also reorganized the environment” (Kenney 123). In our understanding of the current problematic housing situation in San Francisco, it is important to understand the influence of venture capital in the city on the larger regional milieu and its broader history.

Matthew Zook discusses the history and influence of venture capital on the San Francisco region in his book *The Geography of the Internet Industry*. Rooting back to the gold rush of 1849, California has had a long tradition of the accumulation of capital and reinvestment. The expansion to its current trillion-dollar economy began with a gold rush, but is maintained and sustained by the succession of oil and silver and the extractions from farm, forest, and fishery. Not until the middle of the twentieth century did a shift away from land-based activities appear (Zook 97). California is an example where resource-led development took place, and this is what happened after the shift. Its main focus became venture capital and, more specifically, entrepreneurial activity in the rising technology industry. This had much to do with

the presence of industries and technologies in the Bay region such as vacuum tubes, wireless radio, and television from the 1910s to the 1940s. At that time, wealthy businessmen already backed many of these earlier ventures as angel investor. This was the start of venture capital in the technology industry. The second half of the twentieth century brought various ups and downs in the development of the San Francisco Bay area. One of the main influences of an ‘up’ was the venture capital partnership between Arthur Rock and Thomas Davis, which invested in the California high-technology companies. There are various reasons why Rock and Davis’ partnership was influential in the development of venture capital in the San Francisco Bay area. For example, their system in which they were able to earn twenty percent of the profits made from investments was naturally very attractive to other managers in the investment scene who were interested in becoming venture capitalists. Another reason is that their method of relying upon existing connections, personal contacts, and their own research for due diligence underlined the importance of networking in order to be able to evaluate possible deals. Stephen S. Cohen and Gary Fields call this phenomenon “social capital” in their work *Social Capital and Capital Gains in Silicon Valley*: services and transactions that revolve around central social networks (Cohen and Fields 108). More so, both Rock and Davis stressed the significance of building companies rather than just lending money (Zook 99). Naturally, Rock and Davis’ partnership was not the only activity in venture capital taking place in the region at the time. It was nevertheless a groundbreaking system. What is also important to note, is that entrepreneurs and venture capitalists are a mere part of the regional conventions and institutions that contribute to San Francisco’s entrepreneurial and venture-investing developments. There are also other contributors, especially in the formation of “social capital”, such as lawyers, universities, accountants, and other companies that provide services that arose alongside the venture capital system in the region (Cohen and Fields 110).

In the late 1990s there was a so-called ‘dot-com boom’ as described by scholars, or hausse in the technology industry, often said to be one of the greatest bubbles of recorded history. By the term “bubble” is meant that the high levels of activity and investments in the technology industry were unsustainable in the long run. One of the most important factors that contributed to the boom was the general hype that surrounded the notion that the Internet had a transformative nature for business models. Whether this attempt to transform the general structure of business

models was a misguided idea or not, the level of eventual success was of a second nature. The initial idea that it might be possible to put everything online was what triggered the hype surrounding the dot-com companies (Zook 116). The frenzy that arose of equally and well-funded competition between Internet companies eventually resulted in large amounts of money chasing competing business models that were unsustainable in the end. It was, in other words, a large-scaled quest for easy money (Zook 120).

Whether the boom in the technology industry was a bubble or not, and whether it was successful in restructuring the business landscape, is irrelevant to this discussion. Important to understand, however, is that the dot-com boom happened in the San Francisco Bay area for a reason: the region had long enjoyed a history of venture capital, which had attracted various different start-up companies. Regions central to the Internet industry benefited in ways of experience, knowledge, and skills. The transfer of knowledge and experience among firms is a key element in the “innovative milieu” that is associated with Silicon Valley and other high-technology agglomerations (Kenney 127). In addition, Alex Schafran states that the San Francisco area “took off in one of the most famous economic transformations in history, building on the power of transistors, higher education, and global markets to develop a knowledge-industry powerhouse” (Schafran 667). The more successful companies that came out of the boom, namely companies such as Google, Apple, Yahoo, AirBNB and many more are also the businesses that, in line with this thesis, add to the process of gentrification in the city of San Francisco. As I will discuss in the following sections, these technology companies that contribute to gentrification are therefore also closely related to housing problems in the city. Moreover, the inequality in housing opportunities resulting from gentrification can be viewed as a cause for the decline of the American Dream. What I would like to pose in the following sub-chapters is that gentrification, as influenced by Internet companies, results in a discussion of the promises of financial success and homeownership within the American Dream as discussed in the previous chapter.

