



# Development Finance: EB-5

## What is EB-5?

EB-5 Immigrant Investor Program (EB-5) is a federal program created to encourage overseas investment into approved projects to help drive job creation within the United States. Foreign nationals who make qualifying investments receive priority status for attaining lawful permanent U.S. residency for themselves and family members. Since the creation of EB-5 in 1990, it has emerged as an important source of project capital.

## How does EB-5 Work?

Over 90% of all EB-5 transactions nationally occur via regional centers. Regional centers are federally licensed by U.S. Citizen and Immigration Services (USCIS.) The Port Authority has an exclusive relationship with the Cleveland International Fund (CiF) to bring CiF's existing EB-5 regional center to southwest Ohio.

CiF is a private equity firm with a national reputation for EB-5 deal financing. It has accomplished more than \$220 million in EB-5 project financing and achieved a final and important measure of program success -- delivering permanent green cards to project investors.

Money raised is pooled from multiple foreign investors, who are located by CiF through an international network and qualified through USCIS. One of the unique aspects of the Port Authority / CiF partnership is the ability to provide bridge financing so the developers can receive EB-5 related funding at transaction close.

<b>Borrower Process</b>	<b>Estimated Timeframe</b>
CiF and borrower agree to loan terms project closes	_____ 2-4 months
CiF raises EB-5 funds and places them in escrow	_____ 4-8 months
Funds are released from escrow as EB-5 investors are approved by USCIS; to repay interim financing	_____ Approximately 12 months
Borrower provides CiF with job creation data	_____ 2 years after first funds are released into the project
Borrower repays funds at end of loan term	_____ 5 years after final funds into the project; no longer than 66 months

### **Port Authority's EB-5 Program Requirements**

The Port Authority's EB-5 program is geared specifically to the commercial real estate industry to provide debt financing for sizeable projects of at least \$30 million.

- Minimum \$30 million project, necessary to obtain the required job creation
- Senior Mortgage or Mezzanine Debt
- 5 Year Term, Interest Only
- Office, Retail, Hotel, Multifamily, Industrial, Infrastructure
- Anywhere in Hamilton County, urban areas of Hamilton and Middletown

Ohio projects located within Hamilton County and within urban areas around the cities of Hamilton and Middletown are considered priority investment areas and thus require fewer jobs created per investment dollar – 10 jobs per \$500,000 of EB-5 investment within two years (vs 10 jobs per \$1 million in other areas).

### **Role of the Port Authority**

The Port Authority is the marketing agent and regional contact for CiF in southwest Ohio, sourcing prospective deals and performing initial due diligence on projects. As a public agency, Port Authority participation provides assurance of deal certainty, development finance expertise and market knowledge that is attractive to foreign nationals seeking participation in EB-5.

Within the Port Authority's project model, EB-5 capital works best as a portion of the deal structure either as a senior mortgage or as mezzanine debt, depending on the capital requirements. Interest rates on senior lending are comparable to the private real estate debt market. Interest rates on mezzanine loans are significantly lower than traditional mezzanine debt. EB-5 non-financial terms (including guarantees, security, and pre-leasing requirements) are frequently more favorable than can be provided through traditional lending channels.

Contact the Port Authority early in the development process and we can quickly generate a term sheet that times closing to coincide with closing of rest of deal financing.

Other Port Authority financing tools and incentives work well in tandem with EB-5, including structured lease.

### **About the Port of Greater Cincinnati Development Authority**

The Port of Greater Cincinnati Development Authority is an economic development agency that initiates projects to improve property value and promote job creation throughout Hamilton County. It is governed by business and community leaders that comprise its board of directors.

**To learn more, contact**

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