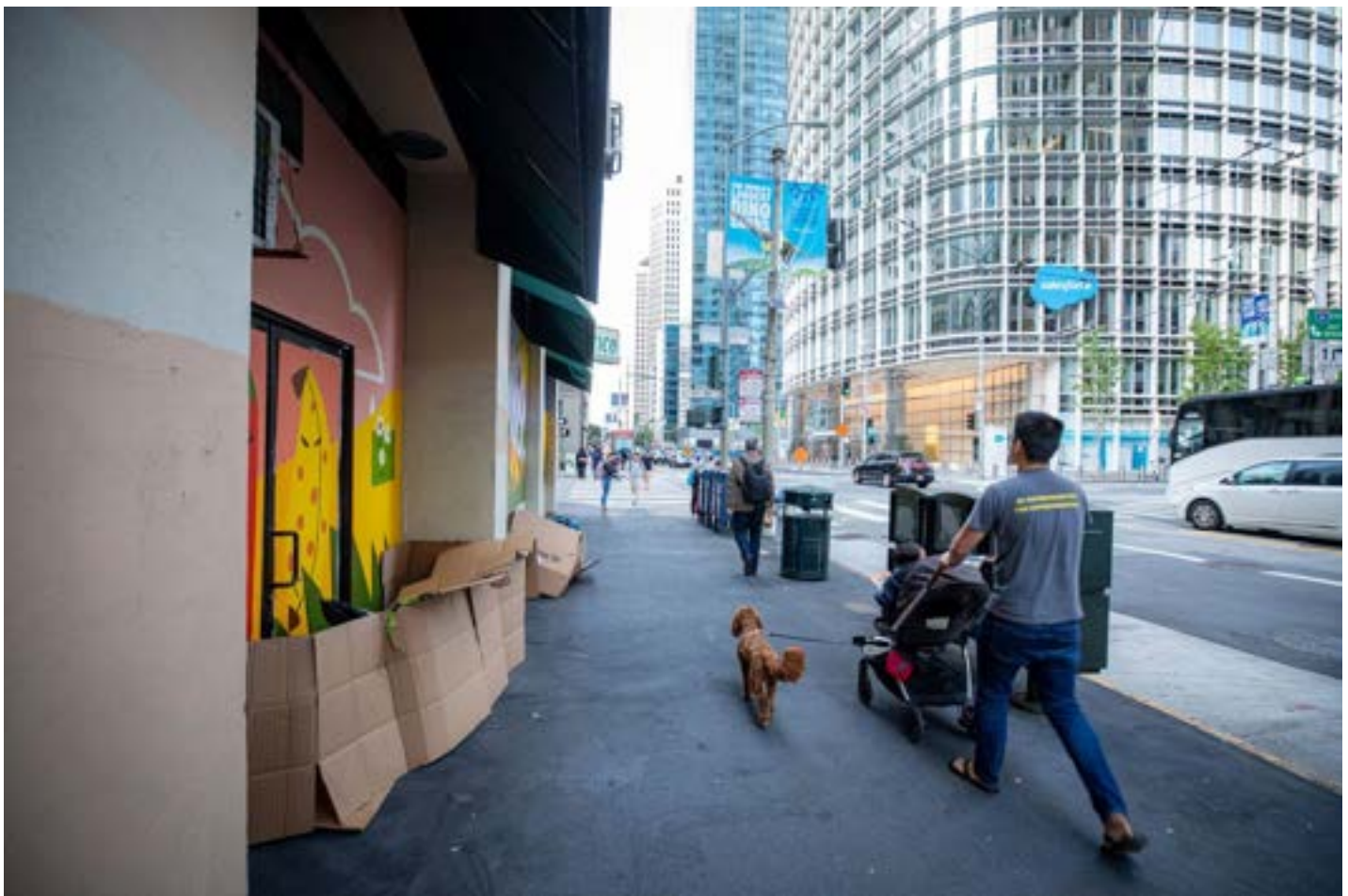


A 'doom loop' narrative has taken over San Francisco. Here's what it means for Boston.

How the City by the Bay has fallen since COVID and hopes to bounce back, and what the capital of the Bay State could learn from watching

By [Janelle Nanos](#) Globe Staff, Updated June 21, 2023, 5:51 a.m.



