

### FOREIGN INVESTMENT



Louis DeLuca/Staff Photographer

The City of Dallas Regional Center, led by director Dan Healy, has raised investments for projects that include a 76-room Nylo hotel in the former Dallas Coffin Co. building south of downtown, set to open this summer.

“You are bringing in highly motivated entrepreneurs into the country. They range from well-off to very wealthy.”

**Dan Healy**, Civitas managing partner and director of the City of Dallas Regional Center

# Visa program pays off for Dallas

## Local center brings in \$119 million, creates 2,380 jobs

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Dallas is gaining another laurel for bragging rights in business development.

Local officials say the city is leading the nation in attracting foreign investment through a reinvigorated federal immigration program that gives perma-

nent residency status to wealthy foreigners who put at least \$500,000 into local development projects.

The program has raised \$119 million here in the past 2½ years, giving a number of local projects a boost at a time when commercial loans were scarce. The money has created 2,380

jobs; funded all or part of seven development projects; and has dispensed 238 EB-5 visas to the investors and their immediate family members, the program’s managers say.

There are more projects in the pipeline and the program

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# Visa program for foreign investors is paying off in Dallas

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will continue to build momentum, said Karl Zavitskovsky, the city's economic development director.

"Initially you have to build credibility with investors overseas and you have to develop credibility with the builders and developers in Dallas," Zavitskovsky said. "When you have something that is a great job creator, you have to work hard to build up the pipeline."

The local project is one of 204 Immigrant Investor Regional Centers overseen by U.S. Citizenship and Immigration Services in 40 states. Nationally, the program has corralled \$2.3 billion in foreign investment since its inception in 1990, according to a USCIS spokesman.

Until 2007, though, the EB-5 program approved an average of little more than 300 green cards per year. Since the rules were revised that year, the program has ballooned, approving almost 7,000 green cards in the past 4½ years, for an average of more than 1,500 a year.

And it's growing. In the first six months of fiscal 2012, the EB-5 program nationwide has approved 2,101 investors and their families for green cards,

which afford permanent residency status.

The Dallas program differs from most others. Many of the other regional centers are focused on finding investors for a single industry or project: housing and real estate in Florida, tourism in Vermont or the film industry in California. But the Dallas center seeks funds for all types of projects.

While the USCIS doesn't keep a tally of activity at regional centers, Zavitskovsky and Dan Healy, director of the Dallas regional center, said they don't know of another that is bringing in the numbers of investors attracted here.

The 238 visas obtained through investments in the City of Dallas Regional Center's first 2½ years represent 5 percent of the total granted nationally during that time. Because many of the other regional centers are formed for a single project or support a single industry, they may not get a successful investor-applicant for a year or more, local and federal officials confirmed.

## The benefits

So far, the city's largest source of investors has been China, where Dallas has a "very active agent" soliciting busi-

ness from wealthy individuals, Zavitskovsky said. The second-largest source of investment has been Mexico and Latin America, which accounts for about 20 percent of participants, local officials said. Investors from Russia, Europe and other parts of Asia have also participated, bringing to 26 the total number of countries represented.

The city maintains an arm's-length relationship with the projects by using a third party to help find appropriate and feasible projects and to recruit investors. That role is played by Civitas Capital Management, which operates the Dallas regional center.

The money raised so far has gone to such projects as the conversion of the former Dallas Coffin Co. building on South Lamar Street just south of downtown into a 76-room Nylo hotel, now under renovation and expected to open this summer.

Other projects include a \$15 million call center for Encore Enterprises at Inwood Road and Stemmons Freeway. That project was funded by 30 investors, each putting up \$500,000.

They also include a nursing home for low-income patients, a multifamily development in

Oak Cliff, a mixed-use residential and retail development and the expansion of a restaurant chain.

The attraction of foreign investors also has other benefits, said Healy, who's also a Civitas managing partner.

"You are bringing in highly motivated entrepreneurs into the country," Healy said. "They range from well-off to very wealthy."

Once they learn the area and establish relationships, they are often likely to invest more, he said.

## Recruiting investors

In addition to their investment, participants also pay about \$50,000 in fees, and some of that goes to the city for administrative costs, Zavitskovsky said.

Of course, the investors expect a return on their investment. Part of Civitas' role is to ensure the financial feasibility of the projects and to ensure that investors get their money's worth.

"We're evaluating projects as a disinterested party," Healy said. "We're just looking for projects that will work."

Most of the applicants are seeking visas to get children into U.S. colleges and universi-

ties, Healy said. Others hope to set up a family member to start a U.S. branch of a successful enterprise already established in the investor's home country.

Nationally, the program requires that visa applicants invest \$1 million, or \$500,000 in "targeted employment" areas. In Dallas, all of the projects are aimed at areas deemed in need of jobs.

Each investor's contribution must create at least 10 jobs, a number that is verified after two years of the initial investment. Applicants must otherwise undergo the other background checks that all visa applicants must successfully pass.

The investors are often recruited by agents in their home country or financial institutions who are familiar with the program and offer help in participating as a part of their wealth management services, Zavitskovsky said.

"Wealth preservation is very important" in the recruitment process, Healy said.

The investors are often willing to get a lower return than usual because they are getting other benefits through the program, Healy added.

In some cases, the deals can arrange financing that might be difficult to get otherwise, those involved with the EB-5

program said.

For the Nylo deal, 11 investors chipped in \$5.5 million in equity financing, said Jack Matthews, president of Matthews Southwest, the hotel's developer.

"I don't know the last time a high-end hotel was built in south Dallas, but I bet it's been a long time," Matthews said. "In my opinion, it may change people's opinion about investing in south Dallas."

The city usually kicks in additional inducements for the projects. Some of the projects are located in tax-increment finance districts, where the developer receives a portion of the increased property tax brought by the added value to the property the development creates, Zavitskovsky said. Other projects are eligible for federal grants, part of \$55 million the feds gave to the city for projects in low-income areas.

Zavitskovsky said that the program occupies about 25 percent of his time and costs the city only his travel time and the salary of an assistant on his staff who speaks Mandarin Chinese.

"It's rather inexpensive," Zavitskovsky said, given the benefits.

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