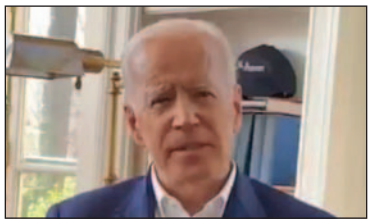


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ROCKFISH, LINGCOD, PETRALE SOLE, PACIFIC WHITING

Coming to a menu near you — groundfish?



ARIC CRABB — STAFF PHOTOGRAPHER

Giuseppe "Joe" Pennisi, founder of Pioneer Seafoods, holds up a Bocaccio rockfish for customers on Pier 47 in San Francisco.

Once floundering seafood now marketed as tasty, sustainable option

By Helen Santoro
hsantoro@bayareanewsgroup.com

On Pier 47, fishermen from the sustainable fishing company Pioneer Seafoods haul in their catch. In large blue bins, they unload thousands of pounds of groundfish — seafood that hasn't been seen on San Francisco's docks in these numbers since the 1990s.

Groundfish may not sound appealing, but for years they were the bread and butter of many coastal towns. These bottom-feeders encompass over 90 fish species, including cod, sole,



Seafood department manager Elmer Carrasco displays fresh petrale sole and Pacific red snapper at Draeger's Market in Danville.

LAURA A. ODA — STAFF PHOTOGRAPHER

rockfish and flounder.

In the late 1970s and early 1980s, groundfish were in high demand. At its peak, the West Coast groundfish fishery was worth around \$50 million, according to the Pacific Fishery Management Council. But with the overexpansion of fishing fleets and a lack of conservation efforts, their numbers started to dwindle. By 2000, 10 of the most popular species were completely overfished, leading to a huge slash in revenue and the eventual collapse of the groundfish fishery. The federal government declared it an economic disaster.

Today, with the help of annual catch limits and a better understanding of groundfish

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DEMS DEMAND FULL REPORT

Barr's inquiry memo disputed

Some on Mueller's team say report was more damaging than attorney general revealed

By Nicholas Fandos, Michael S. Schmidt and Mark Mazzetti
The New York Times

WASHINGTON » Some of Robert Mueller's investigators have told associates that Attorney General William Barr failed to adequately portray the findings of their inquiry and that they were more troubling for President Donald Trump than Barr indicated, according to government officials and others familiar with their simmering frustrations.

At stake in the dispute — the first evidence of tension between Barr and the special counsel's office — is who shapes the public's initial understanding of one of the most consequential

Democrats formally seek 6 years of Trump tax returns from IRS. A4

sequential government investigations in American history. Some members of Mueller's team are concerned that, because Barr created the first narrative of the special counsel's findings, Americans' views will have hardened before the investigation's conclusions become public.

Barr has said he would move quickly to release the nearly 400-page report but needed time to scrub out confidential information. The special counsel's investigators had already written multiple summaries of the report, and some team members believe that Barr should have included more of their material in the four-page letter he wrote on March 24 laying out their main conclusions, according to government officials familiar

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'WE JUST DON'T KNOW YET'

What effect will IPO payouts have on home market?

New cash to be only one of factors contributing to steady momentum

By Louis Hansen
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The stream of newly minted IPO payouts from Lyft — and soon, other tech unicorns — may have Bay Area home sellers dreaming of bigger payouts and buyers wary of even heftier mortgages.

But Bay Area real estate veterans and economists say the IPOs' impact on home prices may be more subtle than expected.

The influx of cash to a few thousand investors and employees at a handful of companies will offer more fuel for the already blazing Bay Area housing market, experts say. And it could fire up confidence for buy-

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HOUSING BUST, FOLLOWED BY DEPORTATIONS

Wanted: More immigrant workers

'People got scarce. Now that the work came back, they are short of people'

By Eduardo Porter
The New York Times

It takes Carlos Rojas two and a half to three hours to drive from his home in Stockton to a job spreading plaster on houses going up in Campbell, on the southern rim of Silicon Valley. The trip is worth it, though. The 30-year-old immigrant

from the Mexican state of Oaxaca says he makes roughly \$25 an hour, depending on the job. That is more than twice as much as Stockton's farmworkers typically make in the fields. And his boss pays for gas.