Pedestrians passed people sleeping in cardboard structures and sleeping bags next to boarded up Portico Restaurant, which went out of business in 2020 during the height of the pandemic, across the street from the Salesforce Tower in downtown San Francisco on June 8. JAKUB MOSUR FOR THE BOSTON GLOBE

SAN FRANCISCO — There’s hope in an alleyway in the beleaguered heart of San Francisco.

It comes in the form of a sandwich board off Market Street directing guests to the Dawn Club, a jazz venue that Boston native Brian Sheehy opened this month: “Turn here to exit the Doom Loop.”

The Dawn Club isn’t exactly new — it’s the rebirth of a speakeasy by the same name that first opened during Prohibition. But to Sheehy, and optimists like him, the new Dawn and its cheeky placard are a way to take on the “doom loop” narrative that’s gripped the city in the wake of the pandemic.



People entered the Dawn Club in downtown San Francisco. (JAKUB MOSUR FOR THE BOSTON GLOBE)



The Fog City Swing band performed at the Dawn Club owned by Brian Sheehy. (JAKUB MOSUR FOR THE BOSTON GLOBE)

Doom Loop — as in bad karma leading to worse.

To many here in Boston, San Francisco, with its iconic hills and trolleys and nearby Silicon Valley — has long felt like a more sophisticated, successful West Coast cousin.

It's a sentiment felt particularly within our tech scene, where we've bemoaned losing talent to our buzzier, better-funded rival ever since Mark Zuckerberg headed west from Harvard to launch Facebook. Even outside of tech, San Francisco is a more extreme version of Boston: in its income inequality, its liberal ideals, its willingness to reinvent itself.

But lately, the story of San Francisco has shifted from aspirational to cautionary.

Few, if any, major US cities have been slower to rebound from the pandemic. As tech workers continue to work from home in droves, leaving office towers alarmingly empty, San Francisco's commercial core has curdled, with major retailers departing almost daily from high-end corridors along Market Street and Union Square. In place of office workers and tourists, homeless people — many wrestling with addiction — have become even more of a presence. Street crime has soared, and according to city surveys, [residents feel less safe](#) than [they have in](#) decades.



Pedestrians passed an advertisement for available retail space at the DeYoung Building on Market Street in downtown San Francisco this month. JAKUB MOSUR FOR THE BOSTON GLOBE

All of it has given rise to fear of an “urban doom loop,” a term coined by a team of economists who authored a paper last year titled [“Work From Home and the Office Real Estate Apocalypse”](#) arguing that once-dense downtowns in cities like San Francisco, Seattle, New York, and, yes, Boston could face a kind of post-pandemic death spiral.

It sounds hyperbolic, but to see what they mean, come here. Downtown San Francisco's main artery, Market Street, is in cardiac arrest, lined with papered-over storefronts and vacancy signs. Its office towers have a staggering 30 percent vacancy rate. Tourists wait for streetcars alongside people stooped over and swaying in a fentanyl-addled haze. It's not uncommon to walk by someone passed out on the sidewalk. The scent of urine hangs in the air.



Cablecars waited to pick up passengers at the Powell and Market Streets Cablecar Turntable near Union Square in downtown San Francisco. JAKUB MOSUR FOR THE BOSTON GLOBE

Despite the myriad challenges, the city's director of economic recovery initiatives, Kat Daniel, argues that the San Francisco's economy isn't really in free fall: 40 percent of city residents work in a job that's based downtown — and even if they aren't actually traveling to their offices, they're supporting local businesses close to home, she said. The citywide unemployment rate is just 2.7 percent. What's changed is that many of the 470,000 people who used to commute downtown every day no longer do.

Which is why, if you wander beyond downtown, the city thrives. Ask any local and they'll say the neighborhoods of the city remain vibrant, and indeed, just north of downtown in Jackson Square on a recent Monday night, there was a line at buzzy restaurant Cotogna, with would-be guests eyeing patrons already seated on the patio tucking into its famous focaccia. Meanwhile, downtown, the intersections of have and have nots can be striking: The roof deck bar of [The Proper Hotel at Market and 7th Street](#) — where an evening Pimm's cup costs \$21 — looks down on an open-air drug market. Across the street, the entrance to streetwear store Bait is roped off like a club to keep people from absconding with \$1,000 sneakers.

“It's an event every day,” said Travis Hill, a bearded clerk with a linebacker's build. “It really is.”

