

# The Amazon Effect: Corporate Philanthropy and Seattle's Housing Crisis

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## **ABSTRACT:**

Seattle's housing crisis has been a central issue in local politics as it has intensified over the past decade. Stringent zoning restrictions, rising construction costs, and a rapidly growing, high-income workforce have worsened the housing crisis, making challenges evident to many Seattle residents. A key player in the affordability crisis is Amazon, whose presence and expansion in the heart of Seattle have spurred opportunities while simultaneously worsening challenges. Although Amazon initially maintained a distance from political involvement, its opposition to the 2018 Head Tax—designed to fund affordable housing—marked a pivotal shift in its civic engagement. After successfully lobbying to repeal the tax and attempting to influence City Council elections, Amazon faced public backlash, prompting a strategic pivot toward philanthropy. My research question is: How has Amazon's approach to philanthropy developed in response to political challenges in Seattle? This paper examines Amazon's Housing Equity Fund, a \$2 billion initiative to finance affordable housing in Seattle, Washington, D.C., and Nashville. I analyzed local and national media coverage and interviewed community stakeholders, including academics, housing nonprofit professionals, and developers connected to Amazon. The findings suggest that while Amazon's Housing Equity Fund offers essential capital for housing development, its structure excludes the lowest-income populations most affected by Seattle's affordability crisis—those who would have benefited from the 2018 Head Tax Amazon opposed. Moreover, the initiative allows Amazon to represent itself as a responsible neighbor while continuing to resist direct taxation and government-led housing solutions. Ultimately, I highlight the implications of private sector influence in public affairs, raising questions about accountability and the repercussions of corporate involvement in societal issues.

## **INTRODUCTION:**

As Amazon has grown, Seattle has faced a housing crisis for the past 15 years, resulting in housing shortages and soaring rents. This crisis has posed challenges for the Seattle City Council due to Washington's regressive tax structure, which does not include corporate or personal income taxes. Limited revenue sources often force the City Council to seek alternative methods to fund government initiatives, typically through alternate taxation approaches. Proposing and voting on taxes aimed at housing services makes affordability a politically pressing issue for many Seattle residents. Additionally, Amazon and other large companies have boosted Washington's economy with high wages and increased employment, which leads to population growth in Seattle and a widening income gap while housing supply struggles to keep pace. Zoning laws, delays in building permits, and high construction costs also significantly hinder affordable housing development. In response to this crisis, Amazon established a \$2 billion Housing Equity Fund to acknowledge its impact on the affordable housing market in its three headquarters cities: Seattle, Washington; Nashville, Tennessee; and Washington, D.C. The fund offers developers essential capital to create affordable housing that will remain affordable for the next 99 years. It also aids in acquiring and preserving existing affordable housing.

In recent years, many tech companies have launched housing initiatives in response to similar affordability concerns. Microsoft, for example, pledged \$750 million to affordable housing in the Seattle area, whereas Google and Apple have similarly committed large sums toward housing in California. The delivery methods of these initiatives vary in scope, with some providing grants and others offering loans. Amazon, however, joined this movement differently than its counterparts.

Amazon's initiative was unique because it launched the Fund in 2021 after three politically turbulent years in its home city of Seattle. Amazon notoriously remained uninvolved in local politics until the proposal of the 2018 Head Tax. The revenue from this tax would fund affordable housing. Amazon's involvement established the company as a significant player in Seattle politics. Disputes over this taxation generated hostility between Amazon and the Seattle City Council, which led Amazon to halt construction on a downtown tower until the City Council resolved the tax issues. Two years following the tax debate and a subsequent attempt to influence the 2019 City Council elections, Amazon announced the launch of the Housing Equity Fund. While Amazon's Housing Equity Fund is undoubtedly beneficial to the three headquarters cities, little research critically examines the broader implications of Amazon's corporate philanthropy on public policy and governance in Seattle.

This thesis examines Amazon's corporate initiative to support affordable housing construction and preservation in its headquarters region of Seattle, as Amazon has emerged as one of the most recent and notable technology companies in the affordable housing sector. Historically, large technology companies settled in suburban areas, but in sharp contrast, Amazon settled into the heart of downtown Seattle. The company's location has made Amazon's presence tangible and part of the city's dominant culture in ways that Microsoft, headquartered in suburban Redmond, for example, is not. This paper aims to illuminate how powerful corporations like Amazon use their influence to alter their environment and avoid regulatory interference. Further, I argue that Amazon's involvement in local politics and the subsequent emergence of the Housing Equity Fund is an alternative to political processes aiming to address housing solutions.

This thesis explores explicitly the timeline from a 2018 tax debate to the development of Amazon's philanthropic fund in 2021. The paper begins with a literature review on corporate philanthropy and its broader implications, followed by an analysis of Amazon's involvement in local politics, including the Head Tax, regional elections, and the creation of the Housing Equity Fund. I will also compare Amazon's housing initiative to other tech housing initiatives to illustrate how Amazon differs. Finally, I will conclude with a discussion of the details of the Fund and the broader themes of housing justice and independent governance.

My research question is: **How has Amazon's approach to philanthropy developed in response to political challenges in Seattle?** For the purposes of my research, I define Amazon's philanthropy specifically as the Housing Equity Fund, excluding other charitable efforts by the company. I anticipated that there may be motivating factors beyond benevolence behind Amazon's charitable missions. After conducting preliminary research, I further hypothesized that Amazon subverted democratic practices to create a more favorable business environment and employed philanthropy to mitigate further pressure. Corporations often act in ways that align with their business interests, including launching charitable initiatives to alleviate regulatory or political pressure. For a company of Amazon's size and influence, I theorized that these factors may have shaped the inception, delivery, and messaging of the Housing Equity Fund. To fully evaluate the impact of philanthropy, especially from a company as prominent as Amazon, it is crucial to understand the motivations behind the action.

## **DATA/METHODS SECTION:**

Before data collection began, the University of Washington's Institutional Review Board (IRB) and Human Subjects Division (HSD) approved this study. I collected data through news reporting and four qualitative interviews with individuals from various philanthropic, academic, and housing backgrounds. This section outlines the data sources, interviewees, and methods used to analyze Amazon's impact on Seattle's housing landscape.

News reporting is a significant source used in this research. I predominantly chose articles from 2017-2022 that discussed Amazon's role in Seattle's housing policy, reporting covering the Housing Equity Fund, and coverage of the 2018 Head Tax debates. The chosen time frame includes key events leading to the Head Tax debate, the Housing Equity Fund launch, and local elections. Sources include various regional and national newspapers, including, but not limited to, the New York Times, The Seattle Times, Bloomberg News, PBS, Vox, and more. I used news sources to evaluate the community's response to the tax debates, mainly from local reporting, such as the Seattle Times. I also looked for national coverage of the Seattle Head Tax debates, which indicated the issue's salience and provided me with reporting further removed from the issue, which helped limit bias. Further, I used business news sources to evaluate other companies besides Amazon's response to the 2018 Head Tax to understand all the angles of the debate.

