

Congress of the United States
Washington, DC 20515

July 7, 2017

Mr. Donald Trump, Jr.
Mr. Allen Weisselberg
Trustees
Donald J. Trump Revocable Trust
725 Fifth Avenue
New York, NY 10022

The Honorable Ben Carson
Secretary
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

Dear Messrs. Trump, Weisselberg, and Carson:

We write to request information regarding conflicts of interest created by President Trump's continued ownership stake in the nation's largest government-subsidized residential property, New York's Starrett City, and what, if any, steps you are taking to manage those conflicts.

The President has rejected the advice of ethics experts from across the political spectrum by refusing to divest his ownership in his personal businesses, and leaving in place numerous conflicts of interest. The President's decision to maintain a 4% ownership stake in Starrett City means that his administration oversees Department of Housing and Urban Development (HUD) programs that pay the President millions of dollars annually. For example, in 2009 alone, HUD committed \$78 million in federal funds to the owners of Starrett City, to supplement the rent payments of the property's residents. According to the *Washington Post*, Starrett City's owners have received "more than \$490 million in rent subsidies since May 2013."¹

Many real estate companies receive government subsidies to support affordable housing but unique conflicts exist with regard to Starrett City because the President is on both sides of the negotiation—he oversees the government entity providing taxpayer funds *and* he pockets some of that money himself.

¹ *Trump Seeks Sharp Cuts to Housing Aid, Except for Program that Brings Him Millions*, The Washington Post (June 20, 2017) (online at www.washingtonpost.com/investigations/trump-seeks-sharp-cuts-to-housing-aid-except-for-program-that-brings-him-millions/2017/06/20/bf1fb2b8-5531-11e7-ba90-f5875b7d1876_story.html?utm_term=.4ac1261ec736).

There are numerous actions that the President or his administration could take to financially benefit himself, his family members, and his business associates in Starrett City. For example:

- The President's representatives at HUD approve the rate tenants pay to rent the subsidized apartments at Starrett City and they could approve unusually favorable market rate estimates that increase the federal subsidies paid to Starrett City's owners.
- The President's representatives at HUD could approve a sale of Starrett City—ensuring a financial windfall to the President and his business partners. In the past, HUD has blocked the sale of the property.
- HUD could put a thumb on the scales to benefit the President and his business partners when Starrett City is refinanced during the President's term in office. The President has already proposed carving out the specific housing aid program benefitting Starrett City from most of the proposed cuts to housing assistance programs overall, making it more likely that Starrett City's owners—including the President—will receive refinancing on favorable terms.
- The President's budget proposal would also benefit the President, regardless of whether that was the purpose. The President's budget proposal seeks to impose steep cuts to most housing aid programs, but would leave the type of federal aid that flows to the owners of Starrett City mostly intact.²

Concerns about the President's conflict of interest are exacerbated by the President's appointment of a long-time Trump family employee, Lynne Patton, an event planner without housing experience, to oversee HUD's programs in New York and New Jersey.

President Trump's Ownership Interest in Starrett City

According to President Trump's recent financial disclosure, the President owns a 4% ownership interest in "Starrett City Associates, L.P."³ Starrett City Associates, L.P. is a private real estate firm that owns Starrett City. Starrett City is the nation's largest federally subsidized residential property.⁴

The President's interest in this asset is valued at anywhere from between \$5 million and \$25 million.⁵ In 2009, the estimated value of Starrett City was \$625 million, meaning that in

² *Id.*

³ Executive Branch Personnel Public Financial Disclosure Report for Donald J. Trump (OGE Form 278e) (June 2017) (online at www.documentcloud.org/documents/3867112-Trump-Financial-Disclosure-2017.html).

⁴ *After Two Years of Trying, Owners Give Up on Selling Starrett City*, The New York Times (Feb. 17, 2009) (online at www.nytimes.com/2009/02/18/nyregion/18starrett.html).

⁵ Executive Branch Personnel Public Financial Disclosure Report for Donald J. Trump (OGE Form 278e)

2009, the President's 4% interest was worth \$25 million.⁶ The President disclosed that he earned more than \$5 million in rental income from this asset from January 2016 to April 15, 2017.⁷

Given his 4% stake in Starrett City, the President may have made as much as \$8 million from the 2009 refinancing of the complex. In addition, the President likely earned close to \$20 million from HUD housing assistance payments since Fiscal Year 2008. According to the *Washington Post*, "That subsidy generates steady income for Trump and his siblings, each of whom inherited an interest in the property when their father died."⁸

Trump Administration Could Approve Favorable Subsidy Rates

HUD is in a position to take various discretionary actions with respect to Starrett City that would personally benefit the President and his siblings. For example, HUD approves the amount of rent that Starrett City's owners can charge and determines how often to readjust the rent subsidies. HUD officials could approve unusually favorable marked-up rents, ensuring an increase in the federal subsidies flowing to Starrett City's owners.