2.2 The Process of Gentrification and the Internet Boom.

In chapter one I discussed the Lefebvrian framework in order to provide a deeper insight into inherent rights that citizens have regarding homeownership and

housing in a city. I linked Lefebvre's theory regarding the "right to the city" to the promise of homeownership, which is embedded in the American Dream. What we found, however, is that one could argue that the American Dream has been disintegrating since at least the 1930s. What I would like to discuss in section 2.2 is the idea that some prerequisites to fulfill the American Dream are not attainable. This could be due to, for example, the lack of space, which also causes the Dream to disintegrate. By this I refer to the promise of homeownership, which, for one, requires the availability of land or space. In San Francisco, a city that is located on a peninsula, the availability of space is not indefinite. Therefore, the city might not be able to meet the requirements needed to fulfill any person's American Dream. Although I used the Lefebvrian framework on "the right to the city" to provide a window for a greater understanding of people's rights regarding housing and homeownership, Lefebvre's theories have also come to be illegitimate because of the boom in the technology industry.

2.2.1 The "Production of Space" and "Spatial Capital"

In his article *Places of Privileged Consumption Practices: Spatial Capital, the Dot-Com Habitus, and San Francisco's Internet Boom* Ryan Centner explains how, according to Lefebvre, the production of space is a multidimensional process. This particular process involves "the conflicting agendas that imbue the broad expanse of physical space with particular social meanings and shape it, in turn, to advantage certain practices and ideologies" (Centner 196). In Lefebvre's theory, there are three important interactive forms of space: conceptualized space, lived space, and perceived space. Conceptualized spaces are those areas that are developed by planners, politicians, and many others that have the ability to define spaces. Lived space is less black and white: it is comprised by how the imagination appropriates the space in which a person lives. Perceived space is a notion that results from the previous two definitions. It is a combination of space that is defined by planners and of how the space is next appropriated by the people using it. Perceived space becomes more than that, however, because it entails the experience of a space through perception, which causes for a more critical reflection. The notion of "lived space" enables a particular claim on "perceived space" (Centner 197).

What happened in the city of San Francisco, is that a form of gentrification arose after the technology industry boom in the beginning of the 21st century. Mitchell hypothesized that advanced technology undermines space, so Lefebvre's theory on the right to the city can no longer be applied. The future of urban space during its "production" was no longer determined by inhabitation, but by differences in social power. Centner describes this condition for the illegitimacy of this Lefebvrian framework as follows: "This is only able to occur in a context where its notion of "right to the city" is not fulfilled – that is, where unequal social relations define access to city space and control over it" (Centner 198). What follows is a concept called "spatial capital", which entails a form of symbolic capital when material space is at stake. A social field, or "a configuration of objective relations between positions", contributes to the creation of spatial capital and is strongly interwoven with the notion of "habitus" or what Lefebvre has described as "lived space" (Centner 197). Spatial capital is in other words the ability to commodify space, in which a person has both the power to make and take place. This power is naturally unequally distributed and has everything to do with privilege. Hence, spatial capital is an "exclusionary tool deployed by privileged city users" (Centner 194).

We could conclude that the Lefebvrian theory on the "right to the city" does not hold, because space in its production is no longer determined by inhabitation, but by social power. What then follows is "spatial capital", which allows unequally distributed power to determine the future of a place. This notion of spatial capital seems to tie in with the process of gentrification seamlessly. It is also strongly influenced by those who are privileged and powerful. In the following section will elaborate this further.

2.2.2 The Process of Gentrification

Some scholars, such as Butler, argue that "gentrification is a 'coping' strategy by a generation which, whatever its other differences, is reacting not only to changed social and economic circumstances but also against its own familial upbringing" (qtd. in Davidson 491). Problematic about this definition is that it misses the basic idea of gentrification being about residential or commercial use of an urban area shifting towards higher economic classes (Centner 199). Nevertheless, Butler's definition is a meaningful contribution to this thesis, because it assumes that gentrification is also a

process of class formation. This view is particularly relevant in our discussion regarding the concept of the American Dream, because it insinuates a creation of class inequality when it comes to residential use of urban space. The American Dream, on the other hand, promises equality in opportunities, which does not appear to be the case when it comes to gentrification.

Mark Davidson argues in his article *Gentrification as Global Habitat* that there is a new and contemporary form of gentrification that is slightly different in its definition compared to the original or Butler's version. This form of gentrification consists of "the development of large, luxurious apartment complexes by corporate developers and their consumption by the professional middle classes" (Davidson 493). Not only is gentrification now directly linked to corporate developers, but also to a middle class that is specifically professional. Therefore, like the concept of the American Dream, the definition of gentrification is fluent. In establishing a definition of the concept of gentrification, Davidson poses that it should at least adhere to these four requirements: it upgrades the social composition of the neighborhood (i), it results in a significant landscape change, which itself is motivated by a demonstration of cultural identity (ii), it involves a significant reinvestment of capital into previously devalued space (iii), and it generates processes of replacement and displacement (iv) (Davidson 494). What is more, in linking the process of gentrification to Lefebvrian theory, Davidson remarks that gentrification is best understood as the capital-led development of urban space and 'habitat' as Lefebvre discussed.