"A lot of people returned to Mexico after the housing bust, and then came the deportations," he said. "People got scarce. Now that the work came back, they are short of people."

The challenge of finding workers only exacerbates the Bay Area's housing shortage. Despite a dra-

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Carlos Rojas, a Mexican immigrant, makes roughly \$25 an hour, more than twice as much as Stockton's farmworkers typically make in the fields.

CAYCE CLIFFORD — THE NEW YORK TIMES

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Fish

FROM PAGE 1

biology, the fish are flourishing once again. But consumer demand for groundfish is struggling to catch up. Fishermen and local organizations alike are working to market these fish as a sustainable and tasty option for restaurant menus and family meals.

“They’ve been off the menu for 15 to 20 years, and there are young people who have never eaten or heard of groundfish,” said Jana Hennig, the executive director of Positively Groundfish, a nonprofit organization dedicated to supporting the West Coast groundfish fishery. According to Hennig, consumers are demanding wild-caught, local and sustainable fish, and “groundfish ticks all of those boxes.”

As of 2017, seven of the 10 overfished groundfish species have recovered, according to the National Oceanic and Atmospheric Administration Fisheries. These include darkblotched rockfish, bocaccio rockfish, canary rockfish, widow rockfish, lingcod, petrale sole and Pacific whiting. Even better, some of these species were restored ahead of schedule.

How did this happen? Most of it can be attributed to “catch shares,” or quotas on the number of fish that fishermen can catch. Fishermen and managers have also taken action by closing large fishing areas to protect groundfish habitat, along with seasonal closures and gear restrictions. Furthermore, there is now a mandate stating that a fed-

eral observer must be on every fishing trip to monitor the number of bycatch, or the incidental capture of unwanted fish and other marine creatures.

With groundfish numbers continuing to grow, organizations such as Positively Groundfish are determined to market this seafood to as many consumers as possible.

“We interact with chefs and food professionals and showcase our fish and encourage them to put it back on their menus,” Hennig said. “We want them to taste it and to feel it.”

Alan Lovewell, the founder and CEO of Real Good Fish, a for-profit organization that sources and distributes local seafood anywhere from Sacramento to Monterey, is also working to move fish off the boat and into the home.

“Ninety percent of the seafood that we consume in this country is imported,” he said. “The market and consumers are expecting a cheap, white fish, even though the reality is that there is no longer a cheap, white fish.”

Along with over 94 locations where Real Good Fish members can pick up their local fish, the company is working closely with schools and universities to get groundfish on the cafeteria menu.

“Schools only have \$1.25 to spend on each meal,” said Real Good Fish chief nutrition officer Jen Gerard. “Lots of partners are saying that their budgets are too low for fresh fish. But with groundfish and the relationships that we have with Pioneer Seafoods and other boats, we can get a



ARIC CRABB — STAFF PHOTOGRAPHER

Joeleen Pennisi from the fishing vessel Pioneer sorts a bin of canary rockfish at Pier 47 in San Francisco. Once overfished, groundfish like these are making a comeback.

high volume of fish for an affordable price.”

One of the groundfish they having been promoting is called grenadier, better known as ratfish. With its unattractive head and long, tapering tail, there was no demand for this fish, causing fishermen to throw it overboard. But, “It’s a delicious fish,” said Gerard. “It was a wonderful abundance of protein that was going to waste.” Now, schools are demanding this groundfish to add to their cafeteria menus.

These locally caught fish are now the “fresh catch of the day” at some restaurants, and customers can find them at their grocery stores.