In December 2009, Starrett City's owners entered into a new housing assistance payments contract with the New York State Housing Trust Fund Corporation, acting as contract administrator on behalf of HUD. Under the contract, HUD provides project-based housing assistance payments to Starrett City based on contract rents. According to documents obtained by the Committee, for just the first year of the contract, HUD promised \$78 million in housing assistance payments to Starrett City's owners.

Under the mark-up-to-market clause of the contract, once every five years Starrett City's owners may ask HUD to approve a discretionary increase in the apartment rents up to the market rate, following a review of comparable market rents. According to New York authorities, the last mark-up-to-market increase for Starrett City was effective January 1, 2015, and increased the rents for subsidized units by 17%. As tenants' maximum rent contributions are capped, the majority of this increase was paid by HUD and increased the payments to Starrett City's owners by millions of dollars. Starrett City's owners could request an additional five-year mark-up-to-market adjustment during the President's term.⁹

(June 2017) (online at www.documentcloud.org/documents/3867112-Trump-Financial-Disclosure-2017.html).

⁶ *Refinancing Deal May Save Low-Cost Housing at Starrett City*, The New York Times (Apr. 15, 2009) (online at www.nytimes.com/2009/04/16/nyregion/16starrett.html).

⁷ Executive Branch Personnel Public Financial Disclosure Report for Donald J. Trump (OGE Form 278e) (June 2017) (online at www.documentcloud.org/documents/3867112-Trump-Financial-Disclosure-2017.html).

⁸ *Trump Seeks Sharp Cuts to Housing Aid, Except for Program that Brings Him Millions*, The Washington Post (June 20, 2017) (online at www.washingtonpost.com/investigations/trump-seeks-sharp-cuts-to-housing-aid-except-for-program-that-brings-him-millions/2017/06/20/bf1fb2b8-5531-11e7-ba90-f5875b7d1876_story.html?utm_term=.4ac1261ec736).

⁹ Renewal Housing Assistance Payments Contract for Section 8 Mark-Up-to-Market Project Between New York State Housing Trust Corporation, and Starrett City Associates, L.P. (Dec. 2009).

In addition, according to the contract, “HUD may, at HUD’s discretion, require or permit the Contract Administrator to conduct a comparability analysis and adjustment of contract rents (a ‘mid-term adjustment’) one more time within each 5-year period.”¹⁰ In other words, under the contract, HUD could make an additional mid-term adjustment to contract rents that could raise the amount of housing assistance payments to Starrett City’s owners—President Trump, his siblings, and his business associates.

Trump Administration Could Approve Sale of Starrett City

Another discretionary act that President Trump’s administration could take in the President’s favor would be to approve a sale of Starrett City—something that would grant a windfall in profit to the property owners and something that HUD has previously refused to do.

In 2006, the owners of Starrett City reached an agreement to sell the complex for \$1.3 billion, which would have yielded the President approximately \$52 million. At the time, President Trump said of the sale, “I’m thrilled with the outcome.”¹¹

However, HUD—which “[u]nder federal law ... has the authority to consider a purchaser’s background before consenting to real estate deals”¹²—rejected that proposed sale.¹³ Alphonso Jackson, the Secretary of HUD under President George W. Bush, stated that HUD denied the sale because, “At present, the Department lacks sufficient information concerning the proposed buyers’ financial and managerial capacity” and “lacks sufficient information concerning the proposed buyers’ financial and managerial plans to conclude that they can maintain Starrett City as affordable housing.”¹⁴

In 2007, HUD rejected a second bid to sell Starrett City, writing in a letter that the proposed buyer “has not provided a full management plan to preserve and maintain this affordable housing development,” and the “Department does not believe that [the buyer’s] proposal is financially feasible to sustain the project as a long-term affordability housing resource.”¹⁵

¹⁰ *Id.*

¹¹ *Starrett City Sold for \$1.3B*, New York Post (Feb. 9, 2007) (online at nypost.com/2007/02/09/starrett-city-sold-for-1-3b/).