Sharon Zukin states in her article *Gentrification: Culture and Capital in the Urban Core* that economic institutions, such as the Internet companies in San Francisco, are the ones that establish the conditions to which so-called "gentrifiers" respond. In addition, to a certain extent, locational preferences of those who contribute to the process of gentrification (or "gentrifiers") often reflect a desire for a withdrawal from a distribution and transportation infrastructure that is considered to be archaic. These people would rather walk or cycle to work than make long journeys by car or train to the city. Also, smaller scale shops and a range of various different services in the city are often preferred over suburban shopping centers. As a result, in cities such as San Francisco, the values of property in middle-class residential areas rise. This phenomenon thus reflects the "increased competition for a milieu that unifies proximity to professional, managerial, and "creative" jobs; opportunities for

specialized high-status consumption; and the combination of population density and individualized facilities” (Zukin 144).

So far, we have discovered that the definition of gentrification is subject to change. At its core, however, gentrification is the process in which property values in urban neighborhoods rise and lower-income families are displaced to make room for higher-income families. Butler argues that gentrification is therefore a process of class formation. Moreover, according to Zukin, the so-called “gentrifiers” respond to certain conditions, such as the presence of smaller scale shops or the option to walk to work, that are established by the economic institutions. These economic institutions, such as the technology companies in San Francisco, play an important role in the process of gentrification and so do their employees, or in this case the “techies”, as we will see next.

2.2.3 San Francisco’s “Techies” and Gentrification

Throughout the twentieth century, San Francisco had its fair share of new groups and types of residents coming into the city. They came from both within the United States and overseas and with their diverse nature, they marked San Francisco with particular traits. The group of people that moved into the city in the late 1990s did so as a result of the Internet boom. They are known as “dot-commers” or “techies” and combined privilege with free-ranging territorial claims to the city. This is important to note, because the fact that these people working for technology companies was not limited to a certain area in the city made the techies more widely influential in San Francisco’s society. Earlier, other predominantly white, domestic newcomers faced the challenge of limitations regarding social privileges. In the 1960s the hippies, for example, flocked to the Haight-Ashbury area with their meager financial means and an interest in alternative lifestyles (Walker 12). These lifestyles cohered around this specific, deteriorated, low-rent neighborhood, but overcrowding and violence resulting from the so-called 1967 “Summer of Love” soon undermined their fragile claims on the area (Centner 194). Another cohort of white, domestic newcomers were gay men and lesbians. In the 1970s they moved to San Francisco’s Castro district, which they changed from a working-class environment into a homosexual social territory. The Castro District was a kind of homosexual Mecca as this area in the city provided a place both celebration and liberation for the gays.

More than housing, it promised tolerance and public life (Walker 12). Due to the intense discrimination on the basis of sexuality that they faced outside the district, the urge arose to create a “cluster of physical permanence for social and political solidarity, as well as a base for homeownership and commercial proprietorship” (Centner 194). Unlike the homosexuals and the hippies, the techies did not face any limitations regarding their social privileges, such as low incomes or cultural marginalization. This enabled a much more geographically free-ranging bond with the city of San Francisco.

The techies stood out as well because of the combination of their age, income, and markedly privileged style (Centner 194). Remarkable census data on these matters can be found in the Bay Area “San Francisco City and County” census from 1990 to 2010. In order to avoid confusion, it is important to note that San Francisco city and county is just the city itself as there is no actual county due to the presence of the ocean and the bay. First, despite the fact that San Francisco’s population increased from nearly 724,000 in 1990 to over 805,000 in 2010, the percentage of African Americans declined from 10.9% to 6.1%. This adds to my initial notion of San Francisco becoming more monotonous and less diverse: the percentage of white people remained at around 50%. Based on this data I will present a more detailed discussion of the issues of race and gender with regard to gentrification in the next chapter. Second, in those same twenty years, from 1990 to 2010, median household income increased from 33,000\$ to 71,000\$ and the median income per capita increased from 27,000\$ to 45,500\$. Since the Internet boom in the 1990s in San Francisco, people’s incomes increased tremendously. Third, and crucial to our discussion of gentrification in San Francisco, are the data on home values. In a mere ten years, from 2000 to 2010, median value of an owner occupied house nearly doubled: from 396,400\$ to 785,200\$. Over that period, median gross rent strongly increased as well: from little over 900\$ to well over 1,300\$ (“San Francisco City and County”).

The figures above demonstrate a number of things. First, the percentage of African Americans in the city of San Francisco decreased strongly despite population growth and the percentage of whites remaining roughly the same. One could argue that the city became less diverse. Second, since the Internet boom in the 1990s, the median income of households and per capita increased. This could mean that the techies were earning a lot of money and created a professional (upper) middle-class.

Centner also remarked that, from 1996 to 2001, the second largest contributor to a twelve percent job growth were both large and small Internet companies, directly after the construction sector (Centner 201). In addition, John Stehlin remarks that since 2009, technology companies in San Francisco have added more than 23,000 jobs and leased 22% of city office space (Stehlin 130). Third, in merely ten years house values nearly doubled and median gross rent increased tremendously. This is exemplary of gentrification and might have to do with the fact that median incomes increased in that period as well. These developments can be linked to the Internet boom and the techies, thus leading to more gentrification.

