

520 Bridge Paves Path To Citizenship

Liz Jones 12/08/2011

The new 520 floating bridge across Lake Washington will be built with some financial help from Chinese investors. In exchange, they'll get a unique return on their investment: eligibility for a US green card. KUOW's Liz Jones reports.



TRANSCRIPT

Washington state is selling bonds to help replace the aging 520 bridge between Seattle and Bellevue. Recently, some of those bonds were sold to a group of 95 foreign investors — mostly Chinese businessmen.

The deal was set up within the framework of a federal immigration program called EB-5. It gives investors visas to live and work in the US. In exchange, they must invest in a development project for at least two years.

Mike Mattox: "We have a unique program that's been very, very popular."

That's Olympia resident Mike Mattox. He runs a local EB-5 project that is investing in the bridge bonds. His business is called Access The USA.

Mattox: "Part of what we do is we look to countries that have a hunger for the opportunities we have in the US, then of course look for folks that have the ability to invest in what we're doing."

In other words, he's looking for millionaires. The minimum investment is \$500,000.

Altogether, the group bought \$48 million of bonds. That's about 10 percent of the bonds sold so far. This deal is believed to be the first time the state has used the EB-5 program to fund a public project.

Private developers have traditionally used EB-5 to raise money for construction projects. But lately, cash-strapped local governments have become increasingly interested. They want the foreign dollars for public works, like bridges and mass transit.

Henry Liebman is a real estate developer in Seattle. He's one of most prolific users of the EB-5 program. He says the program was designed to reward investors for taking a gamble on a project. But federal rules have since relaxed to allow deals with less risk.

But Liebman questions whether purchasing government-backed bonds goes too far.

Liebman: "It's very unrisky. I mean, the investor takes an interest-rate risk and he could lose money on it, but if he holds the bond to maturity, it's not very risky. The question would be should someone be able to get a green card with this kind of risk profile?"

While bonds tend to be safe bet, the risks can go up when local governments are in the red. And Washington state has defaulted on bonds before.

Mike Mattox refers to his deal as a five-year investment. His investors will likely have US visas within a few months. But it'll be a few years before they'll likely meet all the EB-5 conditions for a permanent green card.

One condition is to show that each individual investment creates 10 jobs for a two-year period. In this case, they can count the jobs created during the bridge construction and future operation.

After five years, the foreign investor could have a green card, sell off the bonds and potentially even make a profit.

Some have questioned the fairness of this immigration program. But Mike Mattox believes it's worth the potential benefit to the region.

Mattox: "The key is if we can bring investors to this area and almost create an infrastructure of wealth, it's a huge benefit to the local economy."

However, other EB-5 operators say there's no correlation between where these wealthy foreigners invest and where they later settle.

Mike Mattox is back in China again this month to promote his Access The USA business. But he says SEC rules prevent him from revealing whether he's gathering more investors for the 520 bonds.

The state plans to sell more bridge bonds before next summer.

I'm Liz Jones, KUOW News.

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