I used interviews to conduct a stakeholder analysis of Amazon's Housing Equity Fund. They supplement news sources and engage community actors impacted by the Fund. The first two interviewees are representatives of the housing advocacy communities. These interviews shed light on community needs and corporate influence in the nonprofit world in Seattle. The third participant is a University of Washington professor specializing in United States political

history and the high-tech economy. They have written several op-ed articles for the New York Times that touch on tech philanthropy, tech housing initiatives, and the tech sector's impact on the United States. The final interviewee is a managing director for affordable housing at a financial advisory firm with Amazon-related housing projects. I identified participants through news sources, professional networks, and referrals. I initially approached all the interviewees via email and advised them on the nature of the project before scheduling interviews. All interviews were designed to be semi-structured to explore themes such as corporate philanthropy's role in housing, stakeholder perceptions of the Housing Equity Fund, and power dynamics between corporations, public institutions, and nonprofit organizations.

The table below outlines each participant's general identifier by an anonymized name:<sup>1</sup>

<b>General Identifier</b>	<b>Interviewee Name</b>
Nonprofit housing advocate	Anita
Housing advocate	Max
Real estate professional	Sam
Scholar of tech industry history	Sarah

I tailored the interviews to each participant's specialty or area of knowledge. To evaluate how various community stakeholders perceive Amazon's Housing Equity Fund, I asked all participants about its implications. Although all interviews had guiding questions, they often took a more conversational and relaxed form, encouraging open discussion. This format allowed

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<sup>1</sup>The name of the participant is completely anonymized in order to protect the identity of the research participants.



participants to elaborate on their experiences and highlight the Housing Equity Fund's positive and negative outcomes, which I may not have anticipated.

<b>Participant</b>	<b>Topic</b>	<b>Sample Guiding Questions</b>
Anita and Max	Strategy/Delivery	What are the main strengths and weaknesses of Amazon's Housing Equity Fund? What is the significance of Amazon's loans rather than grants?
Sam	Strategy/Delivery	What is the selection process like for developers applying to the Housing Equity Fund? How is the Housing Equity Fund different from other public and private initiatives you have previously worked with? What aspects of the Housing Equity Fund are most promising? Most challenging?
Anita	Community Engagement	How should Amazon engage with community stakeholders to ensure housing investments meet local needs? Does this initiative adequately address the community's needs? What measures should be in place to ensure transparency and accountability?
Max and Sarah	Origin/Motivation	How does Amazon's approach differ from other examples of corporate philanthropy, especially from the technology industry? How would you situate Amazon's influence in Seattle within the broader historical trend of tech companies shaping urban development?
All participants	Impact	How would you describe the impact of the Housing Equity Fund on the housing market so far? What role do you see private sector initiatives like this playing in addressing housing in the future? Are companies obligated to donate or address societal issues in their communities? What are some implications of relying on private actors to fill gaps in funding?

This research faced several data collection limitations. With news sources, biases in reporting or interviewee perspectives are always possible. Some sources reported more positively on Amazon, while others held a more critical view. To offset this, my research surveys and uses a

variety of sources from across the political spectrum. Further, time constraints limited data collection. This research project took place over two quarters, and identifying, contacting, and meeting with potential interview participants was time-consuming. To combat the time constraints, I engaged with interview participants who represented a broad range of perspectives to get a complete understanding despite limitations in how many interviews I could conduct.

## **LITERATURE REVIEW:**

This literature review will focus on the role of corporate philanthropy in housing policy and its broader implications. Key themes include definitions of corporate philanthropy, social impact, corporate philanthropy strategies, and corporate responsibility. The literature review will supplement research that critically examines Amazon's Housing Equity Fund, focusing on its inception, implementation, and impact to illuminate the intersection of corporate philanthropy, housing policy, and public accountability in Seattle. This study will explore the following research questions: What is the relationship between corporate philanthropy and policy? To what extent do corporate initiatives respond to public needs? What are the implications of market-based approaches to philanthropy?

The literature review will proceed as follows: first, section one will explore literature that defines corporate philanthropy and proposes models and critiques of corporate philanthropy in general. Second, I will examine literature that focuses on accountability and transparency in corporate philanthropy. Finally, I will analyze literature examining public and private perceptions of philanthropy. The literature review aims to clarify theoretical debates on the nature of corporate giving with common arguments against the practice and critiques of its implementation. Finally, the theoretical debates lay the groundwork for more tailored criticism of

corporate philanthropy in the housing sector in Seattle specifically. Generally, this literature review aims to analyze the role of corporate philanthropy, with a focus on its broader implications for public accountability and the influence of dominating companies like Amazon.

### **Section 1: Corporate Philanthropy: Definitions, Models, and Critiques:**

Corporate philanthropy plays a significant and increasing role in the intersection of business and social responsibility. Gautier and Pache compiled over 30 years of academic research on corporate philanthropy to create an exhaustive literature review. They define corporate philanthropy as "voluntary donations of corporate resources to charitable causes."<sup>2</sup> In this sense, firms do not necessarily expect a direct return on their gifts, distinguishing this act from sponsorship. Later in this paper, I will further discuss the concept of "direct return" as it relates explicitly to Amazon. The concept of "returns" appears later in Gautier and Pache's review, stating that "the non-reciprocity condition is the acid test of philanthropic activity."<sup>3</sup>

Gautier and Pache conclude that corporate philanthropy primarily serves the company's interests. Essentially, by investing in the community, a company benefits in return. Returns might include intangible benefits, such as reputational boosts, or defensive strategies to mitigate government intrusion and public criticism.<sup>4</sup>

Further, they find that companies with a significant presence give more because they draw greater attention from government bodies and the public. Therefore, their presence has important social consequences, and charitable contributions to mitigate the impact on consumers and communities and can help avoid regulatory interference. Amazon's approach to housing

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<sup>2</sup> Gautier, Arthur, and Anne-Claire Pache. "Research on Corporate Philanthropy: A Review and Assessment." *Journal of Business Ethics* 126 (2015): 343–69. <https://doi.org/10.1007/s10551-013-1969-7>. (344)

<sup>3</sup> Id.,(347).

<sup>4</sup> Id.,(350).

philanthropy reflects many broader trends in mitigating government regulation and avoiding public criticism.

