

# BANKING & FINANCE

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## Immigrant investors help foot bill for NYC projects

By DANIEL GEIGER

A type of transaction that permits foreigners to invest in the United States in exchange for residency rights has caught on as a popular financing mechanism for real estate and development deals in the city.

The EB-5 Immigrant Investor Program, as the vehicle is called, has been used on a number of recent real estate projects in the city, including the just signed \$180 million deal to redevelop the George Washington Bridge Bus Terminal.

EB-5 investors are also funding about \$77 million of a roughly \$90 million plan to turn the Battery Maritime Building in lower Manhattan into a boutique hotel with ground floor retail space. About \$250 million of EB-5 money is also being used on the construction of the Net Arena in the Atlantic Yards in Brooklyn.

The pipeline of funds, much of which comes from China, has helped pay for projects that would otherwise be difficult to finance or would have to borrow the money at higher interest rates.

Although the market for development projects has begun to bounce back from the recession, lenders have continued to be wary to lend



George Washington Bridge Bus Terminal is being revamped by a partnership that includes EB-5 investors

against these types of deals.

"There was a base level of activity for this program in past years," said Steven Polivy, an attorney at the firm Akerman Senterfitt, who has helped arrange a number of EB-5 transactions, including the recent

deals for the bus terminal and the Battery Maritime Building.

"But it has become much more popular in the last three to four years."

The program requires foreign investors to put at least \$500,000

into a deal that will generate ten or more jobs per investor in certain designated geographic areas. In the city, the New York Regional Center, a private company that is federally certified to market EB-5 deals overseas, helps arrange transactions that

bundle large groups of investors to fund multi-million dollar deals.

The participants typically earn a relatively low rate of return on their money, which allows the developers of the projects being funded a low cost of financing.

Most EB-5 investors aren't in it for the profits but because they will receive a green card if the deal delivers the promised number of jobs.

Deals linked to public infrastructure or projects that are being co-funded by government agencies have been especially popular targets for the investment vehicle.

"Projects that show interaction with the local government are more easily understood by the Chinese investing public and therefore easily marketable in China," Polivy said.

The George Washington Bridge Bus Terminal for instance is being revamped by a partnership between the Port Authority, the station's owner, and a venture between the private development firms Slayton Equities and SJM Partners.

The deal, which will substantially increase the amount of retail in the station to about 120,000 s/f and improve its facilities, is being split

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between the three parties, with the Port Authority contributing about \$83 million and the developers the remaining \$100 million. Of that \$100 million, Polivy said that about \$72 million is being sourced through EB-5 funds from China.

Private development has also been able to access EB-5 funds. Polivy said that he is working on a large distribution center in Queens with a large retailer that is seeking — and will likely receive — about \$40 million in EB-5 financing. Polivy said that he could not yet release the specifics of that deal.