



**TO:** Interested Parties  
**FROM:** Free & Fair Markets Initiative  
**DATE:** December 13, 2018  
**SUBJECT:** New York's HQ2 Deal Demands Greater Scrutiny

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## **BACKGROUND**

Amazon recently announced its decision to locate half of its second headquarters in Long Island City after a nationwide search that pitted cities across the country against each other. New York offered Amazon nearly [\\$3 billion](#) in taxpayer subsidies as part of a secretive deal that is an affront to the Queens community.

As local policymakers continue to ask [questions about the details](#) of this closed-door negotiation, they must put in place the proper procedures for transparency and safeguards to ensure Amazon lives up to their end of the deal without negatively impacting Long Island City.

## **SCRUTINY ON AMAZON IS CRITICAL**

There are many important concerns about the negative impact the HQ2 deal could have on Queens and the surrounding community — details that New Yorkers have still not been made aware of.

The announcement has been met with fierce criticism from longstanding community members and advocates in Queens and New York City more broadly, who have decried the lack of transparency during the negotiation process. Critics have cited that Amazon's presence in Long Island City will strain the [housing markets](#), [local education system](#) and [infrastructure](#) as it already has in Seattle, the company's current home.

It has been shown time and again that taxpayers and local businesses lose when corporations get special treatment.

## **COUNCIL HEARINGS ARE A POSITIVE FIRST STEP**

The New York City Council Committee on Economic Development recently held the first of a [series of hearings](#) meant to provide residents a platform to voice their concerns about the HQ2 deal. During the first hearing, Council members made an admirable attempt to hold Amazon's feet to the fire and demanding that they provide details on how New Yorkers will be impacted.

But Amazon’s representatives chose to dodge these questions and refused to offer specifics on the HQ2 deal, instead serving up “[acute, evasive](#)” answers.

Amazon’s unwillingness to truly engage with Council members and take seriously the concerns voiced by the public was on full display toward the end of the hearing, when Amazon was asked over and over whether it would agree to show up at future hearings. Amazon’s representatives refused to provide a straight answer until speaker Johnson said the Council would schedule the hearings around their schedules.

As several Council members noted, an independent assessment of the HQ2 deal has yet to be conducted. In the absence of transparency from Amazon, the Free & Fair Markets Initiative is calling on the City Council to require that a Community Impact Study is conducted in order to improve transparency and give communities a say in how their tax dollars are being funneled to one of the richest companies in the world.

## **5 PRINCIPLES OF SCRUTINY FOR HQ2**

We recommend that the Community Impact Study be focused around the following issues:

- **Housing Affordability:** Housing affordability advocates have warned that Amazon locating its second headquarters in Long Island City could pose serious risks of pushing out members of the community, many of whom have lived there for decades, as housing prices could spiral. An independent assessment can shed light on just how severe the expected impact HQ2 can have on housing affordability.
- **Jobs:** It remains to be seen if Amazon’s hires will reflect the demographics of the local Queens community, which is more than 40 percent Latino, or if its lack of diversity will persist. A Community Impact Study must be conducted to quantify the effect that Amazon will have on the local economy and its impact on New York-based businesses who are current job creators.
- **Education:** Queens schools are already facing a significant burden, as 117% of high schools are overcrowded. Amazon must provide plans for how it will mollify the impact that adding an influx of workers, including many families with school-aged children, could have on the already-strained school system.
- **Infrastructure:** New York’s subway systems are nearing dereliction, but Amazon building its second headquarters in Long Island City promises to add potentially thousands of additional riders. An impartial assessment should evaluate estimated overcrowding, delays and repair costs to the transit system that HQ2 could require. Could the taxpayer-provided incentive program offered to Amazon be better spent on upgrading our infrastructure to ensure that New York remains a job magnet for all businesses, not just Amazon?
- **Environment:** Building a campus to the scale of Amazon’s proposed needs of 25,000 new employees will have significant impact on the local environment. A Community

Impact Study should conduct the rigorous zoning regulation that is standard for new buildings in the city and not allow construction to go unchecked.

Parties interested in speaking with the Free & Fair Markets chief spokesperson Robert B. Engel can reach out at [mediacenter@freeandfairmarketsinitiative.com](mailto:mediacenter@freeandfairmarketsinitiative.com).

To learn more about the Free & Fair Markets Initiative, click [here](#).

#### **ABOUT THE FREE & FAIR MARKETS INITIATIVE**

The Free & Fair Markets Initiative (FFMI) is a non-profit coalition of businesses, consumer advocacy groups, workers and community activists committed to scrutinizing and highlighting emerging market trends that are stifling competition and innovation, influencing federal and local government spending, putting consumer data in harm's way and limiting consumer choice. For a list of members, please visit <https://freeandfairmarketsinitiative.org/about-us/members/>. For more information on the Free & Fair Markets Initiative, please visit <https://freeandfairmarketsinitiative.org>.