Draeger’s Market is stocking petrale sole, rock

cod, also known as red snapper, and black cod, said Elmer Carrasco, the Danville store’s seafood manager, who gets his seafood from suppliers that cast their nets from Half Moon Bay’s Pillar Point to Monterey. He said the numbers were down in the ‘90s but now there’s an abundance of groundfish “because the government stepped up and did a great job.”

Petrale sole, Carrasco said, is a very light fish that is easy to prepare with a little bit of olive oil and a bit of flour. “Our customers try it and really enjoy it,” he said.

Jim Stump, owner of Forthright Oyster Bar & Kitchen in Campbell, said there are certain fish people buy and certain fish people won’t buy. Ground-

fish is still trying to catch on, but he has noticed millennials, who he said have been raised on the Food Network, approach things differently and are more diverse and willing to eat more adventurously.

“Now there is a market out there for them,” Stump said. “There’s a full circle thing happening.”

His favorite groundfish is sand dab.

“It’s fantastic but hasn’t been an easy sell,” he said. “I get excited, then my staff gets excited, then customers get excited. It has an unbelievable sweetness. It’s a small fish, so we have to work around the bones. But if trimmed correctly, it’s delicious.”

But the regeneration of

Workers

FROM PAGE 1

matic increase in permits for residential construction since 2009, construction jobs have increased at less than one-tenth the pace of permits. As a result, wages and the overall cost of building are increasing, forcing some developers to delay projects or, in some cases, not build at all.

“There’s been several projects we declined to bid or just don’t even look at because we know we can’t man them,” said Walt Oxley, owner of Ciarra Construction, one of the builders of the Santana Row townhomes in San Jose in 2003.

In San Francisco, a parcel in the city’s SoMa neighborhood lies vacant even though Eric Tao, CEO and managing principal of developer AGI, received city approval to build a 300-unit apartment building on the site in January 2017.

When he was underwriting the project, the economics worked. But Tao said construction costs have increased a whopping 50 percent in the past five years — which he attributes largely to the worker shortage driving up wages for skilled labor — and now he can’t turn enough of a profit on the SoMa building. So he’s shelving it until conditions improve, and

that means fewer options for the 500 to 600 people who could have lived in the new building.

Nationwide, the average wage of nonsupervisory workers in residential construction hit \$25.34 an hour in January. That is over 6 percent more than a year earlier, close to the steepest annual increase since the government started keeping track almost 30 years ago. Pay is taking off even among those in less-skilled construction trades.

“Workers are not going to fall out of trees.”

— Scott Littlehale, researcher

The gains are part of a broader trend. The tightest labor market in more than half a century is finally lifting the wages of the least-skilled workers on the bottom rung of the labor force, bucking years of stagnation.

But to hear builders tell it, the rising cost of their crews reflects a demographic reality that could hamstring industries besides their own: Their labor force is shrinking. President Donald Trump’s threat to close the Mexican border, a move that would cause damage to both economies, only adds to the pressure.

Immigration — often illegal — has long acted

as a supply line for low-skilled workers. Even before Trump ratcheted up border enforcement, economic growth in Mexico and the aging of the country’s population were reducing the flow of Mexican workers into the United States. The number of immigrants in America illegally declined to 10.7 million at the end of 2017 from a peak of over 12 million at the height of the housing bubble in 2008, according to the Center for Migration Studies.

The problem for builders is that the recovery in home building has outpaced the growth of the construction labor force. Housing starts have picked up to a pace of 1.2 million a month, more than twice as many as at their trough in April 2009. The number of nonsupervisory workers in residential construction, by contrast, has increased by only 40 percent since hitting bottom in 2011, to about 530,000.

“The recent shortage of immigrant workers is impacting housing and housing affordability,” said Jerry Howard, chief executive of the National Association of Home Builders. Phil Crone, who runs the association’s Dallas chapter, said the labor bottleneck was adding about \$6,000 to the cost of every home built in the area and delaying completion by two months.