Importantly, Gautier and Pache define venture philanthropy, which views philanthropy as a social investment with the potential for maximized returns. Firms focus on risk management, performance measurement, non-financial assistance, long-term support, and exit strategies. This focus creates a relationship between nonprofit organizations and the market at large. The definition of venture philanthropy will help evaluate the strategic basis of Amazon's Housing Equity Fund, as it reflects the company's long-term investment goals.

Expanding on the definition of corporate philanthropy, Carroll explores the meaning and emerging role of corporate social responsibility (CSR). Carroll theorizes that CSR serves as a protective measure. While some expectations are required, such as legal compliance, others are expected by the general public, such as philanthropy. Carroll argues that giving back might be a defensive measure driven by a desire to enhance reputational capital.<sup>5</sup>

Beyond CSR, Carroll defines another essential concept related to corporate giving: corporate citizenship. Corporate citizenship characterizes companies as citizens of the communities in which they reside.<sup>6</sup> Therefore, like people, companies must fulfill specific duties and responsibilities to maintain legitimacy and gain acceptance.

Davis develops research synthesizing general arguments for and against CSR. In arguing for corporate social responsibility, Davis claims the first consideration is a firm's long-run self-interest.<sup>7</sup> Opponents of CSR assert that the cost of social involvement, lack of social skills

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<sup>5</sup> Gautier, Arthur, and Anne-Claire Pache, (94).

<sup>6</sup> Id., (93).

<sup>7</sup> Davis, Keith. "The Case for and Against Business Assumption of Social Responsibility." *The Academy of Management Journal* 16, no. 2 (June 1973): 312–22. <https://doi.org/10.2307/255331>.(313).

and knowledge, dilution of primary purpose, and lack of accountability should all dissuade companies from being responsible for the public's general welfare.<sup>8</sup>

As Davis and Carroll outlined, CSR and corporate citizenship are important in understanding the motives behind corporate philanthropy. These definitions help foster an understanding of why companies donate in the first place. Various researchers reveal that while philanthropic efforts may be expected and welcomed by communities, they often align with corporate self-interest, particularly regarding reputational enhancement.

## **Section 2: Influence on Policy and Accountability Concerns:**

This section highlights the need for transparency and accountability in corporate philanthropy, as its growing influence on policy decisions requires greater citizen engagement. Thomson examines how foundation resources contribute to community and economic development in 30 cities. He states that since public authority is limited, regime theory asserts that government leaders must secure cooperation from private actors who control resources critical to accomplishing policy goals.<sup>9</sup> Thomson concedes that funding does not automatically result in policy influence, but it is an essential foothold from which foundations can leverage their position to promote ideas. He argues that policy influence is most evident in contemporary philanthropy, which advocates for market-based approaches to social problems. Overall, where there is a greater need, there is greater potential for influence. Cities most vulnerable to

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<sup>8</sup> Davis, Keith. "The Case for and Against Business Assumption of Social Responsibility." *The Academy of Management Journal* 16, no. 2 (June 1973): 312–22. <https://doi.org/10.2307/255331>,(320).

<sup>9</sup> Thomson, "Philanthropic Funding for Community and Economic Development: Exploring Potential for Influencing Policy and Governance"(1486).

foundation influence are those experiencing fiscal stress and having many existing foundations with an ongoing local presence and substantial resource assets.<sup>10</sup>

While Thomson highlights the influence foundations exert through resource provision, Ravazzi builds on this argument to explore the role of formal and informal public-private partnerships in two cities in Italy. Although limited in scope, they apply their generalization on a larger scale. They argue that formal and informal public-private partnerships are now a common way to promote long-term urban development agendas and deliver goods and services.<sup>11</sup> They explain that local governments can react to challenging environments in one of three ways: by strictly selecting policy priorities, changing the local tax structure to collect more public resources to finance policies, or activating new non-tax revenues.<sup>12</sup> These non-tax revenues often involve engaging with corporate philanthropy to advance social programs that the government cannot fund alone.

Finally, as the previous two authors outlined, Kraeger and Robichau build upon this literature by presenting concerns about philanthropy in public policy. They advance a philanthropic accountability model that can be tested and used as a governance tool to increase transparency. They argue that movements of strategic philanthropy and philanthrocapitalism advance a viewpoint that many foundations are adopting business-like practices and focusing on performance metrics and impact rather than the broader societal impacts of their work.<sup>13</sup> This market-based approach to philanthropy has caused distrust in the nonprofit sector, as the authors argue that an increasing presence, a limited flow of information, and transparency based on formal regulation alone are not enough to satisfy public accountability concerns. The authors'

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<sup>10</sup> Thomson, "Philanthropic Funding for Community and Economic Development: Exploring Potential for Influencing Policy and Governance"(1508).

<sup>11</sup>Ravazzi, "Philanthropic Foundations and Local Policy Making in the Austerity Era: Does Urban Governance Matter?" (918).

<sup>12</sup>Id., (919)

<sup>13</sup>Kraeger and Robichau, "Questioning Stakeholder Legitimacy: A Philanthropic Accountability Model"(482).

proposed model incorporates democratic accountability components (such as citizen-centered engagement), transparency in the form of legal compliance, performance accountability in outcomes and impacts, and democratic accountability through civic and stakeholder engagement.<sup>14</sup> They argue that accountability needs to focus more on the relationship between philanthropy and its constituencies, such as the communities they impact.

Concepts of accountability, involvement in governance, regime theory, and other theoretical implications are particularly pertinent when examining Amazon's Housing Equity Fund, which the case study explores further in depth. Critiques are also essential to understand why different stakeholders might dislike corporate giving.

### **Section 3: Public and Private Perceptions of Corporate Giving:**

Public perceptions of corporate philanthropy reveal a complex dynamic where reputational concerns and social impact drive corporate giving. Beyond a corporation's ability to influence public policy, several authors explore the perceptions of corporate giving among communities, stakeholders, and government officials. Gan evaluates the impact of public scrutiny on corporate philanthropy, arguing that vulnerability to public scrutiny drives corporate giving.<sup>15</sup> Gan argues that since reputational capital is essential to corporate philanthropy, donors care about the size of their donation relative to other donors and generally prefer receiving public recognition for their generosity.<sup>16</sup>

Godfrey develops a perspective on corporate philanthropy, asserting that giving generates "insurance-like" protection for many of a firm's intangible assets and that this protection

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<sup>14</sup>Kraeger and Robichau (490).

<sup>15</sup>Gan, "The Impact of Public Scrutiny on Corporate Philanthropy" (218).

<sup>16</sup>Id., (219).

contributes to shareholder wealth.<sup>17</sup> They argue that a company's competitive advantage derives from possessing valuable and rare assets that are difficult for competitors to imitate or for customers to substitute.

