

Harder for retailers to hire minimum-wage workers

By Joe
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Business

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Photo: Amy Osborne, The Chronicle

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Amanda Sommers and Wilson Ho Yin Cheh review a packet from Jobs Now, a program by Human Services Agency, helps businesses and job seekers connect and fulfill employment opportunities in San Francisco on Wednesday, May 13, 2015.

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Elizabeth Leu has been trying for months to hire a sales clerk for Fiddlesticks, her upscale Hayes Valley children's boutique. Until recently, she could post an online ad for a job paying a little above minimum wage and get 100 applicants.

"But now, it's crickets," said Leu, who has owned businesses in Hayes Valley for more than a dozen years. A lot of her trendy neighbors are having trouble hiring, too.

Six miles away at a job center in Visitacion Valley, where the unemployment rate is twice the city's overall 3.6 percent and stores aren't selling baby shoes for \$85, nobody knows about the "Help Wanted" signs peppering Hayes Valley.

"A lot of people in this community are intimidated to shop in Hayes Valley because they can't afford anything down there — so they don't see those signs," said Kalani Hills, a 33-year-old Ingleside resident who is looking for work.

This disconnect between the entry-level jobs and the entry-level job seekers illustrates another way that the booming local economy, fueled largely by the technology industry, is changing the city.

San Francisco has become so expensive that low-paying retail jobs — a traditional stepping stone into the workforce — no longer pay the bills. San Francisco's minimum wage increased to \$12.25 an hour on May 1, but you'd have to earn \$79 an hour to afford the city's median rent of \$3,949, according to a December study from real estate analysts at Zillow.

With wages rising in nearby cities, fewer find it worthwhile to commute into San Francisco for a low-paying job.

Startup jobs

And young people who traditionally would apply for retail jobs are choosing to make their own hours driving for Uber or working odd jobs for TaskRabbit.

"Or they tell me that they'd rather go work for their friend's app," said Tomas Valotta, an assistant manager at a Hayes Valley boutique. Two of his employees have quit in the past year to work at startups for similar wages because they felt they could earn more in tech down the road.

"You are looking at the effects of the tech bubble here, straight up," Valotta said.

While the tech boom has allowed some computer-savvy or well-connected workers to bypass this entry-level step, the openings it created have not significantly dropped unemployment rates in less wealthy parts of the city. African American unemployment is three times as high as white unemployment in San Francisco; unemployment among Latinos is twice as high as it is among whites.

In Visitacion Valley, the overall unemployment rate is 7 percent, according to the latest available figures.

Skills gap

According to a study on the region's skills gap released Sunday by JPMorgan Chase, the unemployment rate in San Francisco is 10.2 percent for people who have only a high school degree.

The job opening at Leu's store doesn't require a college degree. She's looking for someone responsible enough to open and close the shop, knowledgeable about what's on the shelves and able to engage with customers. It usually takes her about three months to train someone to work the floor on their own.

"It's not all about education, it's about energy — and some experience, too," Leu said. "But my talent pool is so limited now. What am I going to do?"

A few doors away, at the travel store Flight 001, assistant manager Cori Griffin said because of this new hiring dynamic, the applicants she screened during a recent job search were "either overqualified or under-qualified."

Before the tech boom siphoned part of Leu's talent pool, seeking out job candidates didn't take much time at all. Now it's a burden. Frustrated, she recently turned to Staffly — ironically, a San Francisco tech startup — that performs job interviews, screenings and background checks for independent retailers.

'Pressed for time'

"A lot of small-business owners wonder if they post something online or put a sign in the window if anybody is going to see it," said Marissa Ovick, Staffly co-founder and chief operating officer. "They're really pressed for time. It's the only job in the world that when the receptionist calls in sick, the CEO might be doing their job for the day."

After years of not having to sweat hiring new employees, other retailers along Hayes Street say they, too, are trying new ways of finding job candidates. None that spoke to The Chronicle had contacted local job organizations to scout for new candidates.

The city has myriad job training and placement programs in lower-income, higher-unemployment parts of the city. Often, employers can get a tax break for hiring workers from such a program.

But in this case, the two worlds don't know about each other and aren't connecting.

"If we knew there was a need over there in Hayes Valley, we would do a job fair for them or something," said Susan Murphy, workforce development director at the Visitacion Valley Neighborhood Access Center, a one-stop shop for job seekers. "We've got websites, flyers, all these programs. We would love to connect with them."

Hurdles to employment

Many of the job seekers Murphy sees have other challenges. Until she recently got a car, Laura Close had to take five bus and train lines to drop her two young children off at school and travel to her internship at the Access Center in Visitacion Valley. Getting across town from her Excelsior District home to Hayes Valley would be a challenge for the 34-year-old single mom, but she'd do it for the right job.

However, after working with other job seekers from Visitacion Valley, she sees another reason some might hesitate before trying to land a job in a ritzy neighborhood.

"Some people might see it as, 'Why would they want to hire me, this nice business?'" Close said.

On her end, Leu would have no such hesitations if it were the right candidate. "We're looking for someone who has that spunk. Who is a problem-solver."

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Paying the bills

\$12.25

San Francisco's new
hourly minimum wage

\$79

Hourly wage needed
to rent in S.F.

10.2%

Unemployment rate
in S.F. for people with
a high school degree

Sources: Zillow, JPMorgan Chase

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