

How canny foreigners are investing their way into a green card

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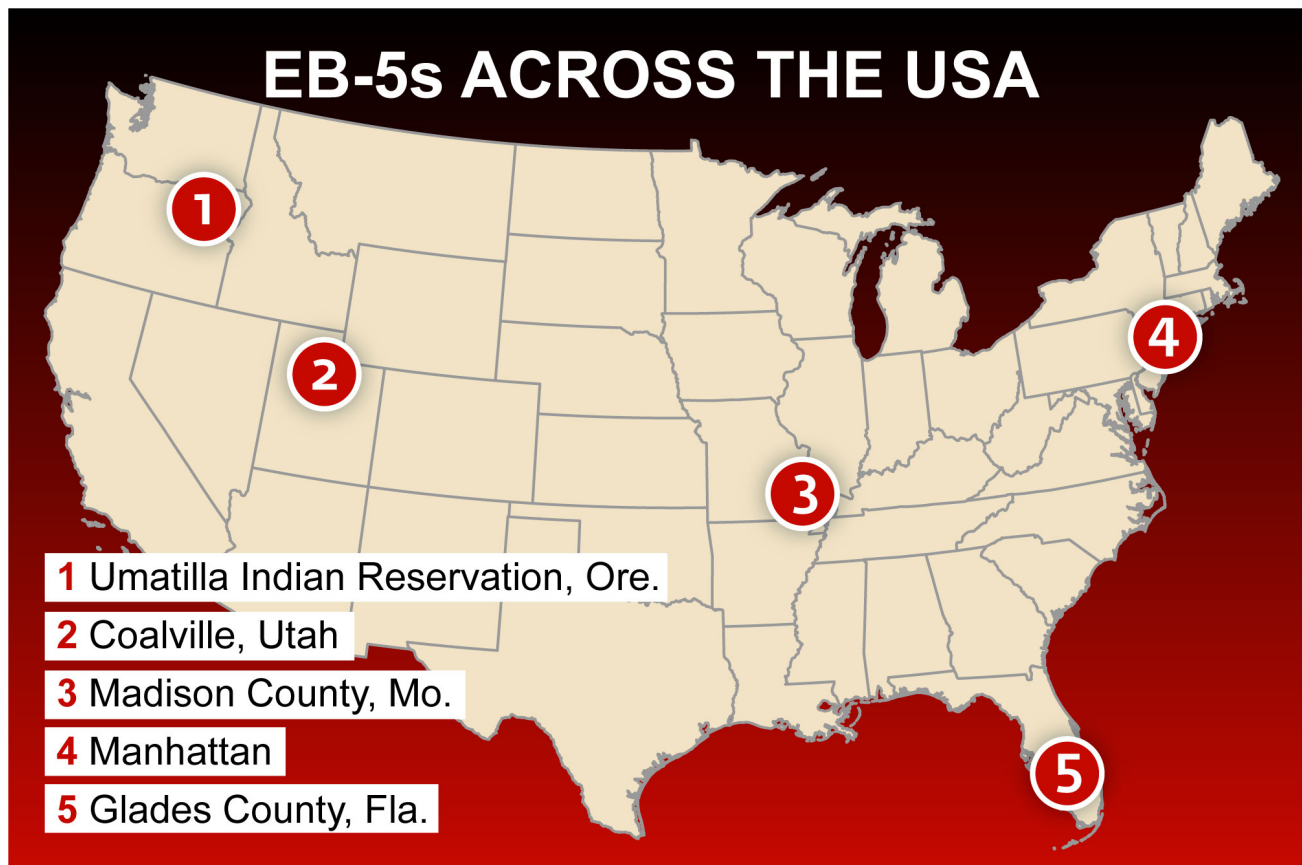
Oshrat Carmiel

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Glades County is one of Florida's sparsest locales, a rural expanse with 12,000 residents, two firefighters and no major grocery store.

It's there that Jeff Akerman is springing to life a religious Jewish community of 1,300 homes — the next Williamsburg, Brooklyn, but on Lake Okeechobee.

The novel project — planned with two synagogues and a pair of religious schools — is getting an assist from an improbable source: financiers from China and India, whose investment could mean a quick ticket to a US visa.