Finally, Kramer argues that philanthropists have fallen far short of solving America's most pressing philanthropic issues, and it's time for donors to become more innovative in their approach. One aspect of this approach that Kramer advocates is campaign mobilization. There is a need to stimulate cross-sector collaborations and mobilize stakeholders to create shared solutions.<sup>18</sup>

Overall, the preceding perceptions of corporate philanthropy indicate that philanthropic strategies often reflect corporations' desire for competitive advantage and long-term wealth. As outlined previously, understanding the reputational benefits of corporate giving also helps answer questions about why corporations donate in the first place. Similarly, Godfrey's understanding of benevolence as protection situates philanthropy in a market-based framework, furthering philanthropy's ethical obligation, such as CSR. Finally, Kramer's assessment includes suggestions for how corporate philanthropy should operate.

My research project explores the relationship between corporations, city councils, and policy in Seattle. The themes discussed above appear through examining Amazon's physical and political presence from 2018 onward. Accountability and transparency concerns are present in Amazon's affordable housing initiative, as are questions about the company's ethical obligations to give back to its community.

There is limited research on Amazon's Housing Equity Fund. Most discussions about this philanthropic initiative appear in Amazon-branded reports or news articles. My research

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<sup>17</sup>Godfrey, "The Relationship between Corporate Philanthropy and Shareholder Wealth: A Risk Management Perspective"(778).

<sup>18</sup>Kramer, "Catalytic Philanthropy"(34).



contributes to the existing literature by contextualizing the origins of Amazon's Housing Equity Fund in ways other scholars have not previously examined. Additionally, I aim to highlight how philanthropy can help a company build or restore its reputational capital, undermine democratic processes, and impact their environment through a contemporary example, thereby adding to existing critiques and considerations of corporate philanthropic initiatives historically.

## **CONTEXT:**

This section will explore the context of Seattle's housing market and use data to establish the scope of the issue. It will also touch on the Seattle City Council's past initiatives to support affordable housing.

### **Housing Market Crisis Overview:**

With the most regressive tax structure in the country, it is not surprising that Seattle has become home to massive companies employing thousands of workers. However, while these companies have injected substantial capital into Washington's economy, the housing market has become increasingly hostile. As the tech sector has grown in Seattle, an affordability crisis has emerged that is apparent to many Seattle residents. Between 2010 and 2019, median home values in Seattle increased by 80%, but the county median family income only increased by 55%.<sup>19</sup> The rental market also reflects the impact of the affordability crisis as rents have skyrocketed.

Many factors have contributed to the housing crisis, but the most significant is the imbalance between supply and demand. Simply put, housing production has not kept pace with

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<sup>19</sup>“Market Rate Housing Needs and Supply Analysis”(7).

job growth. Between 2005 and 2019, Seattle gained 169,000 net new jobs but produced housing at a significantly slower rate, with only one net new housing unit for every two jobs.<sup>20</sup> An additional 9,000 units would have been necessary to maintain baseline ratios during this period.<sup>21</sup>

The cost of construction is one reason that demand has outpaced supply to this extent. Since 2009, construction costs in Seattle have increased by over 40%.<sup>22</sup> COVID and its subsequent supply-chain issues exacerbated these costs. Exorbitant cost disincentivizes builders from creating affordable units. Where the competition for units is high, rents can be set at a higher-than-average mark, increasing profits for developers. This issue is particularly noticeable in once-affordable areas, with rents increasing the fastest in zip codes with the lowest average rent in 2014.<sup>23</sup>

The impact of the housing affordability crisis on communities is tremendous. The Department of Housing and Urban Development (HUD) describes households spending more than 30% of their income on housing as cost-burdened and those spending more than half of their income on housing as severely cost-burdened. In Seattle, nearly 46,000 households spend more than half of their income on housing.<sup>24</sup> In the rental world, the number of cost-burdened renters increased by 11,000 from 2010 to 2019. Fifty-seven percent of these households are Black, the highest proportion by race in the cost-burdened group.<sup>25</sup>

The rate of homelessness is also closely tied to the lack of affordable housing, illustrated by the 30% rise in Seattle's homeless population since 2010.<sup>26</sup> An issue that can exacerbate the lack of affordable housing is called "down-renting," in which higher-income renters occupy

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<sup>20</sup>Id. "Market Rate Housing Needs and Supply Analysis" (50).

<sup>21</sup>Id., (2).

<sup>22</sup>Id., (4).

<sup>23</sup>Id., (ii).

<sup>24</sup>Id., (i).

<sup>25</sup>Id., (8).

<sup>26</sup>Id., (47).

cheaper or more affordable housing, worsening the shortage for lower-income individual renters.<sup>27</sup> Around 8% of homeless individuals surveyed in King County reported a rent increase as the reason for their homelessness.<sup>28</sup>

Additionally, the housing market is limiting the supply of workforce housing. This problem is particularly prevalent in Seattle, with 34,000 low-wage workers commuting more than 25 miles from their jobs in Seattle.<sup>29</sup> Housing availability for the general workforce is lacking, and the problem will continue to grow, with 35,000 net new jobs in low-wage occupations expected by 2030.<sup>30</sup>

Seattle's city government has tried accommodating growth as the economy has boomed for decades. In 1990, the city council passed the Growth Management Act (GMA), establishing 15 goals that fast-growing cities and counties must consider to manage population growth.<sup>31</sup> This act highlights an important warning to the Seattle City Council that growth was coming, and they were responsible for managing it. From the GMA came the Comprehensive Plan, which established a goal of adding 70,000 housing units by 2035.<sup>32</sup> After the GMA and the Comprehensive Plan came the Housing Affordability and Livability Agenda (HALA), introduced in 2014. With this came Mandatory Housing Affordability (MHA), requiring private developers to include affordable housing or contribute funds for affordable housing.<sup>33</sup> The MHA is widely unpopular amongst developers, who often choose to contribute funds for affordable housing rather than designate affordable units in their plan.

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<sup>27</sup>“Market Rate Housing Needs and Supply Analysis”(47).

<sup>28</sup>Ibid.

<sup>29</sup>Id.,(50).

<sup>30</sup>Id.,(58).

<sup>31</sup>“MRSC - Growth Management Act Basics.”

<sup>32</sup>Quijas, “Micro-Housing: Seattle’s Contradictory Approach to Affordable, Sustainable Housing.”

<sup>33</sup>“Implementing Mandatory Housing Affordability (MHA) Citywide.”