Were it not for immi-

grants, the labor crunch would be even more intense. In 2016, immigrants accounted for 1 in 4 construction workers, according to a study by Natalia Siniavskaya of the home builders’ association, up from about 1 in 5 in 2004. In some of the least-skilled jobs — like plastering, roofing and hanging drywall, for which workers rarely have more than a high school education — the share of immigrants hovers around half.

The need for labor has set off a scramble for bodies that is spilling across industries and driving up wages. “A lot of our landscape companies are upset because their guys are coming into construction because they can earn more,” said Alan Hoffmann, who builds energy-efficient homes in Dallas.

For all the fears of robots taking over jobs, some economists are worrying about the broader economic fallout from a lack of low-skilled workers. And businesses across the economy are complaining that without immigration they will be left without a workforce.

“It is good for wages to go up, but if labor is at a point where employers can’t hire, it is reducing growth,” said Pia Orrenius, an economist with the Federal Reserve Bank of Dallas. “There’s also considerable wage pressure in small towns and cities that are depopulating,

but that is a sign of distress, not of rising productivity.”

The labor crunch is likely to persist for some time. The Pew Research Center projects very little growth in the working-age population over the next two decades. If the United States were to cut off the flow of new immigrants, Pew noted, its working population would shrink to 166 million in 2035 from 173 million in 2015.

Ramping up housing construction in California from about 100,000 units in 2016 to 1980s levels — about 300,000 new homes were built in 1986 — would require some 200,000 new workers, according to the researcher behind a new study for Smart Cities Prevail, a pro-union nonprofit. But even that influx of workers wouldn’t be enough to meet the goal of 500,000 new houses a year that Gov. Gavin Newsom floated during his campaign.

“Workers are not going to fall out of trees,” researcher Scott Littlehale said.

Immigration has been padding the labor force for years. Over the last two decades, immigrants and their children accounted for more than half the growth of the population of 25- to 64-year-olds, according to Pew’s analysis. Over the next 20 years, they will have to plug the hole left by the retirement of the baby boom generation.

groundfish has come at a great cost to local fishing communities.

To address overfishing, the National Marine Fisheries Service implemented a federal buyback program in 2003. The program permanently removed 91 fishing vessels and 239 fishing permits from the groundfish fishery and associated crab and pink shrimp fisheries off the coasts of California, Oregon and Washington.

“San Francisco used to be the hub of the West Coast fishing industry,” said Giuseppe “Joe” Pennisi, the founder of family-run Pioneer Seafoods, who sells groundfish both to distributors like Real Good Fish and directly to customers off his boat at Fisherman’s Wharf.

Today, the number of fishing boats in the San Francisco area have dropped significantly.

Fishing fleets are also responsible for the cost of the mandated federal observers, which can reach upward of \$500 a day.

Pennisi argues that fishermen have been left out of the conversation when it comes to creating and implementing these federal restrictions.

“Fishermen are treated like garbage; they’ve thrown us away,” he said. “I can’t even go to the meetings because I can’t afford the hotel rooms.”

When asked why he stays in such a grueling profession, Pennisi harkens back to his deep fisherman roots.

“You should feel proud about feeding your nation,” he said. “I’m doing this for one reason only: because it’s the right thing to do.”

Homes

FROM PAGE 1

ers of high-end homes.

But based on the Bay Area’s past experience with big IPOs, the new cash will be only one of many factors contributing to the market’s steady momentum, economists say. The shortage of new housing, expansion of established companies and the overall economy also weigh heavily on home prices.

“We just don’t know yet,” said Ralph McLaughlin, economist at real estate data firm CoreLogic. “But there’s more of an argument that there’s an upside impact.”

Lyft raised \$2.3 billion last week, among the biggest tech IPOs in U.S. history and placing a \$20 billion market value on the ride-hailing company. But Lyft’s debut could soon be dwarfed by other expected public offerings in coming months. Uber alone has a reported valuation of \$120 billion, and Airbnb could be valued at more than \$30 billion. Pinterest and Slack are

also expected to go public.

