Emilie Cooper in Real Estate Weekly: New EB-5 Regulations Could Kill Program, Say Experts

November 15, 2018

RELATED PRACTICES Real Estate Litigation, Commercial Real Estate Leasing, Litigation, Real Estate

Real Estate Weekly quoted Haynes Boone Partner Emilie Cooper in an article about the upcoming changes to the EB-5 immigrant investor program and the potential impact on investors and developers.

Here is an excerpt:

Created in 1990, EB-5 became a popular source of alternative lending after the financial crisis of 2008 and the subsequent bank regulations handed down in 2010. In 2007, there were 11 sanctioned EB-5 sponsor organizations, known as regional centers. As of this summer, there were more than 900.

The program and the money it's brought to the U.S. have been a boon for developers, though primarily in New York and California. Much of Hudson Yards, for example, was financed with money aggregated through the program. Most of the investors come from China. …

Meanwhile, only 10,000 of these visas are granted a year, so some investors will have to wait more than a decade to complete the process. With the typical development loan maturing in three to five years, most Chinese investors in the program will have to redeploy their capital two or three times to get their visas, which comes with its own set of issues.

"There's been an uptick in incidents of investors suing EB-5 providers or borrowers and it's directly related to the backlog," said Emilie Cooper, a lawyer with Haynes Boone.

"Prior to the backlog, no redeployment was necessary. They would have just been repaid and gone on their merry way."

To read the full article, click here.