Finally, the Housing Levy passed in 2016, which designated \$290 million over 7 years for housing production, preservation, and assistance—the Levy funded construction, preservation, and rental assistance programs.<sup>34</sup>

## **FINDINGS:**

<b>General Identifier</b>	<b>Interviewee Name</b>
Nonprofit housing advocate	Anita
Housing advocate	Max
Real estate professional	Sam
Scholar of tech industry history	Sarah

## **Interview Questions and Approach:**

I asked each interviewee a set of questions designed to examine Amazon’s role in Seattle’s housing and political landscape. These questions varied depending on the interviewee’s background. Housing advocates were asked about Amazon’s role in philanthropy with evaluative questions regarding the company’s influence, while real estate professionals provided insights into the structure of the Housing Equity Fund. The tech industry scholar contextualized Amazon’s evolution in Seattle and the impact that tech, in general, can have on a city.

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<sup>34</sup>“Seattle Housing Levy - Housing | Seattle.Gov.”

### **Amazon's Initial Political Apathy and Shift:**

Historically, Amazon has avoided political engagement in Seattle. Max attested that Amazon regarded itself almost “above politics,” focusing primarily on efficiency. However, Sarah explained that this reluctance to participate spurred criticism, mainly because Amazon benefited from substantial investment from Seattle. According to Sarah, these investments included heavily subsidized infrastructure when the company was developing its downtown campus, including utilities, green infrastructure, transit, and the Amazon trolley. Sarah is referring to a tax program called the “High Technology Sales and Use Tax Defferal Program,” in which high-tech companies can defer sales and use taxes on facility investments.<sup>35</sup> Amazon used this program while constructing the megacampus downtown, deferring a cumulative \$54 million in taxes.<sup>36</sup> Given these subsidies, many think Amazon should “give back” or engage as a corporate citizen, but civic engagement was not its focus. Amazon’s detachment from politics changed in 2017 when the proposed Head Tax, which targeted large corporations like Amazon, forced the company to engage. This turning point marked only the beginning of Amazon’s role in Seattle politics, with the Head Tax as the catalyst.

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<sup>35</sup>“High Technology Sales and Use Tax Deferral Program | Washington Department of Revenue.”

<sup>36</sup>Day, “How Much Does Amazon Pay in State and Local Taxes, Anyway?”

## **The Head Tax and Amazon's Response:**

The Head Tax targeted businesses with annual revenues of \$20 million or more, representing about 3% of Seattle's businesses,<sup>37</sup> including Amazon. City Council expected the tax to raise \$75 million annually, with 75% allocated toward building "deeply affordable" units and 20% to emergency shelter services. The remainder of the revenue would fund administrative costs and other smaller initiatives, such as hygiene services. The city argued that the tax would fill a gap in the market and reduce long-term costs related to healthcare and the criminal justice system.

The tax was initially passed unanimously by the City of Seattle Council. Sally Bagshaw, a co-sponsor of the legislation, praised the tax as a long-term solution to affordable housing without forgetting immediate attention and resources to shelter services.<sup>38</sup> Another co-sponsor, Debora Juarez, thought the tax represented a good way for regional partners and the government to take bold actions to address homelessness.<sup>39</sup> This unanimous support initially sparked optimism and hope for change.

The tax would affect Amazon with a projected cost of roughly \$20 million annually in 2019 and 2020.<sup>40</sup> To a company like Amazon, \$20 million does not appear to be a significant burden. In 2017, for example, Amazon reportedly paid roughly \$250 million in state and local taxes in Washington.<sup>41</sup> The proposed Head Tax represents approximately an 8% tax increase, a minor increase for a company that generated \$3 billion in net income in 2017.<sup>42</sup> Considering the company does not pay corporate income taxes, council members considered an 8% increase in taxation to be fair. Further, in 2017, Amazon reported \$5.6 billion in U.S. profits and did not pay

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<sup>37</sup>"Progressive Tax on Business - Council | Seattle.Gov."

<sup>38</sup>Guzman, "Seattle Council Passes Tax on Business to Help Address Homelessness."

<sup>39</sup>Ibid.

<sup>40</sup>"Progressive Tax on Business - Council | Seattle.Gov."

<sup>41</sup>Day, "How Much Does Amazon Pay in State and Local Taxes, Anyway?"

<sup>42</sup>"Amazon (AMZN) - Revenue."

any federal income taxes. The company's financial statement indicates that the company utilized various tax credits and tax breaks to zero out its federal taxes.<sup>43</sup> Nonetheless, Amazon was unhappy.

In retaliation to the Head Tax proposal, Amazon quickly paused construction on its Block 18 project in downtown Seattle, causing immediate repercussions. Without Amazon's new tower project, construction workers would lose jobs, and the city would lose the revenue that the project would otherwise generate.<sup>44</sup> Pausing the construction alone would result in an estimated loss of 7,000 jobs, affecting both construction workers and those who would subsequently move into the office.<sup>45</sup> The Seattle Metropolitan Chamber of Commerce, a business advocacy organization of which Amazon is a member, released a statement saying the announcement was a "reminder that we cannot take our home-grown companies for granted...and we need civic leadership that is committed to helping our employers succeed so our local economy can be more inclusive."<sup>46</sup>

Amazon became directly involved in the Head Tax opposition campaign with the Seattle Metropolitan Chamber of Commerce, collecting over 45,000 signatures to bring the Head Tax to the ballot again. Amazon, Starbucks, Vulcan, and others contributed more than \$379,000 to the petition.<sup>47</sup> Between pausing construction on the Block 18 project and the opposition campaign, Amazon's efforts appeared to work, as reflected in polling. In April 2018, a poll showed that the majority of labor unions supported the Head Tax. By June, the majority of labor unions opposed it.<sup>48</sup>

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<sup>43</sup>"Amazon Inc. Paid Zero in Federal Taxes in 2017, Gets \$789 Million Windfall from New Tax Law."

<sup>44</sup>Beekman, "Seattle's Head Tax Is Dead, but Political Debate May Reverberate."

<sup>45</sup>"New Analysis Finds Tax on Jobs May Reduce Jobs, Disproportionately Impact Lower-Wage Earners, and Exacerbate the Causes of Homelessness - Seattle Metropolitan Chamber of Commerce."

<sup>46</sup>"Media Statement on Amazon HQ2 Announcement - Seattle Metropolitan Chamber of Commerce."

<sup>47</sup>Coombs and Parkhurst, "Leadership Wanted as Seattle Recovers from Head Tax Debacle."

<sup>48</sup>Beekman, "Seattle's Head Tax Is Dead, but Political Debate May Reverberate."

Less than a month after the City Council unanimously passed the legislation, seven members of the City Council voted to repeal the tax, while two dissented. The two dissenting votes, Sawant and Mosqueda, criticized their peers for being beholden to big businesses. Lisa Herbold, who flipped her vote, remarked she voted to repeal because the opposition had unlimited resources.<sup>49</sup> Lorena Gonzalez, who also flipped her vote, stated that the opposition led them to make concessions they never wanted to make, noting it would be better to try something new instead of keeping the amended version of the legislation.<sup>50</sup> Sawant condemned the repeal, calling Bezos “the enemy.”<sup>51</sup> Pleased with the repeal, Amazon resumed construction.

