

Microsoft steps up with game-changing support for housing



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Donna Grethen / Op-Art

Microsoft's effort to nudge the housing industry to produce more affordable and midmarket housing in King County is a tremendous contribution to regional affordability efforts.

By [The Seattle Times editorial board](#)

Microsoft is celebrating its 40th anniversary in the Puget Sound region with a remarkable gift.

The \$500 million investment in affordable housing that the [company announced on Thursday](#) is unprecedented, magnanimous and impactful.

This should reset the regional discussion about Puget Sound's housing shortage. It encourages the business community to help solve a complex and pressing challenge. The Redmond software giant also brings much needed context to an affordability discussion that's overly focused on Seattle and ever more increases in public spending. Affordability is a national and regional challenge requiring a mix of creative solutions from the public and private sectors.

Microsoft is also demonstrating once again that it's not only one of the most successful companies in history, it's also a leader in philanthropy. Not just in terms of giving money, where it has raised the bar, but in efforts to improve the welfare of others through shrewd investments.

"Our success has been fueled by the support of this region," Microsoft President Brad Smith said at the announcement. "We want our success to support the region in return."

The company will provide \$225 million to subsidize and preserve middle-income housing, initially in Bellevue, Kirkland, Redmond, Issaquah, Renton and Sammamish. It expects below-market returns on

this investment. This is the most innovative element because it addresses a gap in the market, which is producing high-end housing and low-end subsidized units but relatively little in between. Microsoft won't fill that gap directly, but its capital infusion could push the market to better respond to this need.

Another \$250 million will help support low-income housing developments throughout King County. Microsoft expects to get market-rate returns here, which raises an interesting question about how much more direct subsidy is needed if the sector is profitable for large investors.

Lastly, the company is making an outright gift of \$25 million for homelessness in the region — which by itself is outstanding. The initial grants include \$5 million to support Seattle and King County efforts to consolidate their response and \$5 million for Home Base, a program instigated by the Seattle Mariners, United Way of King County and the King County Bar Association to provide legal aid to people facing eviction.

The company is also supporting the development industry's wish list of local and state policy changes. Each needs scrutiny, especially in light of recent experiences in Seattle, where affordability has worsened despite generous developer incentives.

Of course Microsoft benefits if there's more housing to support its growth, especially houses to own and places to live all around Lake Washington, not just more Seattle apartments. The company may also be forestalling government responses such as Seattle's [ill-conceived, inefficient head tax targeting Amazon](#). In Silicon Valley, a Google campus expansion led to a [bruising fight in 2017](#) over requirements that it produce thousands of housing units.

Even so, Microsoft didn't have to step up on housing, find ways to help and engage with officials working on homelessness. It has plenty of safe places to invest besides moderate-income housing.

Then there's the tens of thousands of jobs Microsoft has created directly, indirectly and through companies it spawned. That created opportunities to live and prosper in the Greater Seattle area, not just for high-paid engineers but for legions of entry-level workers starting careers in support roles.

Increasing affordability is an elusive but important goal, and Microsoft's support for new, regional approaches is a welcomed contribution.

***The Seattle Times editorial board** members are editorial page editor Kate Riley, Frank A. Blethen, Donna Gordon Blankinship, Brier Dudley, Mark Higgins, Melissa Santos, and William K. Blethen (emeritus).*



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