Retailers and hospitality groups have cited the financial district's decline as a threat to their survival. There are “no trespassing” signs in the windows of the Levi's flagship store on Market Street, and no seats any more at a nearby Starbucks; removed after too much loitering. A Whole Foods store closed just 13 months after opening; in that time workers made [568 emergency calls](#) and witnessed a fatal drug overdose in the bathroom. Last week, the owner of the city's largest hotel — the Hilton San Francisco Union Square — [walked away from its \\$725 million in debts](#) and handed the keys to the bank. “San Francisco's path to recovery remains clouded,” the firm's CEO said.

It can be hard to undo those sort of headlines, and the negative momentum they can engender. Even if the words are sometimes over the top, the sort of urban decline they bemoan can become self-fulfilling. Cities don't always bounce back, after all. Just look at Detroit or other once-grand Rust Belt cities.

But to outsiders elsewhere — in Boston, for example — the parable of San Francisco's doom loop can also a learning opportunity, and a chance, perhaps, to avoid the same fate.

“San Francisco is absolutely a cautionary tale,” said Tracy Hadden Loh, a fellow at the Brookings Institution. “It’s not 100 percent clear to me that Boston has done everything it needs to do to not be the next San Francisco.”

Loh would know. Her work with Brookings tracks how cities have been recovering from the pandemic, and she warns that there are enough red flags here to make any Bostonian nervous.

Like the Bay Area, Greater Boston has experienced a [net population loss](#) as high housing prices and the rise in remote work have led people to flee for cheaper climes. Both regions also have high concentrations of highly educated, knowledge-industry workers who don’t necessarily have to be in the office every day — and often aren’t. And both cities form the critical core of prosperous metro areas; so much hinges on their continuing to thrive.



A pedestrian crossed the street toward an empty retail space that is advertised for lease in downtown Boston. JESSICA RINALDI/GLOBE STAFF

Boston actually has vulnerabilities San Francisco does not: It is more reliant on suburban commuters for its workforce, and on commercial property taxes — largely propped up by leases on office towers — to fund its city budget, Loh notes. The troubled MBTA doesn't help matters.

“Boston is flirting with the death spiral given all that's going on,” Loh said.

Then there's homelessness — that vivid symptom of economic distress.

San Francisco's homeless population is far larger and more visible: A 2022 federal count found more than 4,300 of its 7,150 residents experiencing homelessness are living on the streets there, compared with roughly 120 of 1,545 homeless in Boston, which has more shelters (also much colder weather that discourages outdoor living). But Pine Street Inn president Lyndia Downie said her street teams have been seeing an uptick in homelessness here and worries the numbers will grow as COVID-era federal housing aid winds down. And that could have big implications.

“We cannot be complacent,” Downie said. “Homelessness is bad for businesses; nobody wants to run a business or office building where someone is panhandling and hanging out. It's not good for us as a city.”

And it can start a defeatist narrative of its own.

Bay Area residents are watching the doom loop narrative morph into something that grows seemingly loopier by the day. Conservatives are deploying it with a sense of schadenfreude: Progressive cities crumbling thanks to the failings of their leftist policies, they proclaim. Other media outlets have called out the city's excessive and short-sighted faith in mercurial tech companies.



Steven Fitzgerald rested after he spoke on the phone with the city office to get his financial assistance restored so he would not lose his temporary housing. (JAKUB MOSUR FOR THE BOSTON GLOBE)



A man slept on the corner of Jones and O'Farrell streets. (JAKUB MOSUR FOR THE BOSTON GLOBE)

And now even moderates in liberal San Francisco are picking up this damaging thread, said Sarah Karlinsky, a Newton native and housing and policy analyst at SPUR, the San Francisco Bay Area Planning and Urban Research Association.

“More moderate politicians will use [the doom loop narrative] to say, hey, we need to deal with our street behavior challenges. You’re gonna have drug addicted zombies on the street and so that’s why we need to fund police more,” she said. “People are using it as they want.”

Some are using it as a wake-up call. Dan Sider, chief of staff for San Francisco’s Planning Department, is pretty sick of hearing about the “doom loop” his city is enduring.

“I guess in some ways that the doom loop narrative is kind of helpful because it’s a call to action,” he said. “Even if it is a bunch of malarkey.”