¹² New York State Office of the Attorney General, *Senator Schumer and Attorney General Cuomo Announce the Blocking of Starrett City Deal* (Mar. 2, 2007) (online at ag.ny.gov/press-release/senator-schumer-and-attorney-general-cuomo-announce-blocking-starrett-city-deal).

¹³ *HUD Blocks Proposed Sale of Starrett City*, The New York Times (Mar. 2, 2007) (online at www.nytimes.com/2007/03/02/nyregion/02starrett.html).

¹⁴ Remarks of Alphonso Jackson, Secretary, U.S. Department of Housing and Urban Development (Mar. 2, 2007) (online at archives.hud.gov/remarks/jackson/speeches/2007-03-02.cfm).

¹⁵ Letter from Secretary Alphonso Jackson, U.S. Department of Housing and Urban Development, to Mr. John L. Kelly, Nixon Peabody (July 9, 2007) (online at static01.nyt.com/packages/pdf/nyregion/city_room/20070709_starrettcityletter.pdf); see also *HUD Again Rejects*

While there is no public information regarding a current proposal to sell Starrett City, the owners of Starrett City could propose a sale during the President's term.

Trump Administration Could Help President Trump Maximize the Equity He Can Extract from Starrett City

President Trump's administration could also assist the President, his siblings, and his business partners in obtaining more cash equity out of the Starrett City project, as part of a refinancing deal currently being negotiated.

The refinancing of Starrett City is a complex deal that will involve numerous parties, including HUD. Already, the President's budget would assist him in getting favorable terms for his project's refinancing by preserving most of the federal subsidies that comprise the majority of the housing assistance at Starrett City from proposed funding cuts. In addition, any decision HUD makes to increase the market rates of the apartments will increase the profitability of the property, and thus the equity that President Trump and his partners can receive in the refinance.

In December 2009, after efforts to sell the property under the terms of a multi-party Memorandum of Understanding fell through, Starrett City's owners refinanced the mortgage on the property.¹⁶ Wells Fargo originated the new loan, which was backed by Freddie Mac.¹⁷ According to the *New York Times*:

Under the terms of the deal, the owners would refinance the complex for roughly \$500 million, or 80 percent of its value. That sum is far less than the \$1.3 billion a potential buyer offered in 2007, before the buyer was effectively disqualified by federal officials. But it would enable the owners to pay off their old \$234.4 million interest-free mortgage and other fees and take a profit estimated at roughly \$200 million, according to housing officials and real estate executives.¹⁸

The financing statement filed with the New York State Department of State indicates that the collateral pledged by Starrett City for the refinancing included the funds the owners receive from HUD:

Starrett City Sale, New York Times (July 9, 2007) (online at cityroom.blogs.nytimes.com/2007/07/09/hud-again-rejects-starrett-city-sale/#more-284).

¹⁶ Memorandum of Understanding Between Starrett City Associates, Starrett City, Inc., the U.S. Department of Housing and Urban Development, the New York State Housing Finance Agency, the New York State Division of Housing and Community Renewal, and the City of New York Department of Housing Preservation and Development (May 12, 2008) (online at files.ali-cle.org/thumbs/datastorage/skoob/articles/TAB03-Neveloff_thumb.pdf).

¹⁷ *Starrett City Scores \$513 Million Freddie Mac Loan*, Multifamily Executive (Dec. 18, 2009) (online at www.multifamilyexecutive.com/design-development/starrett-city-scores-513-million-freddie-mac-loan_o).

¹⁸ *Refinancing Deal May Save Low-Cost Housing at Starrett City*, The New York Times (Apr. 15, 2009) (online at www.nytimes.com/2009/04/16/nyregion/16starrett.html).

All of the Borrower's right, title and interest in and to the Affordable Housing Documents and all amendments and modifications thereto and all payments made pursuant to any Affordable Housing Document including, without limitation, all housing assistance payments payable with respect to the Property by the United States Department of Housing and Urban Development or New York State Housing Trust Fund.¹⁹

The Trump administration now oversees the payments that the President and his business partners pledged as collateral on their loan for Starrett City. The President's budget proposes only minimal cuts in these payments, while proposing substantial cuts to other federal housing programs.²⁰

According to media reports, the current loan on Starrett City "expires in late 2019." In advance of the expiration, media reports from late November 2016 indicate that "[t]he owners of Starrett City are negotiating with four major banks to refinance the complex." An official with Starrett City, Curt Deane, reportedly "confirmed the refinancing plans, but declined to identify the banks" involved in the refinance discussions.²¹

Appointment of Lynne Patton

The conflicts of interest described above are exacerbated by the appointment of a Trump family loyalist to a key role in administering and making discretionary decisions about Starrett City.

