

Another Trump Conflict? Carson Would Oversee HUD Subsidies Benefiting His Boss

Good Morning America, by Matthew Mosk, 12/07-16

President Elect Donald Trump's choice for Secretary of Housing and Urban Development – retired neurosurgeon Ben Carson – will now oversee one of the largest federally-subsidized affordable housing projects in the country – and it is part owned by his new boss.

The development is called Starrett City – a massive low-income mini-city in Brooklyn that has generated millions in rental income for Trump, who inherited an ownership stake in the project from his father Fred Trump.

With 46 buildings and more than 5,000 apartments, Starrett City is the beneficiary of substantial federal aid through rental support programs overseen by HUD. And it will soon be one more item on the list of financial entanglements that Trump will bring with him to the White House in January.

“This appears to be yet another clear conflict of interest that President-Elect Trump will have on the first day he walks into the Oval Office unless he takes action now to avert it,” Rep. Elijah Cummings, the ranking Democrat who heads the House committee charged with investigating government operations, told ABC News. “Mr. Trump and his business partners could reap huge financial windfalls based on the actions of the individual that he chooses to lead HUD or the proposals he makes to Congress.”

Speaking broadly about Trump's many potential business conflicts, the congressman said, “I see all of this as a major, major problem.”

“The question is financial benefit. And so, that's what we're looking at. All you have to do is follow the money. And if you follow the money, it leads right back to Donald Trump's pockets.”

Cummings has already raised question about Trump's deal with another federal agency, the General Services Administration (GSA), which oversees the multi-year lease between the federal government and the Post Office Pavilion that houses the new Trump International Hotel in Washington, DC. Decisions about that lease will be made by the person Trump appoints to oversee the GSA.

Trump is expected to address his plans to disentangle himself from his business holdings next week, when he says he will announce details of his plan to step away from his massive global business. He told The New York Times “in theory I could run my business perfectly, and then run the country perfectly. And there's never been a case like this where somebody's had, like, if you look at other people of wealth, they didn't have this kind of asset and this kind of wealth, frankly. It's just a different thing.”

But, Trump said that while “in theory I don't have to do anything” he “would like to do something. I would like to try and formalize something, because I don't care about my business.”

To date, much of the attention about Trump's business dealings have focused on his extensive foreign holdings – and whether foreign governments will seek to curry favor with the new American president by channeling money or easing regulations on his overseas projects. But he also has wide-ranging interests inside the U.S. And Trump's appointees could face decisions that would benefit -- or harm -- their boss.

“With his children in charge, he still benefits,” Cummings said. “He may not benefit this moment, but he will benefit.”

Trump's financial disclosure report values his 4% share of the Starrett City development at between \$5 million and \$25 million, and Trump reported that it generated between \$1 million and \$5 million in income for him last year.

Of the 5,881 units in the Starrett City, HUD officials told ABC News that those living in 3,569 receive support from a HUD assistance program. The development also operates under a federal "Use Restriction" which requires it remain affordable, and prevents it from being converted into the kind of upscale residential properties that have blossomed in Brooklyn. That restriction is supposed to remain in place until the year 2039.

The property also benefits from a federal interest rate reduction on its debt through a HUD program that is scheduled to expire during the final year of Trump's term.

A spokesman for the property's ownership group, George Arzt, said any action that could benefit the ownership group would have to involve buy-in from New York officials, too – not just the Trump administration.

"Starrett City, like similar housing developments, has long been regulated by laws and procedures that have been put in place by two levels of government," Arzt said.

How Carson plans to approach federal housing programs remains unclear, but Carson has a long history of public writings and remarks of decrying federal public assistance programs. "It really is not compassionate to pat people on the head and say, 'There, there you poor little thing, I'm going to take care of all your needs, your healthcare, your food, and your housing, don't you worry about anything,'" he said during a 2015 speech.

"My stance is that, we the people have the responsibility to take care of the indigent in our society. It's not the government's job. You can read the constitution all you want, it never says that it is the government's job and I think that's where we've gotten confused."

A Carson spokesman said late Tuesday: "Dr. Carson looks forward to answering detailed questions from Congress during the confirmation process."

Senate Minority Leader Chuck Schumer, a New York Democrat who has long fought for federal support for the Starrett City project, expressed concern about Carson's past statement about public assistance.

"Someone who is as anti-government as him is a strange fit for Housing Secretary, to say the least," Schumer said in a statement.

Schumer aides told ABC News that the senator plans to discuss the future support for Starrett City with Carson when the two meet ahead of the nominee's senate confirmation hearings.

"Senator Schumer is deeply committed to keeping Starrett City an oasis of affordability for hard-working New York families and seniors. And that requires full-fledged support from HUD," said Angelo Roefaro, Schumer's spokesman.

Whether Carson will adopt that viewpoint under a Trump administration remains to be seen.