### **Amazon’s Entry into Political Advocacy:**

The repeal of the Head Tax, while a victory for Amazon’s financial interests, solidified the company’s perception of the City Council as an obstacle to its corporate interests.<sup>52</sup> This perception influenced its decision to invest in local elections and create a more business-friendly environment, stating that Amazon looked forward to “working with the new city council, which we believe will be considerably more open to constructive dialogue.”<sup>53</sup> To achieve this goal of a friendly city council, Amazon hired Guy Palumbo, a one-term senate politician, to oversee its political strategy.<sup>54</sup> Hoping to sweep all seven seats up for the 2019 Seattle City Council re-election, Amazon pumped in \$1 million into the race via the Civic Alliance for Sound Economy PAC, backed by the Seattle Metropolitan Chamber of Commerce that supports policies

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<sup>49</sup>Alicea, “Seattle’s ‘Head Tax’ Is Dead After Pressure From Businesses, Referendum Campaign.”

<sup>50</sup>Ibid.

<sup>51</sup>Coombs and Parkhurst, “Leadership Wanted as Seattle Recovers from Head Tax Debacle.”

<sup>52</sup>Lewis, “Amazon CEO: Relationship with Seattle City Council has become ‘rougher,’ but hope remains”

<sup>53</sup>Scruggs, “Amazon’s \$1.5 Million Political Gambit Backfires in Seattle City Council Election | Reuters.”

<sup>54</sup>Kroman, “The Story behind Amazon’s Failed \$1 Million Bid to Swing Seattle’s Election | Cascade PBS.”



favorable to business interests.<sup>55</sup> However, this installment came late into the campaign, causing many people to note that an investment of this scale was not compatible with the company's reputation of being strategic, focused, and data-driven.<sup>56</sup> For context, in 2015, Amazon donated about \$130,000 to the local election.<sup>57</sup> The late installment indicates that Amazon was in a reactionary position.

Sawant and Mosqueda were Amazon's primary targets. Sawant had been openly critical of Amazon in Seattle, often proposing legislation to tax the company more heavily. Mosqueda enraged Amazon's leadership when she went to New York City to advise activists on pushing back against Amazon's influence in the community. As Amazon planned to build its second headquarters in New York City, it faced unexpected and intense backlash from lawmakers, progressive activists, and union leaders.<sup>58</sup> These community members believed that Amazon did not deserve the proposed \$3 billion in government incentives from New York, a controversial package offered to Amazon to entice them to build their headquarters in the city. To help those who opposed building Amazon's headquarters, Mosqueda and Herbold advised New York residents to be careful and warned local politicians to take steps to tax the company as early as possible. Harkening back to the Head Tax, Mosqueda stated, "No corporation should be able to flex its muscles...and put public-policy makers in a position where they can't govern."<sup>59</sup>

Amazon's election efforts ultimately backfired. Anti-Amazon candidates quickly rallied support to reject Amazon's outsized political influence, with notable figures like Bernie Sanders and Elizabeth Warren weighing in. Sanders tweeted, "Jeff Bezos and Amazon think they can buy elections. They spent \$1 million to stop City Council candidates Herbold, Morales, Sawant, and

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<sup>55</sup>Rey, "Amazon Tried to Buy a New Seattle City Council. It Doesn't Look like It Worked."

<sup>56</sup>Kroman, "The Story behind Amazon's Failed \$1 Million Bid to Swing Seattle's Election | Cascade PBS."

<sup>57</sup>Baker, "Amazon Tests 'Soul of Seattle' With Deluge of Election Cash."

<sup>58</sup>Goodman, "Amazon Pulls Out of Planned New York City Headquarters."

<sup>59</sup>Beekman, and Romano, "Seattle City Council Members Heading to New York City to Share Amazon 'Lessons, Mistakes' | The Seattle Times."

Scott. Show Amazon that they can't buy our democracy and that their corporate greed won't stand. Get out and vote!"<sup>60</sup> While some backed candidates, like Alex Pederson, narrowly won, others, like Egan Orioin, lost to anti-corporate candidates like Kshama Sawant.

### **From Political Advocacy to Philanthropy:**

Following the backlash from its political interventions and a failed bid to influence an election, Amazon pivoted toward philanthropy to garner back some good faith.<sup>61</sup> Amazon was now firmly in the political sphere where it had never been before. Its failed attempt to expand into New York with HQ2 demonstrated that its influence—and backlash against it—was no longer confined to Seattle.

With direct political intervention proving costly, Amazon turned toward philanthropy to make an impact. In 2021, Amazon launched the Housing Equity Fund. Within five years, this fund intends to contribute \$2 billion to create and preserve 20,000 affordable homes across three of its hometown communities: Seattle, WA; Washington, D.C.; and Nashville, TN. The goal was to develop housing to serve 30-80% AMI, which they classified as workforce housing. The fund primarily distributes the \$2 billion in the form of low-interest, below-market loans to developers, providing capital to existing projects with a primary lender. Their position statement noted, "While only local, state, and federal governments can implement more effective housing policies, we believe the private and public sectors can work together to address this challenge."<sup>62</sup>

Sam noted that Amazon structured the fund with advice from real estate and financial experts. Low-rate loans help developers complete affordable housing projects that might not

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<sup>60</sup>Rey, "Amazon Tried to Buy a New Seattle City Council. It Doesn't Look like It Worked."

<sup>61</sup>Wilson, "Amazon's Housing Fund Sends a Political Message."

<sup>62</sup>"Housing Equity."

otherwise be viable. Being a financial accelerator essentially “allows people to buy properties because they have more debt that’s cheap, they can afford to restrict more so they can afford to offer lower rents,” according to Sam. Traditionally, this gap in funding is filled by the government, making Amazon's offer to fill the gap “on a large scale by a private company very unique.” Amazon’s new philanthropic endeavor had shifted the focus from its political advocacy to more altruistic news, challenging the perception that Amazon’s presence induces undesirable outcomes.

The establishment and subsequent impact of Amazon’s Housing Equity Fund reflects traditional critiques of corporate philanthropy. Firstly, the Housing Equity Fund seeks a return on investment. This expectation of monetary returns distinguishes it from a donation or grant, which does not yield economic returns. Gautier and Pache define corporate philanthropy as “voluntary donations of corporate resources to charitable causes.” In this context, companies should not expect financial returns. While corporations can anticipate other benefits, such as reputational boosts or positive media coverage, to classify an action as philanthropic, returns cannot be monetary. Amazon benefits from both.