Another development that spurred gentrification in San Francisco was the implementation of the Ellis Act in 1985. This legislation, adopted by the state of California, entails that landlords have the unconditional right to evict their tenants if these landlords remove the building from the rental market. Also, all tenants must be removed, like all rental units: none can be singled out. Usually, the Ellis Act is used to change the use of a particular building. Remarkable is that the number of Ellis Act evictions have strongly increased since 1997, or in other words, after the Internet boom (*Ellis Act Evictions*). As we saw previously, in the same time span median gross rent strongly increased and house values nearly doubled. We could see the Ellis Act as a strong contributor to the process of gentrification in San Francisco. As space is limited on the peninsula where San Francisco is located, house values increase. For landlords it can be tempting to remove their units from the rental market and sell them at the real estate market for higher prices. Tenants who are left behind then come to face a problem: not only has homeownership become more expensive, rent has as well. Thus, as discussed in chapter one, their right to *inhabit*, as discussed by Lefebvre, has suddenly become unattainable for the lower classes. Therefore, the Ellis Act adds to the disintegration of the American Dream.

Given recent developments it becomes clear that this problem has been recognized by the state of California. As of March this year, San Francisco requires a compensation anywhere between 5,800\$ and 18,000\$ per tenant, depending on their personal situation. Some factors of influence are: age, disability, and the presence of school-aged children in the family occupying the unit (*Ellis Act Evictions*). Also, California State Senator Leno composed a bill in 2014 for an amendment to the Ellis Act. If enacted, the amendment would require any new landlords to wait five years before evicting their current tenants and removing their unit from the rental market

(“Residential Real Property: Withdrawal of Accommodations”). This bill is an attempt to fight the misuse of the Ellis Act in which landlords try to make quick money when there is a peak period in the housing market. However, the bill is yet to be accepted.

In this chapter we have seen that the origins of the Internet boom lie in the long history of venture capital in the San Francisco Bay Area. One of the most important factors that sparked the 1990s Internet boom was the hype around the idea that the Internet could transform business at its core. Whether this was actually the case or not, and whether the many start-up technology companies were successful or not, is of a second nature. What is important to keep in mind, however, is that the Internet boom happened in the San Francisco Bay Area for a reason: the region had a long history of venture capital that attracted new start-up companies. We also found that Lefebvrian theory on the “right to the city” as discussed in chapter one does not hold for San Francisco due to the fact that space in its production is no longer determined by inhabitation, but by social power. What follows is “spatial capital”, which enables unequally distributed power to determine the future of spaces in the city. This ties in with the process of gentrification, which is a concept that entails the rise of property values in urban neighborhoods and the displacement of the lower classes in these areas to make place for higher classes. The “gentrifiers”, or people that contribute to this process of gentrification, respond to conditions that are established by economic institutions like the Internet companies. The employees of these Internet companies, or “techies”, are different from earlier cohorts of newcomers, such as the hippies and the homosexuals, who also flocked to the city of San Francisco. The techies did not face any limitations regarding their social privileges. This enabled them to have a much more geographically free-ranging engagement with the city. In addition, they stood out by the combination of the age, income, and markedly privileged style. In the census of San Francisco city and county, there were three things that stood out: the percentage of African Americans strongly decreased in twenty years time (1), the median income of households and per capita strongly increased (2), and median gross rent and house values strongly increased (3). In addition to the implementation of the Ellis Act, these three findings from the census data reveal a possible link between the process of gentrification and the 1990s boom in technology industry in the San Francisco Bay Area. Moreover, for evicted or less affluent tenants, the elements of homeownership and financial success

within the American Dream became even more difficult to fulfill. This leads to the logical conclusion that gentrification in San Francisco, greatly influenced by Internet companies, adds to the disintegration of the American Dream. However, before jumping to conclusions, it is necessary to examine the actual effects that gentrification has had, and still has, on the city and its inhabitants. In the next chapter, I will take a closer look at the demographic mark that gentrification is leaving behind on the “city by the bay”.

Chapter 3: The Influence of Gentrification on San Francisco

The third and final chapter of this thesis entails an overview of various different ways in which San Francisco's city dynamics were influenced by the arrival of the "techies" and the process of gentrification that followed. First a comparison between San Francisco and Detroit is discussed in order to understand the idea of a "cultural crisis". Following, an example is provided on an area that has strongly been affected by gentrification: the Mission District. In the final sub-chapter various other examples are given on the influence that gentrification and techies have on the city. In this case the issue of food insecurity, which is closely related to financial success as an inherent notion of the American Dream, the formation of "places of privileged consumption practices", and the creation of bicycle networks.

