

Trump & Yale: Visas for Sale

Yale is a part owner of City Point, a Brooklyn retail and residential megadevelopment that has been funded in part by what some observers have called a “visa-for-sale” program.¹ Acadia Realty is the developer and co-owner of the Yale-owned property.

“Visa-for-Sale”

Yale and Acadia have funded the project through a controversial visa-for-development funding program in which foreign nationals who provide a \$500,000 loan to a developer receive green cards for their family. Under the EB-5 visa program, developers get an “attractive and lower cost” loan with low interest rates, which means higher profit margins²; foreign residents who have half a million dollars to spare can skip the line for a green card.

Yale and Acadia acquired \$200 million in loans for Stage II of the project via the EB-5 visa program, making City Point the sixth-largest project with EB-5 funding, and the fifth-largest still under construction.³ This is one of several Yale investments that have used EB-5 loans as a source of low-interest funding.

Business partners of Donald Trump have used or proposed EB-5 financing for hotel developments including his son-in-law Jared Kushner, whose company used EB-5 to finance a Trump-branded hotel, and the EB-5 program is up for reauthorization at the end of Trump’s first 100 days in office.⁴ Meanwhile, the Trump administration is curtailing immigration through other pathways, including the ban on immigrants from seven majority-Muslim countries and the amplification of deportation efforts.

According to campus press, Yale President Peter Salovey has “faced criticism” in some quarters for his “cautious approach” to speaking out against actions by the Trump administration, and Salovey has stopped short of calling Yale a “sanctuary campus.”⁵ New Haven, however, has termed itself a sanctuary city, risking up to \$56 million in federal funds if the Trump administration retaliates.⁶

Labor Disputes

Construction at City Point stalled in November 2013 because of a walkout by 120 construction workers.⁷ Acadia Realty, Yale’s partner in the development, was accused of paying non-union workers an unfairly low wage. The developers also lost a court case against a contractor who accused them of underpayment. The construction workers rallied with community members from Families United for Racial and Economic Equality, who chanted: “Acadia got bailed out; Brooklyn got sold out!”⁸

Now that construction is complete, the workers at one of the residential buildings are embroiled in a dispute with Acadia Realty, which owns their workplace. In late 2016 and early 2017, these employees earned \$3-5/hour less than their peers at the non-Acadia building next door, in the same City Point development.⁹ After their employer engaged in what they called “threatening” behavior, Acadia workers went on strike in February 2017, saying that their employers had attempted to punish them for their union activity and calling on Acadia and their operator to negotiate for health care coverage, more days off, and a pay increase.¹⁰

The justification for EB-5 visas is that they help stimulate job growth. But given the history of labor disputes at City Point, and the fact that Yale’s contractor paid much lower wages than its peer, are Acadia and Yale fulfilling that obligation?

Brooklyn Gentrification

Brooklyn is home to a thriving debate about the effects of development: the Brooklyn Anti-Gentrification Network listed seventeen member organizations as of last year.¹¹ According to a 2015 analysis, the neighborhood containing City Point saw a rent increase of 59% from 2002 to 2014, the third-fastest growth in rent cost of any New York neighborhood.¹² Meanwhile, from 2000 to 2010, the Black Non-Hispanic and Hispanic populations in the surrounding neighborhoods each fell by 10-20%.¹³

As the city moved to rezone the future home of City Point to generate commercial development, concerns about gentrification in Downtown Brooklyn bred opposition. According to local press, the view of some community groups was that “the Albee Square deal [i.e., City Point] represents the city’s role in helping to accelerate the gentrification of Downtown Brooklyn.”¹⁴ Per one policy resource center in 2009, the demolitions that made way for City Point “displaced scores of long-time local business[es] that catered mostly to Brooklyn’s black community.”¹⁵

As City Point fully opens, it will include a Trader Joe’s and a Century 21 department store, with Acadia’s “market-rate” apartments starting at \$2,750 for a one-bedroom and \$4,500 for a two-bedroom apartment.¹⁶ The tagline on the City Point website reads, “You don’t have to be from Brooklyn to be Brooklyn Born.”¹⁷

Yale’s Relationship

Yale is an investor in Acadia Strategic Opportunity Fund II, LLC (Fund II), which owns the City Point property. As of 2010, Yale owned one third of Fund II: it had a 20% interest directly, as “Yale University,” and is also the managing member and 80% owner of Gloster, LLC, which owned another 16.67% interest, yielding a total interest of 33.3%.¹⁸ Yale still discloses its 80% ownership of Gloster, LLC, in its most recent tax filing.¹⁹ As of January 2016, the Acadia-Gloster fund was worth \$222.7 million and owned 95% of the Acadia City Point property.²⁰

1 <http://fortune.com/2014/07/24/immigration-eb-5-visa-for-sale/>

2 <https://www.greystoneeb5.com/>

3 <http://nycrc.com/press/11/nycrc-to-provide-funding-for-the-city-point-development.html>; <https://www.bisnow.com/national/news/commercial-real-estate/top-eb-5-projects-51067?single-page>; <https://www.bisnow.com/national/news/commercial-real-estate/the-5-largest-us-projects-funded-through-the-eb-5-visa-program-67305?single-page>

4 <https://www.bloomberg.com/politics/articles/2016-03-07/trump-tower-financed-by-rich-chinese-who-invest-cash-for-visas>

5 <http://yaledailynews.com/blog/2017/03/27/salovey-likely-to-make-more-d-c-lobbying-visits/>

6 http://www.newhavenindependent.org/index.php/archives/entry/sanctuary_city/

7 <https://therealdeal.com/2013/11/19/city-point-workers-walk-off-site-over-pay-dispute/>

8 http://www.brooklynpaper.com/stories/35/51/dtg_unionrallycitypoint_2012_12_21_bk.html?utm_medium=web&utm_campaign=misclinks&utm_source=article_body&utm_content=intra

9 http://www.brooklynpaper.com/stories/39/32/dtg-citypoint-wage-protest-2016-08-05-bk.html?utm_medium=web&utm_campaign=misclinks&utm_source=article_body&utm_content=intra

10 <http://www.brooklynpaper.com/stories/40/5/dtg-city-point-workers-strike-2017-02-03-bk.html>

11 <https://bangentrification.org/the-network/>

12 “Fast Analysis of the 2014 New York City Housing and Vacancy Survey,” Community Service Society of New York. (<http://www.cssny.org/news/entry/as-albany-debates-rent-regulation-css-analysis-shows-rapidly-rising-rents-i>)

13 https://www1.nyc.gov/assets/planning/download/pdf/data-maps/nyc-population/dynamics_pop.pdf; percentage statistics for the neighborhood including City Point are not available.

14 <http://www.gothamgazette.com/index.php/development/3612-albee-square-when-the-malls-no-longer-home>

- 15 <http://www.goodjobsfirst.org/brooklyn-activists-fight-use-stimulus-bonds-gentrification-plan>; <http://www.accountablerecovery.org/blog/brooklyn-activists-fight-use-stimulus-bonds-gentrification-plan>
- 16 <http://ny.curbed.com/2016/1/8/10848570/city-points-rent-stabilized-apartments-debut-from-2750>
- 17 <http://citypointbrooklyn.com>
- 18 Acadia Realty Trust Form 10-Q for period ending March 31, 2010. Exhibit G (pages 229-231). https://www.sec.gov/Archives/edgar/data/899629/000115752310002828/a6276574ex10_28.htm
- 19 Yale University 990 Schedule R, FYE 2015.
- 20 Acadia Realty Trust, 2015 Annual Report (http://www.acadiarealty.com/images/PDFs/2015_Annual_Report.pdf), page 7-8.