So how do you shake up the story? Speak with San Francisco’s city planners and policymakers, and the phrase that comes up again and again is the need to “shift the narrative.” And to City Hall, that starts with making downtown feel clean and safe.

Right now that looks like fatigue-outfitted assistance teams from [Urban Alchemy](#), a network of intermediaries — many of whom have been formerly incarcerated — that San Francisco Mayor London Breed has brought in to assist with managing “street behavior.” They’re standing in as the mayor seeks to hire some 500 additional SFPD police officers. Governor Gavin Newsom has also stepped in, [deploying National Guard teams](#) to help patrol the streets.

It’s also the job of people like Nelly Stastny, the general manager at [Miracle Messages](#), a nonprofit contracted by the Downtown SF Partnership business improvement group to help bring hope and a sense of connection to the homeless. Each year, teams of volunteers help homeless people send notes or record voice messages to their loved ones. Volunteers check in over phone or text once a week, offering support and friendship. And the organization recently piloted a universal basic income program that promised 14

people \$500 a month. Half of the beneficiaries used it to secure housing. A second, larger pilot is now underway.



Nelly Stastny (right), an outreach coordinator from Miracle Messages, spoke with Sheila Crumpton, 27, who is looking to reconnect with her older brother, at City Hope Café in San Francisco's Tenderloin neighborhood this month. Miracle Messages is a nonprofit organization that tries to reunify homeless people with families or friends and runs a volunteer-run buddy messaging program. It is also piloting a universal basic income program with some of its clients. JAKUB MOSUR FOR THE BOSTON GLOBE

“A big goal of what we do is just a narrative change in perception,” Stastny said. “It’s being able to see people as humans rather than these problems.”

Stastny spoke while perched on a couch at Bespoke, a co-working space in the Westfield Mall on Market Street. The mall had been in the news as of late: [Nordstrom had recently announced it was pulling out](#). A nearby Old Navy — owned by San Francisco-based retailer Gap Inc. — had [announced it was closing, too](#). Now, Stastny noted, her co-working space was itself a victim of the doom loop.

Bespoke closed on a Friday. The following Monday, [Westfield announced it was walking away too](#), defaulting on its \$558 million loan and shutting down the largest

shopping center in the city.

The city is now trying to fill these massive gaps, launching a new Vacant to Vibrant initiative for empty storefronts, [expediting retail permits](#), and freezing the tax rates for hospitality and retail businesses. It has a competitiveness analysis underway in order to figure out what are the new industries that might come into San Francisco and what do they need to make that move, said Daniel. (Right now they're bullish about the prospects of a rebirth through the burgeoning AI sector.)

And to entice building owners to rethink their space, they've stripped out much of the red tape and requirements San Francisco — much like Boston and Cambridge — has long used as public policy tools. The city is still keeping some affordable housing requirements for anyone attempting to build residential units downtown, but other rules that made sense in a strong market — such as requirements for bike parking or open space or locally owned retail — are falling by the wayside, at least for now.

It's a shift in priorities that stands in sharp contrast with what's playing out City Hall in Boston, where Mayor Michelle Wu is increasing affordable housing and energy efficiency requirements for new construction. And while Boston has launched a \$9 million grant program to help fill vacant storefronts, it's also asking more from developers in the form of increased linkage fees. In San Francisco anyway, Dan Sider, chief of staff in the city's planning department, said the market requires something more flexible and less demanding.

“As a city we've had this recent history of very bespoke zoning regulations. We've been really picky and we've had the luxury to be picky,” he said. “And you know, this moment in time, I think a big piece of our responsibility is as a regulatory agency to get out of the way and let change and recovery and the next iteration happen with as little friction as possible. The pendulum has begun a very clear and rapid swing in the opposite direction at this point.”

A city like Boston can learn from the seismic shifts happening in San Francisco, said Carlo Ratti, an MIT urban planning professor who heads the SENSEable City Lab within the university's urban studies department.

“Boston isn't doomed to the doom loop,” he said. That's because two of our major industries — universities and biotech — rely heavily on people meeting in-person. “You can't Zoom into a lab or a frat party.”