On June 26, 2017, the Trump administration named Lynne M. Patton to be the Administrator of HUD Region II, which administers millions of dollars for affordable housing programs in New York and New Jersey.²²

Before the President's election, Ms. Patton had "no housing policy experience."²³ She

¹⁹ UCC Financing Statement Number 200912230727279 for Starrett City, Inc., Filed with New York State Department of State (Dec. 23, 2009).

²⁰ Department of Housing and Urban Development, Housing – Project Based Rental Assistance, 2018 Summary Statement and Initiatives (online at <https://portal.hud.gov/hudportal/documents/huddoc?id=25-ProjRent-Assist.pdf>); see also *Trump Seeks Sharp Cuts to Housing Aid, Except for Program that Brings Him Millions*, The Washington Post (June 20, 2017) (online at www.washingtonpost.com/investigations/trump-seeks-sharp-cuts-to-housing-aid-except-for-program-that-brings-him-millions/2017/06/20/bf1fb2b8-5531-11e7-ba90-f5875b7d1876_story.html?utm_term=.4ac1261ec736).

²¹ *Starrett City Owners in Talks to Refinance Complex*, The Real Deal (Nov. 30, 2016) (online at www.therealdeal.com/2016/11/30/starrett-city-owners-in-talks-to-refinance-complex/).

²² Department of Housing and Urban Development, "Lynne Patton Named HUD Regional Administrator for Region II" (June 26, 2017) (online at https://portal.hud.gov/hudportal/HUD?src=/states/new_jersey/news/2017-06-26); Department of Housing and Urban Development, Office of the Regional Administrator in Region II (last accessed June 29, 2017) (online at <https://portal.hud.gov/hudportal/HUD?src=/states/shared/working/r2/fpm/contacts>).

²³ *Eric Trump's Wedding Planner to Run HUD's New York Programs*, New York Real Estate News (June

was employed in Trump family businesses, serving as an event planner and working for the Eric Trump Foundation.

According to a White House transcript of remarks at an event held by President Trump, Ms. Patton described her employment with the Trump family as follows:

THE PRESIDENT: Thank you. You've been great. Thank you, James. And, Lynne.

MS. PATTON: Hi, Mr. President. Yes, I am, as you know, the former vice president of the wonderful charity that your son founded -- Trump Foundation. I've been with your family for about eight years now, right, Jared? And I was an RNC speaker and I will be landing with Dr. Carson at HUD as one of his senior advisors --

THE PRESIDENT: Oh, that's great. You've got a good person.

MS. PATTON: -- and Director of the Office of Public Liaison.

THE PRESIDENT: That's great. You did a fantastic job.

MS. PATTON: Thank you.²⁴

The 2016 Republican National Convention program also identified Ms. Patton as an assistant to three of President Trump's children:

Lynne Patton is Vice President of The Eric Trump Foundation and Senior Assistant to Eric Trump, Ivanka Trump, and Donald Trump, Jr. As VP, Lynne works in tandem with the Executive Director/President of the Foundation to oversee all operations, volunteers, events, outreach, social media, vendors, and corporate partnerships. She assists with the planning of all major fundraising events for the Foundation. She also works to identify and develop viable partnerships and research projects for the Foundation in conjunction with St. Jude Children's Research Hospital.²⁵

After the inauguration, the President placed Ms. Patton at HUD, making her the Senior

16, 2017) (online at therealdeal.com/2017/06/16/trump-taps-family-friend-lynne-patton-to-run-huds-new-york-programs/).

²⁴ The White House, *Remarks by President Trump in African American History Month Listening Session* (Feb. 1, 2017) (online at www.whitehouse.gov/the-press-office/2017/02/01/remarks-president-trump-african-american-history-month-listening-session).

²⁵ "RNC: List of Speakers," WTOL Channel 11 (July 18, 2016) (online at www.wtol.com/story/32463640/rnc-list-of-speakers).