Although the money acquired from loans cycles back into the Fund as revolving donations, the selected projects are inevitably further developed to minimize risks and ensure the Fund remains profitable. The Fund's inclusion criteria necessitate that a proposal has secured primary lending, which indicates that the projects they undertake are already reasonably financially secure. An attractive aspect of philanthropy is that donors can support riskier projects since there is less at stake than in a government agency, which must allocate funds according to the wishes of its constituents. Philanthropy can finance projects that may be more radical and

innovative than previously tested solutions. Anita reflects on this critique, stating, “If Amazon wants to contribute that money...[they should] give it to community groups.”

Furthermore, Anita points out that Google has created a fund for housing and development that is governed by community groups. If corporations are willing to “come to the negotiating table, community groups should get as much from them as possible.” Lastly, she concludes that “there’s a significant movement in Seattle around social housing... it would be intriguing if Amazon said, ‘we’re going to invest this \$2 billion into this project because it’s an interesting experiment.’”

The creation and impact of the Housing Equity Fund also highlight concerns about accountability. Amazon effectively undermined a democratic process and used its resources to sway Seattle politics. As a corporation, Amazon is not a democratically elected entity. In 2018, the Seattle City Council, elected by their constituents, unanimously passed the Head Tax. Repealing the tax did not reflect the wishes of community residents but rather the wishes of a big corporation. Now, Amazon has proposed its own solution to the issue the tax aimed to address. The difference between the two proposed solutions is that one represents the voters who elected the city council. In contrast, the other represents the board responsible for establishing the Housing Equity Fund.

The difference between the Head Tax and the Housing Equity Fund also lies in resource allocation. The decision to finance housing that is affordable for individuals within the 30-80% AMI range reflects Kraeger and Robichau’s argument that foundations adopt business-like practices and performance metrics instead of considering the broader societal impacts of their work, framing these foundations as examples of philanthrocapitalism. Amazon serves as a prime

example of this characterization because its choice to support moderately cost-burdened groups is financially less “risky” than funding those in the 0-30% AMI range.

### **Amazon vs. Other Tech Initiatives: What Makes It Unique?**

While other key players in the technology industry, such as Microsoft and the Chan-Zuckerberg Foundation, have launched housing initiatives, Amazon’s differs in key ways. Unlike Microsoft’s smaller investment and the Chan-Zuckerberg initiative’s focus on policy change, Amazon’s Housing Equity Fund emerged as a strategic tool in response to political backlash.

Also headquartered in Washington state, Microsoft’s 2019 housing initiative pledged \$500 million to help address the housing crisis in the greater Seattle area.<sup>63</sup> Like Amazon, they focus on providing capital to help bridge the gap between the construction and completion of projects. The official letter of the launch characterizes the rationale for the initiative in two ways: first, Microsoft wants to protect workers and their access to affordable housing, and second, Microsoft acknowledges its role in the growth of Seattle over the past 40 years.<sup>64</sup> The difference between the Microsoft and Amazon initiatives is not just in the amount of money donated, but in the motivations behind the donations. Microsoft’s 2019 initiative was proactive, acknowledging its responsibility and role in housing shortages despite its headquarters location in a suburban neighborhood. In contrast, Amazon’s emerged after a political backlash and reflected a strategic shift.

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<sup>63</sup>“Microsoft Affordable Housing Initiative Investment Criteria.”

<sup>64</sup>“Microsoft Commits \$500 Million to Tackle Affordable Housing Crisis in Puget Sound Region.”

Microsoft also launched its initiative after the Head Tax debate. Although Microsoft has also taken criticism for driving up rent prices, it was not at the center of the discussion to the same degree as Amazon due to Amazon's location in South Lake Union. Further, Microsoft claims that it began working on its housing initiative eight months before the announcement of the Head Tax.<sup>65</sup> Finally, Microsoft is not headquartered in Seattle, meaning it would not be hit by the tax in the same way Amazon would.<sup>66</sup> The Head Tax, dubbed the "Amazon Tax," highlights that Microsoft was not the main focus.

The Chan-Zuckerberg Initiative represents another housing initiative from the technology sector. This initiative focuses on changing narratives around affordable housing in California. Their goal is to shift voter attitudes and values to support housing reform. To do this, they created and tested various narrative frameworks with California voters to assess how to frame the message that housing is a right in the most appealing way to voters.<sup>67</sup> Testing the messaging this way equips nonprofits or policymakers with a clear direction for appealing to the broadest audience possible. Unlike the Amazon and Microsoft initiatives, which focus on financing housing projects, the Chan-Zuckerberg initiative focuses on shaping public policy. Shaping public policy highlights the key difference from Amazon: while Amazon focuses on change through direct investment, other initiatives focus on broader, systemic-level change.

### **Perspectives on Amazon's Philanthropic Shift:**

While Amazon's Housing Equity Fund presents itself as a solution to the housing crisis, perspectives on its actual impacts vary significantly. Sarah concedes that oftentimes, when

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<sup>65</sup>Romo, "Microsoft Pledges \$500 Million Investment To Tackle Affordable Housing Crisis."

<sup>66</sup>Hilburg, "Microsoft to Invest \$500 Million in Affordable Housing around Seattle."

<sup>67</sup>"The California Dream: A New Narrative to Engage Californians on Housing Affordability."

“companies have acted in the interest of the broader community, it has been because they see that in alignment with their business interests, and that can include kind of forestalling political regulation and pressure.” However, they also note “even if they’re doing it for self-interested reasons if you’re storing that much capital for philanthropy, you know, it’s helping the housing problem by deploying this capital, right?” Further, they argue that it’s not entirely fair to expect big corporations to fix issues that the government is responsible for addressing, such as the housing crisis. As they put it, “blaming tech bros for the housing crisis is kind of letting all of these other decision-makers off the hook, right?” Although the housing crisis is not entirely the technology industry’s fault, lobbying against affordable housing taxes undoubtedly contributes to the lack of resources available to other decision-makers.

Anita had a different perspective. They stated, “The resources Amazon spends on lobbying decisions that would benefit the collective...you have to wonder what this housing equity fund is for, and it seems like it’s certainly not to help people. It is to distract people from questioning.” Specifically, they argue that Amazon’s branding of the Housing Equity Fund ingrains the perception that positive change and the company itself are tied. They explain, “It entrenches the narrative that Amazon is for us, and it’s absolutely not.” Further, they note, “If Amazon really wanted to help, they wouldn’t fight [taxes], first of all, and second of all, they would just give the money to these [community] organizations, without having to brand it, without strings attached, without needing to pay it back, because the equity fund is a loan.” Finally, they critique that “If you made money by exploiting workers, by asking for tax breaks, by making the argument that you need it because you’re going to stimulate the economy or whatever, then you relied on the systems in place or people in power to get you where you are.”