3.1 San Francisco versus Detroit

One prevalent finding presented in the previous chapter, based on San Francisco census data, was that the overall percentage of African Americans in the city declined by nearly 5% between 1990 and 2010. This occurred even though the population increased and the overall percentage of whites roughly remained the same. In addition, Alex Schafran, who did extensive research on the "Origins of an Urban Crisis" through the restructuring of the San Francisco Bay Area, found that class formation in San Francisco has become especially visible through data on age and race. In 1990, the city was home to 50% more white youths aged 10 to 19 than African American youths of the same age. Had nobody migrated or deceased, this percentage would have stayed the same in the age category 30 to 39 in 2010. Naturally, this was not the case, but the actual numbers in 2010 are more revealing than one might expect. In 2010, San Francisco had over twelve times more whites than African Americans aged between 30 and 39. Schafran calls this new generation the "gentrification generation", which according to him leads to "depictions of a white hipster San Francisco" (Schafran 681). This definition of "the white hipster" will be discussed in a following sub-chapter. However, what is essential about Schafran's findings is that this so-called "gentrification generation" adds to an urban and cultural crisis since cities such as San Francisco have to re-define themselves.

In comparison, contrasting with the “black out-migration” in San Francisco as Schafran calls it, Detroit has suffered a long history of “white out-migration”, as can be read in Thomas Sugrue’s book *The Origins of the Urban Crisis: Race and Inequality in Postwar Detroit*. As Schafran mentions in trying to explain the roots of the urban crisis, many researchers often ignore the role of urban factors such as racial segregation, housing policy, metropolitan mobility, and the conflation between homeownership and the American Dream (Schafran 664). The urban crisis in the case of Detroit entails the continuous corporate flight from the city to other areas, leaving a poverty stricken and racialized core behind. Although the main focus of both Schafran and Sugrue lies on the idea of an *urban* crisis, I would like to frame the attention on the notion of a *cultural* crisis. As technology industry companies flocked to San Francisco in the last few decades, the opposite happened in Detroit. After the Second World War, the many auto companies Detroit had moved out of the city. Next to technological advances that enabled decentralization, much of the outward movement in Detroit had to do with the fact that the city lacked large sites with railroad frontage. The small sites that were available were insufficient for any large-scale factory construction (Sugrue 129). After the 1950s, many other firms followed the example set by the auto industry and moved out of the city. The auto producers and other companies, which were mostly machine tool and machine parts factories, left a reconfigured Detroit behind with deserted factories and vacant lots.

Longstanding issues of racial discrimination in the employment sector alongside the move of Detroit’s biggest industries to outlying areas resulted in white out-migration. As the white population followed employment opportunities to the outskirts of the city, the black population was left behind as a result of segregation and discrimination on the basis of both class and race. An example by Sugrue illustrates this fact taking into account Detroit’s urban situation in the second half of the twentieth century: “Whites remained reluctant to live in racially mixed neighborhoods, and even middle-class African Americans moved into prosperous suburbs [...] the white population has fled, creating new segregated enclaves” (Sugrue 269). This situation, as described by Sugrue, is explained by what Schafran calls the ‘limits of out-migration’. It encompasses “the continuing racialized division between a white middle class, which manages to insulate itself from poverty and crisis, and communities of color, which cannot” (Schafran 281). As a result of this, high-poverty areas in Detroit are now located in the center of the city and are mostly

inhabited by blacks. Meanwhile, the white population migrated outward, leaving a less diverse and more monotonous city behind. This is where I would like to pose that Detroit has been struggling with not only an urban crisis, but a cultural crisis as well. Regardless of the fact that San Francisco became wealthier in its core as a result of gentrification, and that in Detroit the opposite happened, both cities struggle with a type of outward migration that influences the city's dynamics greatly and creates a more monotonous and singular type of culture. Due to this resemblance in the struggles that both cities are facing as a result of developments in migration, I would like to pose that both San Francisco and Detroit are headed towards a cultural crisis. Whether white out-migration, black out-migration, or any other type of racial out-migration causes the problem, cultural diversity in the city center decreases. This phenomenon is what makes the white out-migration in Detroit and the black out-migration in San Francisco comparable. The comparison between San Francisco and Detroit is particularly helpful in our discussion of San Francisco and the disintegration of the American Dream, since it provides a more thorough insight into the fact that the American Dream is disintegrating as a result of racialized gentrification processes in other cities as well.

Adding to the discussion on the problem of race and class in a cultural crisis, Schafran notes that the San Francisco Bay Area is at the forefront of the phenomena that many people in contemporary society associate with the American metropolis. Some of these phenomena are: “edge cities and boomburbs (1), significant exurbanization and suburbanization of communities of color and low-income communities (2), a gentrifying core (3), and a restructured metropolitan economy centered on white-collar office work, high technology and knowledge production (4)” (Schafran 667). Essential to take away from this statement is that gentrification not only has much to do with income and therefore the aspect of financial success within the American Dream, but it is also strongly related to “communities of color”. Thus, gentrification is a concept revolving around notions of race and gender as well. This can be seen in the fact that the number of African Americans is declining in San Francisco in addition to the comparison between Detroit and San Francisco. As the San Franciscan society is experiencing a black out-migration, Detroit has been experiencing a white out-migration. Detroit is one of many other cities that is an example of a city experiencing a type of racial out-migration. I would like to pose that in both cities the developments in migration are leading to a cultural crisis, due to the

fact that both city cores are becoming less diverse and more monotonous as a result. However, San Francisco is not only becoming more monotonous because of a black out-migration, the Latino population in the Mission District is also losing its spirit as a result of so-called “culture deletion”. This is a concept that I will discuss in the following section on the situation in the Mission. Important to keep in mind is that the Mission District is not the only area in San Francisco where gentrification is leaving a mark, as other districts faces similar challenges. However, within the scope of this thesis I have limited my discussion to the Mission for the sake of providing a clear example.