Advisor and Director of Public Engagement. According to reports, she “fumb[le]d a job as senior adviser to Secretary Ben Carson,” but due to “her friendship with the Trumps” she was rewarded with the Regional Administrator position.²⁶ As the Regional Administrator for Region II, Ms. Patton now heads the region in which Starrett City is located.

Ms. Patton’s comments also make clear that she is both “close” and “loyal” to the Trump family, and that she has a direct line of communication with the President. For example, she recently told the press, “I am close to the Trump family. I am loyal to the Trump family.”²⁷ She also stated, “I am, more than anyone, best suited to serve as this liaison because, after all, I have a direct line to both the secretary and the president of the United States.”²⁸ She has also described herself “[a]s someone with both the trust and respect of the HUD Secretary and the President.”²⁹

Not only do we have concerns regarding Ms. Patton’s qualifications and fitness for her new role with HUD, but we have serious concerns that her self-described loyalty to the President and his family could influence HUD’s discretion on issues related to Starrett City.

Request for Documents

In order to evaluate the conflicts of interests that the President and his companies maintain from the receipt of government funding, and HUD’s ability to manage those apparent conflicts, please provide the following documents by July 28, 2017:

1. The Starrett City Associates, L.P. partnership agreement;
2. all communications between the Trump Organization and any other general or limited partner in Starrett City relating to or regarding Starrett City from November 8, 2016 to the present;
3. all communications between the Trump Organization and any bank or lender relating to or regarding Starrett City from November 8, 2016 to the present;
4. all communications between the Trump Organization and the White House relating to or regarding Starrett City from January 20, 2017 to the present;
5. all communications between the Trump Organization and HUD from November 8,

²⁶ *Trump Party Planner Promoted at HUD After Carson’s Troubled Tour*, Politico (June 26, 2017) (online at www.politico.com/story/2017/06/26/lynne-patton-trump-party-planner-new-york-federal-housing-239963).

²⁷ *‘Give Me a Chance,’ Trump Associate-Turned-Housing-Official Says*, The New York Times (June 26, 2017) (online at www.nytimes.com/2017/06/26/us/politics/lynne-patton-hud.html) (emphasis added).

²⁸ *Id.*

²⁹ *Trump Party Planner Promoted at HUD After Carson’s Troubled Tour*, Politico (June 26, 2017) (online at www.politico.com/story/2017/06/26/lynne-patton-trump-party-planner-new-york-federal-housing-239963).

- 2016 to the present;
6. all communications between the Trump Organization and Fannie Mae or Freddie Mac from November 8, 2016 to the present;
 7. all communications between Starrett City and HUD from November 8, 2016 to the present;
 8. all communications between any HUD employee and any White House employee regarding Starrett City from January 20, 2017 to the present;
 9. all documents and communications within HUD relating to or regarding the Starrett City property since Fiscal Year 2008, including contractual agreements, financing information, and documents regarding any plans to manage the President's potential conflict of interest due to his continued ownership interest in the property;
 10. all documents and communications within the Trump Organization relating to or regarding the Starrett City property, including contractual agreements, financing information, and documents regarding any plans to manage the President's potential conflict of interest due to his continued ownership interest in the property;
 11. all documents sufficient to show the total amount of federal housing assistance that has been provided to Starrett City since Fiscal Year 2008;
 12. all documents pertaining to any previous or pending request to mark-up rents at Starrett City;
 13. all communications between Lynne Patton and the Trump Organization since November 8, 2016;
 14. all documents relating to or regarding the appointment of Lynne Patton to any position in HUD, including any documents relating to or regarding any decision to appoint her to the position of Region II Administrator; and
 15. all documents relating to or regarding any matters involving President Trump, his family, or his business partners in which Ms. Patton has had any involvement during her tenure at HUD.

If you have any questions about this request, please contact Lucinda Lessley on Ranking Member Cummings' staff at (202) 225-5051 or Zoë Oreck on Rep. Jeffries' staff at 202-225-5936. Thank you for your cooperation with this matter.

Sincerely,

Mr. Donald Trump, Jr.
Mr. Allen Weisselberg
The Honorable Ben Carson
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A handwritten signature in blue ink, appearing to read "Elijah E. Cummings".

Elijah E. Cummings
Ranking Member
Committee on Oversight and
Government Reform

A handwritten signature in blue ink, appearing to read "Hakeem Jeffries".

Hakeem Jeffries
Member of Congress

cc: The Honorable Trey Gowdy, Chairman
Committee on Oversight and Government Reform