With new housing development historically slow in the region, prices have increased for a record seven straight years. Economists say the IPO jackpot should push up prices even further in the most expensive Bay Area neighborhoods.

But that effect is likely to be muted; many of the financial gains from the IPOs are expected to land with investors and higher salaried employees. This group generally has housing, and will not necessarily be competing to move up to pricier homes, economists say.

Employees also generally have to wait several months after an IPO before they can sell their shares, limiting the immediate impact on home sales.

The Bay Area has a long track record with big IPOs: Google in August 2004; LinkedIn in May 2011; Facebook in May 2012; and Twitter in November 2013. The big windfalls for employees caused little more than a ripple in home values around tech headquarters when compared to surrounding counties, according to an analysis by CoreLogic for

this news organization.

The analysis showed that home values around these tech headquarters initially rose at roughly the same rate as the larger San Jose and San Francisco metro areas in the months following an IPO. Home values in neighborhoods around Google in Mountain View only rose above the rest of Santa Clara County two and a half years after the company’s public market debut, according to the CoreLogic analysis.

The neighborhoods around LinkedIn in Sunnyvale appreciated more slowly than other Santa Clara County communities in the year following the company’s public offering. But in the second year, home values in Sunnyvale neighborhoods rose 22 percent, slightly better than the 20 percent gains in the region.

Since Facebook raised \$16 billion in the largest tech IPO in U.S. history, home prices around the company’s Menlo Park campus have largely mirrored the increases throughout the Peninsula, according to CoreLogic.

And home values in the

San Francisco neighborhoods closest to Twitter actually lagged behind increases in the rest of the city, as more popular neighborhoods drew tech employees, the analysis showed.

McLaughlin said many factors drive housing prices, and the overall growth of the Silicon Valley economy has a strong influence. For example, Facebook’s IPO and rising home prices in the region in early 2012 coincided with an overall growth in the economy.

Bay Area home prices have been rising, year-over-year, every month since April 2012, according to CoreLogic data. But so far this year, sales of homes over \$2 million have lagged far behind the rest of the market.

McLaughlin expects a bump in the middle and high-end markets among new homeowners and a few employees trading up to bigger homes or more convenient neighborhoods. “What we’re not doing is building homes,” he said. “Lower income households get squeezed out.”

Steve Levy, director of the Center for Continu-

ing Study of the California Economy, said he expects bidding to become more intense for properties over \$2 million.

Many agents say they don’t have to drum up a special marketing plan or add gimmicks to draw new tech millionaires to open houses. They’ve been selling to tech workers for decades and know which features to highlight.

Nina Dosanjh, an agent at San Francisco-based Vanguard Properties, said the market remains tight from lack of new homes and people willing to move. Starter homes still sell for \$1.3 million, and she expects that to climb higher. But, she added, “It’s too early to tell.”

Michael Repka, CEO of DeLeon Realty in Palo Alto, said the next wave of IPOs will boost confidence for some high-salaried tech employees on the sidelines.

“It’s always a positive,” Repka said. Rising interest rates and stock market volatility over the last six months, he said, has brought “the onset of some nervousness and uncertainty.”

But real estate veterans

say IPOs are only one part of the homebuying equation. Many expect first-time buyers to be more cautious.

Ramesh Rao of Coldwell Banker in Cupertino said his tech clients have become more conservative. More two-income families have been willing to take on a mortgage they can pay with just one salary, he said. “They might splurge a little bit,” he said, but he believes many will seek to diversify their investments.

In the 2012 run-up to the Facebook public offering, home sellers in Menlo Park and Palo Alto near the company headquarters held high expectations, said Michael Dreyfus, a veteran agent at Golden Gate Sotheby’s in downtown Palo Alto.

“Facebook was going to be the be-all and end-all. Dollars were going to fall from the sky,” Dreyfus said. “It didn’t happen.”

Eventually, employees bought heavily in Palo Alto neighborhoods near company headquarters, Dreyfus said. “It took time.”

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