3.2 The Mission District

In chapter two we discussed the definition of gentrification and found that it can be seen as an economic process involving class formation and relocation. However, researcher Nancy Raquel Mirabal poses that this is problematic, because “by casting gentrification as primarily an economic byproduct of a growing economy, dot-com or otherwise, it is possible to avoid, even ignore questions of difference and the role they play in the disposability of certain populations and the privileging of others” (Mirabal 19). Spaces are racialized and gendered and this influences their meaning and how they are controlled, used, and accessed. In San Francisco’s Mission District, the marks that gentrification is leaving behind on the area are clearly visible.

The Mission District has historically been a center of working class populations. The area was considered dangerous by many of San Francisco’s inhabitants who did not live there according to Ryan Centner. This had much to do with the fact that rent was generally lower in the area so that poorer immigrants and low-income artists could afford to live in San Francisco (Centner 207). In addition, the Mission District had and continues to have the highest number of Latin American and Latino immigrants in the city. Over half of the district’s inhabitants used to be Latino. In recent years the number dropped to nearly a third and it is still falling (Cunningham 63). The Mission also had the highest percentage of renters in 1997: close to 70 percent of its population rented a housing unit at the time. This fact made the residents vulnerable to eviction and displacement during the height of the Internet boom. The number of rental evictions nearly tripled between 1993 and 2000 from 965 to 2730, many of which were Ellis Act evictions (Mirabal 13). Not only did the

number of evictions increase, median rent went up as well, as we discovered in the previous chapter.

Next to the displacement of Latinos in the Mission, a concept called “culture deletion” is seen as the most detrimental part of neighborhood change (Mirabal 23). Not only are murals, part of Latin American cultural history, whitewashed, but bilingualism amongst youths in the area is decreasing as a result of reimagined public school policies. Proposition 227, voted by the people of California to pass in 1998, required all public school instructions to be conducted in English (Mirabal 25). According to Mirabal, there are three major factors that contributed to the “crisis” revolving around bilingualism and the deplorable state of education and schools in the Mission District. First, many new residents had either few children or none at all. Also, many residents believed that the schools that were present in the area were not good enough for their children to attend. Lastly, the demand to build private and charter schools to educate the children of newer residents moving into the district also contributed to the crisis. They rather enrolled their children in private schools than public schools. Not only does the level of education decrease in public schools, but many new residents in the Mission tend to be single or do not have kids. This takes away the family environment (Mirabal 26).

As I have discussed so far, gentrification is not only a process that revolves around class formation and relocation, but is also about race and gender. The Mission in San Francisco has long been an area with a large Latin American population. However, these groups are on the decline as wealthier middle-class people move into the area. Not only has gentrification resulted in higher median rents, but also in an increased number of evictions. Latinos who lived in the Mission are displaced, which results in culture deletion: murals are whitewashed, bilingualism in schools and thus in children is decreasing, and the family environment is slowly disappearing. Naturally, not all developments resulting from gentrification and the arrival of techies in San Francisco are a bad influence on the dynamics of the city’s society. In the next sub-chapter, I will discuss additional outcomes of gentrification.

3.3 Additional Developments in San Francisco

Next to culture deletion, the displacement of peoples, and cultural crisis, there are more developments resulting from gentrification in San Francisco. One of which

is discussed by Ryan Centner and is closely related to the emergence of the Internet industry, namely the so-called “privileged consumption practices”. Mirabal noted on the subject the following as well: “The malleability of the street, its ability to transform into sites of consumption, is what allows neighborhoods to change so easily. By shifting markers of consumption, space can be redefined in ways that reflect the desired class, race, and ethnicity of certain neighborhoods” (Mirabal 18). We have found in the previous chapter on the history of the Internet boom in San Francisco that networking is a vital part of the “new” economy. What should not come as a surprise is that the new technology industry workers need a place where they could get work done while effectuating these networking practices. Rather than offices, techies convened at bars and cafes, thereby changing the character of place by consuming in new ways (Centner 212). This is also where the terminology “white hipster” comes in, as mentioned previously in this chapter. In a general sense, the so-called “hipster” is part of a subculture that is composed of affluent youths residing in gentrifying areas. The techies are often closely associated with this terminology. Their work environment entails a new-economy type of lifestyle in which work blurred into play, which becomes clear from the successive excerpt: “Dot-commers absorbed all kinds of digital accouterments into their daily ensemble, went rockclimbing inside their offices, sealed major business deals while partying like rockstars at edgy art galleries, and were not infrequently worth over one million dollars at the age of 25 or even younger” (Centner 201). This hipster, new-economy type of lifestyle is not for everyone, though. Mirabal argues that gentrified consumption is one of the first signs of the displacement of poorer people. The hallmarks of this type of gentrified consumption are businesses that are deliberately built to attract wealthier populations to the area. Some examples are expensive restaurants, upscale bars, boutiques, cafes, antique stores, and specialty food stores. Even though Lefebvre argued that the street is a network specifically organized for and by consumption, a community is nevertheless forced to leave the area when they can no longer afford to consume (Mirabal 18).