Amazon's shift from political advocacy to the launch of the Housing Equity Fund reflects many common reasons businesses become involved in philanthropy. The Housing Equity Fund ultimately serves the company's interests in several ways. First, it helps them settle comfortably in their communities by providing financial support.<sup>68</sup> Amazon faced the consequences of an abrupt transition in New York City, where community activists recognized that Amazon was unlikely to serve community interests. By offering up \$2 billion, an incomprehensible number to most people, Amazon gets to accept praise for taking action. Further, in Seattle, in particular, Amazon appears to serve the community they "took from" when they opposed the 2018 Head Tax. Such a sizeable philanthropic endeavor also helps Amazon avoid a hostile City Council and creates the image of being a goal-oriented partner of government with an agenda to deliver goods and services, not just a for-profit, business-focused company.<sup>69</sup>

The Housing Equity Fund fits the narrative of venture philanthropy, which situates philanthropy as a social investment with the potential for maximized returns. As Sam notes, "[Amazon] is looking for the most impact possible for their investment...to maximize their impact." An essential part of venture philanthropy is managing risk, which the fund does effectively. The fund only backs already established projects needing a financial push for completion. Max critiques, "They are taking less risk because they're investing in projects that already have primary lending...they're doing low interest rate subordinate debt, which means most of it gets repaid."

Beyond reputation-building and maximizing return, Amazon's initiative may represent an attempted substitute for meaningful regulatory intervention. The original Head Tax planned to address homeless services and resources more comprehensively for those making below the

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<sup>68</sup>"Housing Equity."

<sup>69</sup>"Amazon Housing Equity Fund 2024 Impact Report"(5).



30-80% AMI that Amazon targets. Amazon's Fund primarily addresses middle-class residents, whom many argue are not the most vulnerable nor affected by Amazon's presence in Seattle. Targeting this demographic fits within the scope of regime theory, where government leaders must secure cooperation from private actors who control resources critical to accomplishing policy goals. In this sense, the Seattle City Council must secure cooperation from private actors like Amazon because Amazon has the resources necessary to stop policy goals from being achieved when they are undesirable to the company. The result of the 2018 Head Tax is an example of what happens to particular policy goals when politicians fail to secure cooperation from private actors. The lack of collaboration forced the city council to concede and negotiate with opposition forces, and in return, the opposition offered philanthropic solutions related to the original plan.

The Housing Equity Fund also exemplifies common critiques of market-based approaches to giving. First, business-like practices related to performance metrics in the philanthropic sector can lessen the focus on the broader societal impacts of an initiative's work. In the case of Amazon, the return on investment and structure of inclusion criteria represent the influence of a business mindset on philanthropy.<sup>70</sup> Sarah notes that the criteria they use to evaluate deals include "affordability, high-impact, discounts to market, and deals near transit...impact metrics is what they're really focused on." These performance metrics can lead to community distrust because of the decreased focus on the relationship between philanthropy and its constituencies.

Further critiques focus on inconsistencies between the communities most impacted by rising rents and those benefiting from Amazon's philanthropy. Many people argue that the communities that need the most help are those making less than 30% AMI. The original Head

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<sup>70</sup> Gautier, Arthur, and Anne-Claire Pache. (344).

Tax allocated more resources to people experiencing homelessness than the Equity Fund. However, allocating resources toward homeless services does not deliver the measurable and impactful results the Equity Fund hopes to achieve. With a focus on return on investment, maximizing impact, and other for-profit corporate tendencies, it is no surprise that those left out of the conversation require the most resources.

Finally, many critiques come with concerns about accountability. In Seattle, where the affordable housing problem is particularly acute, opposition limits local government. Limited options pressure local governments to engage with corporations that control resources critical to accomplishing policy goals. However, these corporations are not composed of democratically elected decision-makers. A limited flow of information from the corporation, lack of transparency, and limited citizen-centered engagement can exacerbate concerns about accountability. Without these components, community stakeholders cannot comprehensively analyze Amazon's impact and evaluate whether or not its Housing Equity Fund is beneficial. Because companies are not required to donate or contribute to philanthropy, doing so allows them to control how to allocate funds with limited backlash or accountability.

## **CONCLUSION:**

Amazon's presence in Seattle and across the nation has grown significantly over the past decade, with the Housing Equity Fund representing its latest effort to address the challenges that cities face. These challenges are particularly severe in Seattle, where the city is grappling with an escalating housing crisis. Moreover, Amazon's role in the 2018 Head Tax and the 2019 City Council election reflects how the tension between the city and Amazon reached a breaking point.

Given the rising political opposition and attempts at regulatory intervention, it's clear that Amazon's pivot to philanthropic efforts aligns with its business interests.

Corporate influence in urban governance is not unheard of. However, the events leading to the Housing Equity Fund can expose how the lines between public and private responsibility are blurred. Without adequate oversight, corporations may influence policy areas they were not elected to handle. Amazon is not the only company doing this. However, other initiatives, such as Microsoft's, can be characterized with less alarming implications due to their proactive nature rather than Amazon's reactive approach.

There are many long-term consequences of letting a business such as Amazon off the hook for its involvement in local politics. In the case of the 2018 Head Tax, the failure to pass the tax deferred resources from people experiencing homelessness. Further, the City Council's reversal shows Amazon and other corporations that with enough resources, they will bend to pressure and opposition.

Major corporations should not be allowed to utilize their exorbitant resources to shape public policy. Doing so weakens the legitimacy of a democratically elected City Council and emboldens corporations to make demands or threats to achieve their goals. Further, communities should be wary of the motivations behind seemingly altruistic corporate gifts. Communities should be conscientious to ensure corporate gifts do not distract people from controversy, scandal, or undue influence.

As of February 11th, 2025, Amazon is once again showing its teeth in a fight against taxation for housing in Seattle. More than 57% of voters said "yes" to a proposed tax that would impose a 5% tax on compensation above \$1 million to any Seattle employee paid for by the company. The revenue intends to support a public development authority to create social

housing, raising \$50 million annually. Amazon and Microsoft put up \$100,000 against the tax and in support of a different proposition, which redirects funds from an existing tax to social housing.<sup>71</sup>

It is essential to reflect on how corporations can influence cities' operations, whether through political opposition or philanthropy. Amazon has done both and has now positioned itself where they have a seat at the table. Amazon, through the Housing Equity Fund, has now established legitimacy to have a say in spending money on affordable housing. It is important to remember how legitimacy came to be and to hold corporate actors accountable.

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<sup>71</sup>Soper, “Initial Election Results Show Support for Seattle Social Housing Tax Opposed by Amazon, Microsoft.”

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