

# Lawyer steers millions from abroad

Sodo's dough

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## Staff Writer



*Photo: Dan Schlatter*

*Sodo developer  
Henry Liebman*

While Paul Allen was scooping up chunks of gritty industrial property near Seattle's Lake Union, immigration lawyer Henry Liebman was buying rundown buildings in Sodo.

Allen built a portfolio of more than 60 acres; Liebman and his company gained control of nearly 40. Both men had a vision of what their neighborhoods could become. And both displayed skill at obtaining government support for their dreams.

But while billionaire Allen's effort to win a publicly funded streetcar through his developments drew public debate, Liebman's use of a federal immigration program to help remake Sodo did not.

Over the last decade, Liebman's company has used the federal program to secure U.S. residency Green Cards for 303 foreigners in exchange for their investing a total of about \$150 million in his buildings.

Investors in Liebman's firm, [American Life Inc.](#), hold roughly a fifth of the Sodo properties that are in private hands, according to federal data. Many of the projects are due to come on line this summer.

American Life advertises its Green Card fund worldwide. Its Sodo investors so far hail from 26 countries, including the United Kingdom, Holland, Japan, South Korea, India, Thailand, China, Canada, Germany, Hong Kong and Taiwan, said Sharon Rummery, a spokeswoman for U.S. Citizenship and Immigration Services.

But opposition to Liebman's activities has primarily been based, not on the federal immigration incentives, but on fears among Port of Seattle officials and some Sodo business interests that his investments are driving up rents beyond what industries can support. Liebman says market forces are driving up the rents; detractors say Liebman is the market.

Whatever the cause, average first-quarter rents in the Seattle industrial market soared 28.8 percent over the year before, according to NAI Puget Sound Properties commercial real estate firm.

Asked about the parallels between himself and Allen, Liebman said the Microsoft co-founder's vision for a biotech neighborhood is "further along than ours. He has more cooperation from the city, and the zoning works out for them."

His own theme, Liebman said, is to bring more "modern industrial" companies to Sodo, such as high-tech assembly companies and engineering and software firms.

But one man's vision can be another's nightmare.

"I think it's terrible," said Port of Seattle Commissioner Alec Fiskien. "It will drive out the warehouse and trucking and other related businesses that are a key part of the port."

American Life's heavy investment in Sodo has already had "a disastrous impact," Fiskien said.

"As far as I can tell," he said, "it has driven up values there so that some of these typical businesses will not be able to afford to stay there."

Added Fisker, "There is enough zoned but unbuilt capacity in the rest of the city to accommodate these other uses for decades into the future. We do not need it in the Sodo area, and what we don't have is more manufacturing and industrial space."

The port recently sent a sharply worded letter to Liebman, demanding he remove a statement from American Life's Web site that the port would support a rezone of the area. Liebman has complied.

Liebman said he tells his foreign investors to base their decisions on what the property can produce under current regulations. Many are over 40, he said, and are looking for a steady income stream to help support their retirement.

"Henry has found a way to take property that otherwise would be of questionable use and, without help from the city, been able to turn it into something productive for the city of Seattle not only in terms of revenue but job growth as well," said Mike Perringer, head of the Sodo Business Association.

To help keep industrial businesses in the area, Perringer said, the city could offer incentives such as lower power rates.

But north of Spokane Street, the days of the "metal benders" are numbered, Liebman believes. The robust growth of Seattle will put increasing pressure on Sodo to provide jobs and services to the city's swelling ranks of new residents. To make his point, Liebman pulls out an area map, points to the densely drawn central business district, and compares it to spread-out Sodo.

What he'd like to see is a zoning change allowing four- and five-story buildings in Sodo on the order of the [RealNetworks](#) headquarters at the north end of Seattle's downtown waterfront. That would allow Liebman, whose holdings include a number of contiguous parcels, or a potential purchaser, to create a large corporate campus that could bring many high-paying new jobs to the area, Liebman said.

Liebman will complete nine building renovations this year, including the Gorlick Building, an old steel mill on First Avenue South once owned by saxophonist Kenny G's father. Liebman has kept the distinctive outline of the old building and the clerestory windows as well as the century-old wood trusses, but new all-glass storefronts will open the building to the street.

Meanwhile, American Life's newest partnership is raising more than \$85 million in funds for a Pioneer Square property, where Liebman and his development partners hope to put a hotel.

According to federal records, American Life had made a total of \$292.38 million in capital investment as of December 2006. With 303 immigrant investors participating, some 3,000 jobs have been created, according to Liebman.

He estimates about one-fourth are direct jobs created either in the renovation of his properties or through his tenants. The remaining are indirect jobs created at area businesses picking up new trade from his tenants, such as restaurants and suppliers.

A recent change in federal regulations requires any jobs created to be new to the United States, not just to Sodo, and is retroactive to 2003. Liebman said he can meet those new criteria. For example, he said, American Life tenant [Allrecipes.com](#) has created at least 60 new jobs, while [Seattle Biodiesel](#) has 39.

The Sodo program works this way: Investors receive 70 percent of the income produced by properties, after management and syndication fees are deducted. American Life frequently splits the remaining 30 percent with the development partner who renovates the acquired property and the real estate broker who brought in the deal.

About half of American Life's investors are from the United States. American Life also receives money from foreigners who aren't interested in immigrating, Liebman said.

The buildings could one day be sold to other investors. Additionally, American Life could create a

real estate investment trust or be bought by one, Liebman said.

The Sodo district in which American Life invests is one of about two dozen such "regional centers" under the federal program, formally known as the EB-5 program, which is intended to create at least 10 jobs per \$500,000 investment in areas with high unemployment rates.

Each year, U.S. Citizenship and Immigration Services can grant up to 10,000 visas to foreigners in exchange for investments of \$500,000 or more. Nationally, the program attracted \$271.5 million in foreign investment last year, officials say, producing an estimated 6,000 jobs.

Meanwhile, the federal alien investor program is expanding nationally, with the newest additions in Houston and Milwaukee.

Washington state already has four such "regional centers" for such investment, located in Blaine, Tukwila, Seattle and, soon, in Snohomish County.

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