Continuing on the subject of restaurants and food consumption, another consequence of gentrification is the issue of food insecurity. Henry J. Whittle et al. argue that since the 1990s, large-scale public-private partnerships for “urban renaissance” have become an integral part of urban policy. This is exemplary to the resurgence of not only *laissez-faire* market economics, but also deregulation and

privatization (Whittle et al. 159). The form of gentrification that arose after the 1990s has affected lower-income residents of certain neighborhoods in various ways. Not only are the original residents in these neighborhoods faced with worsened social exclusion, but neighborhood polarity and segregation increase as well. Next to these possible implications for residents in these neighborhoods, such as the Mission, lower-income residents face the issue of increased health inequality (Whittle et al. 159).

According to Whittle et al. the issue of health inequality seamlessly ties in with the notion of food insecurity, which can result from gentrification and is defined as “the limited or uncertain availability of nutritionally adequate, safe foods, or the inability to acquire personally acceptable foods in socially acceptable ways” (Whittle et al. 154). The direct explanation for why food insecurity is directly linked to gentrification is that people tend to see housing as one of their main priorities. As a result, while receiving limited unemployment income, lower-income residents still feel the need and are forced to pay high rents caused by gentrification. This is a development that could be blamed on the merging of long-standing urban policies amenable to gentrification and an outdated disability policy that limits financial viability (Whittle et al. 154). Hence, a smaller amount of money left can be spent on food, which often results in the purchase of cheaper, lesser quality foods. This may eventually have negative consequences for a person’s physical health. Next to issues revolving around housing opportunities and rent, more important is that the problem of food insecurity points to the aspect of financial success within the American Dream, as discussed in chapter one. An integral part of financial success is the ability to afford not only housing, but food as well. Balancing these expenditures is necessary in order to afford both. However, gentrification causes for an unbalance in a financial situation since a person with little money is suddenly expected to pay more for the same housing unit. One could argue, then, that people struggling with food insecurity cause the American Dream to disintegrate by being incapable to be financially successful.

Some developments resulting from the Internet boom and gentrification may have a more positive influence on a city’s dynamics. In John Stehlin’s article *Cycles of Investment*, it becomes clear that the San Francisco Bicycle Coalition (SFBC) has taken on a substantial role in the planning and reorganizing of the San Franciscan infrastructure in order to integrate a bicycle network. In many American cities, the

bicycle has become an important symbol of revitalizing and ‘greening’ the metropolis and cyclists have become encoded with signifiers of an ecologically responsible and cosmopolitan lifestyle (Stehlin 121). In addition, like the non-conformist character of the hipster, the bicycle has come to represent a counterculture identity often created by the techies who attempt to shape more authentic urban places by minimizing car dependence. As automobility is in decline among the young and highly educated, “the bicycle represents the creativity and economic dynamism of urban newcomers and their high-value labor power, putting livability on the municipal economic growth agenda” (Stehlin 122). The environmentalist and progressive ideologies of 1990s dot-commers leave an important mark on the city and their actual participation in shaping urban form itself, which is relevant as they pursue spatial solutions to social problems. Next to new cafes, art galleries, and restaurants as discussed in the previous paragraph, bicycle infrastructure and sidewalk improvements are as equally prevalent in the “gentrification aesthetic”. In this development, a shift is also taking place in the cyclist identity: “from insurgent citizen in the car-dominated urban fabric, to appropriate subject of contemporary desprawling and reconcentrating ‘smart growth’ boom city” (Stehlin 123).

This final chapter explored various different ways in which gentrification and the technology industry workers affect San Francisco’s city dynamics. One of the more important ideas to take note on from this chapter is that gentrification is closely related to issues concerning race and gender. By comparing migration developments in Detroit to those taking place in San Francisco, it became clear that the two cities are comparable. This has to do with the notion that the white out-migration in Detroit and the black out-migration in San Francisco is in both cases resulting in a less culturally diverse city core. On this basis, one could argue that both Detroit and San Francisco are headed toward a cultural crisis. Another example of the influence of gentrification on San Francisco can be found in the Mission District. In this area gentrification has resulted in higher median rents, an increased number of evictions and culture deletion: murals are whitewashed, bilingualism in schools and thus in children is decreasing, and the family environment is slowly disappearing. Section 3.3 discussed the connection between gentrification and food insecurity, as increased rent causes for less money availability to spend on sufficient foods. Essential to understand is also that food insecurity is also closely related to financial success as a component of the American Dream and which also results in the disintegration of the

American Dream. Another result of gentrification and especially the arrival of the techies are what Centner describes as “places of privileged consumption practices”. As techies convene at new upscale bars, restaurants, and cafes, the poorer people in the community can no longer afford to consume. They are pushed out of the area as the businesses that are built for the techies’ gentrified consumption are generally also built to attract wealthier people to the area. An example of a development that may have a more positive influence on San Francisco’s dynamics is the growing bicycle culture brought by dot-commers. The creation of bicycle networks in San Francisco causes for a more ecologically responsible city.

