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SUBCOMMITTEE ON
ECONOMIC AND CONSUMER POLICY
VICE CHAIR - SUBCOMMITTEE ON THE
ENVIRONMENT

Congress of the United States
House of Representatives
Washington, DC 20515

RASHIDA TLAIB
13TH DISTRICT, MICHIGAN

CAPITOL OFFICE
1628 LONGWORTH HOUSE OFFICE BUILDING
WASHINGTON, DC 20515
(PHONE) (202) 225-5126
(FAX) (202) 225-9985

DETROIT CENTRAL
NEIGHBORHOOD SERVICE CENTER
7700 2ND AVE.
DETROIT, MI 48202
(PHONE) (313) 463-6220

(WEBSITE) WWW.TLAIB.HOUSE.GOV
(EMAIL) RASHIDA@MAIL.HOUSE.GOV

November 6, 2019

The Honorable Richard Neal
Chairman
House Committee on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Al Green
Chairman
House Committee on Financial Services
Subcommittee on Oversight and Investigations
2129 Rayburn House Office Building
Washington, DC 20515

The Honorable Raja Krishnamoorthi
Chairman
House Committee on Oversight and Reform
Subcommittee on Economic and Consumer Policy
2157 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Richard Neal, Chairman Al Green, and Chairman Raja Krishnamoorthi,

I am writing to request that your respective committee/subcommittees hold an investigative hearing into whether political campaign contributions have influenced the designation of so-called opportunity zones in my district and across the country.

On October 24th, 2019, ProPublica published an article titled “*How a Tax Break to Help the Poor Went to NBA Owner Dan Gilbert.*”¹ The article contained disturbing details that suggest that opportunity zones have been designated in census tracts that did not meet the legal criteria, and that political donations and influence have overridden the law to reward donors with generous tax breaks supposedly intended to benefit the poor.

According to ProPublica, billionaire Dan Gilbert’s Quicken Loans company donated \$750,000 to President Trump’s inaugural fund, hosted Ivanka Trump in 2017 for a panel discussion, and last year Gilbert watched the midterm election returns at the White House with President Trump, who has called Gilbert “a great friend.” In return, three census tracts in downtown Detroit, where Gilbert owns valuable

¹ Ernsthauten, J. & Elliott, J. (Oct. 24, 2019). “How a Tax Break to Help the Poor Went to NBA Owner Dan Gilbert.” *ProPublica*. Retrieved from <https://www.propublica.org/article/how-a-tax-break-to-help-the-poor-went-to-nba-owner-dan-gilbert>.

real estate, were selected as opportunity zones. According to ProPublica, multiple studies have found that property values in opportunity zones increased because of the tax break, and Gilbert has poured more than \$3 billion into real estate in Detroit – the vast majority of which is now in opportunity zones.

At least one of the Gilbert tracts did not meet the poverty requirement for being an opportunity zone and appears to have been designated solely due to political influence. Email exchanges revealed Quicken executives working in concert with the White House to designate tracts with Gilbert’s investments as opportunity zones. Quicken lobbyists were enmeshed in the selection process at every level, lobbying City, State, and Federal officials to include Gilbert’s investment zones in the opportunity zone law.

According to the City of Detroit’s recommendations, one of the Gilbert tracts – where he owns more than 10 buildings – was ineligible for the program because its median family income was almost 1.5 times the eligibility requirements. Yet when the Treasury Department released a revised list of eligible tracts, it had transformed that tract into a “low-income community.” I am deeply concerned that the Treasury Department has approved opportunity zones as political favors to donors, and Congressional hearings must be empaneled swiftly to root out abuse and corruption.

The stated purpose of opportunity zones was to encourage new investment in poor areas around the country with tax breaks on those investments, to create housing and economic opportunity. Census tract eligibility was based on poverty and income levels. Two of the downtown Detroit census tracts designated as opportunity zones, however, are sites of significant wealth and existing investment, with companies like Microsoft and JP Morgan leasing space in Gilbert-owned buildings. Instead of fostering the creation of housing or new jobs, though, these Detroit opportunity zones are the sites of several long-planned Gilbert mega investments, including the construction of a skyscraper that has already received \$618 million in tax breaks from the State of Michigan. Of the 10 most impoverished areas in Detroit, only 2 were designated opportunity zones, while of the 10 *least* impoverished areas in Detroit, 6 were designated opportunity zones.

Not content with buying the opportunity zone designations, Gilbert’s lobbyists are apparently now lobbying the Treasury Department to adopt lax, pro-developer regulations for the opportunity zone program, including loosening the rules around how quickly opportunity zone investments must get under way. In response to the concerns raised by ProPublica, representatives from both Gilbert’s companies and the Treasury Department denied wrongdoing and refused to answer questions. I am deeply concerned that the Treasury Department is doing the bidding of wealthy investors and political donors and we should use Congress’ investigative authority to uncover the truth.

The problem is not limited to my district. ProPublica reported² that the Treasury Department’s mapping analysis for determining eligibility was “deeply flawed” and resulted in unqualified census tracts being designated opportunity zones across the country, including in Detroit, Baltimore, Philadelphia, and Oklahoma City. In Baltimore, this flawed process allowed billionaire Under Armor CEO Kevin Plank to take advantage of opportunity zones for his own pre-existing, sprawling development in a wealthy area. There, Plank’s lobbyists succeeded in securing an opportunity zone covering his major investment in the Port Covington area of Baltimore, despite it being deemed unqualified as a low-income tract by Maryland Governor Larry Hogan’s own deputy chief of staff. Hogan chose the area as an opportunity zone on a

² Ernsthauten, J. & Elliott, J. (June 19, 2019). “One Trump Tax Cut Was Meant to Help the Poor. A Billionaire Ended Up Winning Big.” *ProPublica*. Retrieved from <https://www.propublica.org/article/trump-inc-podcast-one-trump-tax-cut-meant-to-help-the-poor-a-billionaire-ended-up-winning-big>.

technicality after a meeting with Plank developers and lobbyists, who had given at least \$24,000 to Hogan's campaigns in recent years.

Public trust in our federal government is eroded when the rules are applied unevenly, and seem to reward the wealthiest and best connected amongst us. It appears that a tax program supposedly designed to benefit the poorest amongst us is now being used to reward political donors and wealthy investors. A Congressional hearing in your subcommittee on political influence in the opportunity zone designation and regulation process will help root out corruption and protect our most vulnerable constituents.

I appreciate your consideration of this request and would be happy to answer any questions you may have. Please do not hesitate to reach out to me.

Sincerely,



Rashida Tlaib
Member of Congress
Michigan's 13th District

cc: The Honorable Maxine Waters, Chairwoman
cc: The Honorable Carolyn Maloney, Acting Chairwoman
cc: Michigan Attorney General Dana Nessel