

# SAN FRANCISCO BUSINESS TIMES

**Will S.F. mayor's incentives convince companies to return here?  
What top site location advisors say**



*"It's a signal that San Francisco wants to work with the business community to make the city more competitive," said site selection consultant John Boyd., a principal of The Boyd Co.*



By Mark Calvey – Senior Reporter, San Francisco Business Times  
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Those who advise companies on where to locate said San Francisco Mayor London Breed's proposed tax changes and incentives to rejuvenate the city's downtown, announced Thursday, are likely to be woefully inadequate given the scale of the task. But they give her credit for acknowledging the city's reality.

"It's quite refreshing to see the mayor work to build a coalition to make the city more competitive," said John Boyd, a site selection consultant and principal at the Boyd Co., based in Boca Raton, Florida. "We haven't seen talk like this in quite some time." **Get Started**

The mayor's plan, called the Roadmap to Downtown San Francisco's Future, would delay scheduled hikes in the gross receipts tax for two years for sectors hardest hit by the pandemic's economic fallout, including retail, arts and entertainment, food services and manufacturing. The plan would also seek to attract companies to the city by offering a discount of up to \$1 million for three years on their gross receipts tax.

Still, site selection consultants worry about the future of downtown San Francisco, given that remote work has moved well beyond a pandemic phenomenon, allowing workers to choose to work from cities and states where taxes are lower and public safety and other challenges may be less pressing.

"The mayor's comments signal a departure from the usual business-climate-denying attitude amongst too many elected officials in San Francisco," Boyd said, rattling off a list of San Francisco's challenges, including that less than half of workers come into the office on any given weekday and the city faces a projected deficit of \$728 million over the next two fiscal years.

"It's a signal that San Francisco wants to work with the business community to make the city more competitive," Boyd said. "In other words, the city is saying, 'Look, we realize you have options. We know that you have options to reduce operating costs and reduce your tax obligations in neighboring states. It's a step in the right direction.'"

But before the business community runs a victory lap, another site selection consultant was more dismissive of the mayor's proposals as "hot air" and "alleged promises."

"The bottom line is that I don't see anything that's changing a decision about where to locate," said Joseph Vranich, president of Spectrum Location Services in the Dallas suburb of McKinney, Texas. "In fact, I'm positive there are companies in San Francisco right now developing plans to exit in the next two, three or four years."

“Whether they go to Contra Costa County or they leave California completely, that’s another question,” Vranich said. “In my 14 years of doing this, I’ve never had one request to have San Francisco listed as a ‘maybe’ in the beginning of a consulting arrangement.”

A more familiar journey, he said, is a California company will move a small part of its operation to another state. Then they move a bigger portion of their company, or even the headquarters, to the out-of-state location. Charles Schwab Corp., McKesson Corp. and Oracle Corp. are among the companies that followed this playbook and eventually moved their corporate headquarters to Texas in recent years.

Both Boyd and Vranich agree that the mayor’s efforts to boost public safety is essential as CEOs become more vocal about their concerns about crime and safety as some San Francisco residents advise each other to stay off public transit and be alert when walking in the city.

“Without public safety, there is no economic development,” Boyd said. One winner from the Bay Area pain is just up the road, Boyd noted: Sub-markets like Sacramento are outperforming and rebounding quicker.

“Sacramento has been a big recipient of a wave of people and capital leaving the Bay Area but wanting to stay in California,” Boyd said. Sacramento also scored well in U-Haul’s latest ranking of growth markets based on its one-way truck rentals.

“San Francisco needs to make job creators in the business community feel they’re getting a better return on their hard-earned tax dollars. It’s really that simple,” Boyd said. “People make economic development much more complicated than it really is.”

Regions working to attract and retain companies need to spur economic development by building relationships and promoting their advantages, the consultants said.

“This is an era of hypermobility and companies and people are fleeing California,” Boyd said.

“This mobility amongst younger workers, we’re not seeing that slow down,” Boyd said. “This allure of the big city. This idea that all big cities always find a way to reinvent themselves, because they always attract talent from around the globe, we don’t know if that is going to be true anymore.”

San Francisco remains an expensive place to do business, with plenty of taxes and regulations, Boyd said. “What’s new and what’s making it harder to be a business-climate denier is the reality of the virtual economy today.”

While the mayor outlined an ambitious plan to bring back downtown San Francisco, it’s going to take a lot of effort.

“It will take much more than gimmicks and cheap talk,” Boyd said. “It will take real policies, tax incentives, tax cuts and real public safety measures.”

“We see economic development as the steak and the sizzle,” Boyd said. “The steak is the dollars and cents, tax rates and cost of doing business. The sizzle is leadership.

“One positive here is to have a proactive mayor that is now engaged on economic development,” Boyd said. “It’s long overdue, but it makes a difference.”