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Incentives to encourage rural investment via the EB-5 program have extended nationwide. Mike Guillen/NY Post

It's one of many rural projects benefiting from a rewrite of a sometimes controversial cash-for-immigration program known as EB-5.

The 34-year-old EB-5 grants US permanent-resident status to wealthy foreigners who put money into business ventures that create American jobs.

And while previous investors beelined towards glitzy urban real-estate projects, the new rules, approved in 2022, hope to steer investment into rural areas where the money's needed most.

Two thousand EB-5 visas are now set aside each year for investors who sink \$800,000 into US rural locations.

That creates a fast lane to American residency for them and their family.

For Chinese and Indian investors, who apply for visas in numbers that exceed their nations' annual limits, the rural lure is sweeter: it's a chance to leapfrog past a visa backlog of thousands of their countrymen, some who've been waiting nearly a decade for US residency approval.



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The lakefront estate in rural Georgia which is intended to eventually house 12,000 residents, mostly Orthodox Jews. The development is being funded via EB-5 investments. RISE Architecture

This shift is sparking a newfound interest by foreign nationals to invest in rural US projects — and a wavelet of entrepreneurs coming up with deals for them to support.

Foreign investors are being courted far and wide: For drug treatment centers in Colorado, a flour mill in Oregon, a cobalt mine in Missouri aimed at unearthing materials for electric vehicle batteries.

Akerman's Jewish community project in Florida, Lakefront Estates, is seeking at least \$100 million of EB-5 funding towards its \$600 million cost – mostly from Chinese and Indian nationals, said Ronald Fieldstone, the Miami lawyer advising the development's EB-5 capital raising.

"They're able to get a conditional residency and get in the country within one year, as opposed to waiting several years," Fieldstone said.



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Stephen Smith runs a network of regional EB-5 centers and is focused on developing rehabilitation facilities for people impacted by drug addiction. Provided to NY Post

Launched back in 1990, the EB-5 program was originally intended to leverage the desire for a US green card into investment in rural and high unemployment areas — places that traditional sources of capital ignore. Aspiring immigrants who invested in those areas could

do so for as little as \$500,000, or half of what urban investors were required to spend.

But rural projects were harder to source, were and overshadowed by city-center real estate deals, such as condos and luxury hotels.

Those offered a straighter path to completion and visa approval, and a surer return on investment, said Aaron Grau, executive director of Invest in the USA, a trade group that represents “regional centers,” which pool money from EB-5 investors and direct it to specific deals.

Also: luxury builders in places like Manhattan discovered they could game the system, and qualify projects in affluent zip codes for EB-5’s lower investment minimums.

They were allowed to declare the locations of their developments as “high unemployment areas” — by having state officials, eager for investment dollars, define the boundaries themselves.

Manhattan’s posh Hudson Yards, for example, qualified as a distressed area for the purpose of EB-5 capital raising, because its census tract could be linked, through a snake-shaped highlight on a map, to five Uptown public housing projects.

This real estate “gerrymandering” diluted the appeal of rural and distressed investment, according to a 2016 report by NYU professors Gary Friedland and Jeanne Calderon, who testified before Congress that the program needed reforms.

“There was no reason to do rural if you got the same benefit investing in New York City,” said Sam Silverman, managing partner of EB5AN, a regional center that sponsors and raises capital for both types of deals.



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Dan Miller is the co-founder of the real estate crowdfunding site Fundrise. Steward