But “eds and meds” alone, he said, aren't enough to sustain the city in the long run. Boston needs its downtown office market to bounce back. Thus far, we've been insulated by long-term leases signed before the pandemic, that have kept rents — and building values — fairly stable. But eventually, those leases will run out, and when that happens, the commercial real estate tax base in the city — which was budgeted at \$1.8 billion this year — could crater. Already, there are signs that things could get worse before they get better: [A survey released last week by the Massachusetts Business Roundtable](#) found 47 percent of respondents plan to pare back their local real estate footprints within the next two years.



A pedestrian crossed an empty street in downtown Boston. JESSICA RINALDI/GLOBE STAFF

“San Francisco, because the situation is so difficult there, is taking more risk and more urgency,” Ratti said. “Boston has been faring well, especially comparing with other American cities, but it will very important not to fall into a complacency loop because other cities are innovating faster.”

Ratti argues that like San Francisco, Boston should rethink its zoning laws, which are “not allowing our cities to change as fast as they should change in the wake of COVID.” For land use attorney Larry DiCara, it also makes sense to look back at how Boston weathered previous downturns. DiCara was president of the Boston City Council in the 1970s and watched the real estate market crater then, too.

He said just as that downturn led the city to experiment with measures like getting the MBTA to cut mid-day fares downtown (which resulted in a [underwhelming attempt at a “dime time” MBTA pilot in the 1970s](#)). Other initiatives, like a [jet fuel excise tax and a hotel room occupancy tax](#), later helped the city regain its financial footing. Today, he

argued, policymakers could focus on retrofitting office buildings to create student housing. But whatever the details, City Hall needs to get more aggressive.

“I really think the city has to be dramatically proactive,” he said. “Life is not necessarily only about facts, it’s about messaging. And for a lot of people, the messaging they’re getting from City Hall is discouraging them. They’re looking at their options and because one does not have to work in downtown Boston anymore. It’s a different world out there.”

Boston has taken steps to reinvigorate its core. Wu released a [revitalization plan last fall](#) to create a “24-hour downtown,” which included using \$9 million in federal recovery funds to provide rent subsidies for retail businesses across the city, broadening retail zoning in general, reserving specific streets for pedestrian use, and “reimagining” Faneuil Hall into a destination that better highlights local businesses and culture. She hired the city’s [first “nightlife czar”](#) and a [new director of tourism](#).

But Andrew Lau, a Bay Area native who runs Jellyfish, a Boston-based startup that designs project management software for engineers, says he’d love to see his adopted hometown sell itself a little more to outsiders.

He’s been in the tech scene here since the ‘90s, and has long heard the whispers from West Coast colleagues that Boston had always been a bit sleepy. They talk about our risk-averse VC culture and about the unflashy (but essential) hard-tech products Boston is known for.

“Boston has never boomed that hard, so it doesn’t bust as hard,” said Lau, who worries a bit that Boston has doubled down on life sciences at a time of [rising concern about drug prices and slowing drug research funding](#).



Andrew Lau, who runs Jellyfish, stood in downtown Boston where he opened up a new office. He said there's a sense that the city has always been a little bit sleepy compared with SF, and that "Boston has never boomed that hard, so it doesn't bust as hard." But he said we can't sit tight with that sensibility. JESSICA RINALDI/GLOBE STAFF

Lau says he's proof positive that there's potential for more growth beyond labs: This month he opened a new larger office downtown that's a third bigger than his old headquarters.

"What has Boston got? It's got heavy tech. It's got innovation. It's got talent," said Lau. "But generally we're not braggadocious. We're not bombastic. There's not a lot of chest thumping." He'd love to see the city push itself and our story harder.

San Francisco, though, has always thumped a bit. From the Gold Rush, to its years as a financial powerhouse, to its seat as the capital of the 21st-century tech boom, the City by the Bay has reimagined itself many times. Despite all the talk of death spirals and doom loops, it will do so again, said Daniel, the city's economic recovery director. Indeed, she added, maybe this conversation is spurring them to do it faster, and showing other cities the way forward.

“Everybody knows what San Francisco was, and everybody wants to go back to that,” she said. “Everybody is focused on what San Francisco is not anymore. And instead of being able to focus on what San Francisco can be.”



Pedestrians passed a boarded up Starbucks, which had closed in that location in 2021, in downtown San Francisco. (JAKUB MOSUR FOR THE BOSTON GLOBE)



A woman walked past a locked-up retail space that is advertised for lease in downtown Boston. (JESSICA RINALDI/GLOBE STAFF)

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