Conclusion and Discussion

In the past decades to this day the San Francisco Bay Area has been the epitome of success in the technology industry. In addition, one could argue that the city has long been the embodiment of the American Dream: mavericks, activists, and progressives found their safe haven in a society that had opportunities for everyone alike. Based on its long reputation of being the counter culture capital of the United States, San Francisco's identity largely revolved around the multicultural and creative character of its inhabitants. As Internet companies boomed in the 1990s, their employees, the so-called "techies", flocked to the city igniting a new form of gentrification. As the city was forced to reinvent itself, this thesis is aimed at answering the following question: To what extent can the Internet boom and gentrification in the city of San Francisco be seen as exemplary to the disintegration of the American Dream in terms of its aspects of homeownership and financial success?

We have found that American Dream is a concept based on the romantic view of a land in which life is promised to be better and richer for every person. Anyone who is interested has an equal opportunity to become successful in life based on their own ability to achieve. One could argue that the Dream has been disintegrating since at least the Great Depression. This thesis provides an additional focus on the implications that the Internet boom and gentrification have had on San Francisco's city's dynamics through the aspects of homeownership and financial success

Don Mitchell outlines the Lefebvrian framework on the right to the city in relation to homeownership, from which it becomes clear that anyone participating in a city's society has the right to inhabit the city. However, according to Ryan Centner, the right to inhabit the city, or in other words to housing, is undermined. This is caused by the notion of spatial capital, which is closely related to gentrification, as it results from unequally distributed power regarding decisions on the production of urban space. Rather than an equal chance at success and opportunity when it comes to financial success and homeownership as is promised in the American Dream, these aspects become only attainable for the privileged city users. The "gentrifiers", or people that contribute to this process of gentrification, respond to conditions that are established by economic institutions like the Internet companies, as Sharon Zukin remarks.

The Ellis Act of 1985 has also proven to be a worthy contributor of the process of gentrification. Remarkably, since the late 1990s, after the Internet boom, the number of Ellis Act evictions has strongly increased. From San Francisco census data we have found that since the Internet boom in the 1990s the median income per household and per capita increased tremendously between 1990 and 2010. In addition, median value of an owner occupied house nearly doubled between 2000 and 2010, next to the fact that median gross rent increased. All these figures point to the idea that the Internet boom, which sparked a new form of gentrification, caused the creation of a new upper middle class, which is slowly forcing the lower class out of the city. Affordable housing became a privilege reserved for the rich. Thus, the intertwinement of housing opportunities with class and affordability is not only affiliated with the disintegration of the promise of homeownership within the American Dream, but also with the failing aspect of financial success.

In her account on recent developments in the Mission District, Nancy Mirabal provides an example of how poorer Latino's in the area are displaced, as techies move in. In addition, the number of African Americans in San Francisco is declining as a result of what Alex Schafran calls black out-migration. Similar to the case of Detroit, this type of migration may suggest that San Francisco is headed towards a cultural crisis, since the city is becoming less diverse. As Mirabal also pointed out, a detrimental consequence of gentrification and, in this case, outward migration is culture deletion.

Taking into account previous research by theoreticians and the findings gathered in this study I would like to pose that the Internet boom and gentrification in San Francisco can indeed, to some extent, be seen as exemplary to the disintegration of the American Dream pertaining to the aspects of financial success and homeownership. Important to note, however, is that I am in no way insinuating that the Internet boom and the process of gentrification have been of a solely negative influence on the city, nor am I implying that the Internet companies and their employees are the only contributors to the process of gentrification and its consequences on the city. Nevertheless, what is clear is that I have shown that there is a direct affiliation between these developments and what is happening to the diversity of San Francisco's population.

As the American Dream is an ever evolving concept, and the city of San Francisco is in continuous development, more research is to be done on the subject.

Due to the limited scope of this research project I have only touched upon the influence of issues such as race and gender briefly. Still, I believe that more research can be done on the link between gentrification and racial inequality. Something I came across frequently during my research are the problems caused by the buses that commute between San Francisco's city center and Internet companies located in Silicon Valley. This is yet another way in which these companies influence the city's dynamics: this could be an interesting theme to research. As Alexandra Pelosi's documentary *San Francisco 2.0* provided little detail or actual research on the Internet boom and gentrification in San Francisco, I would like to think that I have continued where she left off. This might be my own type of dream, but when I return to the "city by the bay" I hope to find a city that is as colorful as I remember it to be. Whatever that may mean.

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