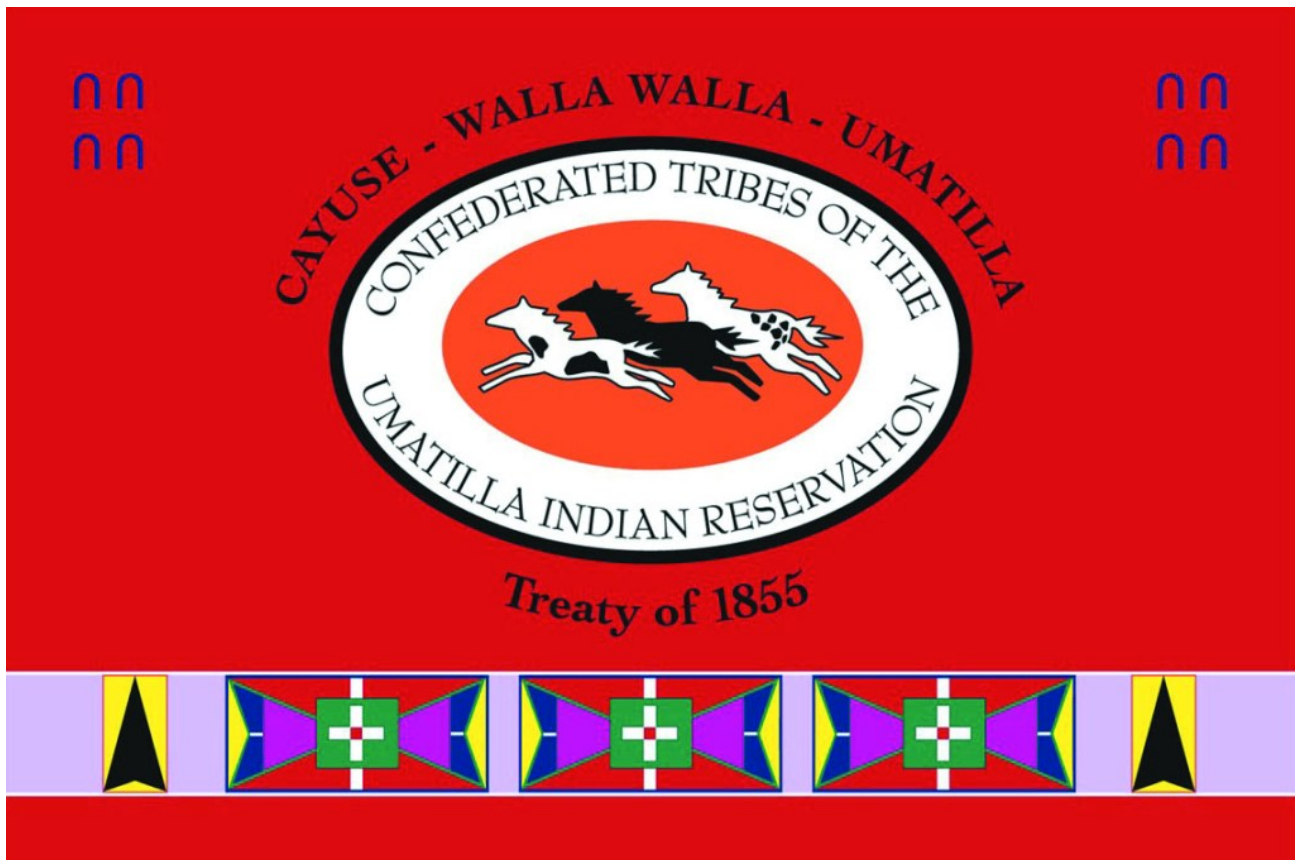
When Congress considered renewing the EB-5 program in 2022, leaders from rural states including Iowa Republican Sen. Charles Grassley insisted there be a surer way to steer those foreign dollars into areas that could benefit.

So new rules were born: Of the 10,000 EB-5 visas authorized each year, 20% are now set aside exclusively for investors in rural projects, defined as deals outside major metropolitan areas, and not within the boundaries of a town of more than 20,000 residents.

Rural investors must now commit that minimum of \$800,000 to a venture that creates at least 10 jobs. (As compared with non-rural investors, for whom the minimum is \$1.05 million for the same number of created jobs).

A rural investment could mean securing a visa within 12 months — ahead of those who invested years ago, who could still be waiting several years more, if they're from China, a source of outsized immigration demand.”

“The [EB-5] program is supposed to be for high-risk capital, that’s the trade-off” said Dan Miller, the co-founder of the real estate crowdfunding site Fundrise.



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Cairnspring, based in Washington State, used EB-5 investment to fund a flour mill in the Umatilla Indian Reservation in Oregon. [Oregon Legislature.gov](https://www.oregonlegislature.gov)

He's now the founder and CEO of a similar platform called Steward, which solicits online investors for agricultural ventures, after recognizing the dearth of capital available to farmers. "You're making an investment that has risk, but also has high benefit."

Entrepreneurs are busy launching ideas for would-be rural investors to choose from.

Before 2022, Invest in the USA's database tracked 750 completed EB-5 projects, of which 1% — or eight in total — were in rural areas, according to Lee Li, the group's director of policy research and data analytics.

Since 2022, another 58 projects have been launched, and 26% of them are in rural areas, Li said.

In the year through last April, 25% of foreign investors who filed 526-E petitions with the US government — the precursor to getting an EB-5 visa — had put money into rural projects, according to IIUSA.

Kolter Group, a developer in the US southeast, is raising its fourth round of EB-5 fundraising for a 1,300 home "active adult" community, about 60 miles east of Atlanta, according to Silverman of EB5AN, the regional center pooling funds for the project.

It's the first rural EB-5 development for the builder whose portfolio includes hotels and condos in Florida cities.

Kolter's rural adult community has secured \$200 million in debt and equity from overseas investors – 50% of them from China, 20% from India – and is working on another round of \$80 million, Silverman said.

Akerman's Lakefront estates, on Florida's Lake Okeechobee, is designed to appeal to large observant Jewish families priced out of upstate New York and Williamsburg.

The community—for which promotional videos on YouTube are in Yiddish — is open to all buyers, regardless of religious background, and offers homes that start below \$500,000, he said.



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Posh Hudson Yards in New York was built using foreign investment sourced via EB-5 funding. Paul Martinka

The Estates include the requisites of communal Jewish life like a mikvah (ritual bath) and a council of rabbis to adjudicate matters of traditional observance.

Akerman declined to say how much has been raised so far.

Today's EB-5 rural investments, though, go beyond pure real estate plays. Miller, of the rural crowdfunding platform Steward, sees opportunity for the nation's food supply.

This year Steward plans to raise \$12 million from foreign investors to help fund a new plant for the flour company, Cairnspring Mills. It's his firm's first EB-5 deal.

Cairnspring, based in Washington State, plans to build a mill that can process up to 85 million pounds of flour annually, or 10 times the capacity of its current plant, CEO Kevin Morse said.

In picking a site for the \$39.4 million development, Cairnspring chose to lease land on the Umatilla Indian Reservation in Oregon over another site in Walla Walla, because the remote reservation would qualify the project for EB-5's rural incentives, Miller said.



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When Congress considered renewing the EB-5 program in 2022, leaders from rural states including Iowa Republican Sen. Charles Grassley insisted there be a surer way to get some of that money into rural areas. AP

To Stephen Smith, EB-5 is a perfect source of capital to alleviate America's opioid epidemic.

The Seattle developer, who runs a network of EB-5 regional centers, is raising capital to fund the expansion of an addiction treatment center in Colorado.

His website touts, with exclamation points, the "Rural location!" of the deal for which Smith's center, EB5 Coast to Coast, is raising \$72 million.

“Rich foreigners helping the most needy Americans is a match made in heaven,” said Smith, the founder and CEO of EB5 Coast to Coast. “It’s a poster child project for EB-5, contrasted with the billionaire developer.”

LCR Capital Partners, an investment firm in Westport, Conn., is using EB-5 to help kickstart a US-based industry for electric vehicle batteries. The firm is raising — and then lending — \$100 million in EB-5 funds to a rural Missouri venture called “US Strategic Metals.”



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“Securing a domestic supply of battery materials is a national priority, according to Sherman Baldwin, the CEO of LCR.” And EB-5 investment is helping to make such crucial efforts come to fruition.

The venture acquired a mine in Fredericktown and with it, the rights to extract cobalt, nickel, and copper — rare earth materials required for battery production.

With the majority of the world’s cobalt mined in the Democratic Republic of Congo and processed by China, both presidents Trump and Biden declared, through executive orders, that securing a domestic supply of battery materials is a national priority, according to Sherman Baldwin, the CEO of LCR.”

The Missouri mine project was declared by US immigration officials to be in the “national interest,” which offers investors even faster visa approval. Investors from China are excluded, Baldwin said.

“You can see a program like this scaling even larger,” Baldwin said, “And attracting capital and talent from around the world and investing in things that matter to the United States.”

Oshrat Carmiel is the publisher of Highest & Best, a newsletter on South Florida real estate and wealth migration, and a former real-estate reporter for Bloomberg News.