

This is the largest private real estate project in U.S. history

The Hudson Yards project, on Manhattan's west side, is the largest private real estate development in the U.S. Nothing of this scale has been done in New York City since Rockefeller Center was constructed in the 1930s.

Hudson Yards will create 17 million square feet of commercial, residential and retail development over a total of 28 acres with 5,000 new residences and 100 new shops. A new subway stop, a new public school and a new luxury hotel are also on the way. The first commercial tower — the 52-story Ten Hudson Yards — will open in early 2016. It will be home to major brands such as Coach, SAP and L'Oreal.

Now here's the catch: Most of the project is being built on a platform above an existing and fully operational train yard.

It's been a challenge to the property's developer, privately-held Related Companies. Because foundations can be put in between tracks, the train tracks determine what can be built and where. "That may or may not be the right place for our building so it gets a little complicated," Jay Cross, president of Related Hudson Yards, tells Yahoo Finance Editor-in-Chief Andy Serwer in the accompanying video. There are a total of 30 tracks in the yards and Related can only shut down four tracks at a time to work. "After years of great planning for this, it's basically been a military operation," he says.

And it has been *years*. Related was selected as the project's developer in May 2008. "Then the world fell apart in October," says Cross, alluding to the onset of the financial crisis. "But it actually worked to our advantage," he says. The company used that time to complete municipal and other approvals. By the time the U.S. was coming out of the recession, Cross says, Related signed its first major tenant, Coach. Construction began in the fall of 2011.

The project is still in its first phase, being built over the Eastern Rail Yards. By 2017, phase two will begin over the Western Rail Yards closer to the Hudson River where eight more buildings will go up, mostly residential. Related hopes to complete the project by "the mid 2020s."

The price tag of the Hudson Yards project is upwards of \$20 billion. “We use just about every kind of financing,” Cross says. “Just because the volume of dollars is so great that you have to go after every source.” Among the financing methods Related has turned to is the federal government’s controversial EB-5 program where individuals from overseas can invest as part of a path to legal residency. Related has raised more than **\$600 million** in the program so far.

Here’s how it works: Foreign individuals invest between \$500,000 and \$1 million in a project that will create at least 10 jobs per investor. The EB-5 program was created by Congress in 1990 and has garnered **support** from the likes of Warren Buffett, Bill Gates and Sheldon Adelson. But numerous reports of fraud have surfaced related to the program and there is a growing push to reform. Nevertheless, it’s become a hot source for real estate financing.

Cross says EB-5 is just one avenue Related has used to secure funds. “You go to every bank. You go to non-banks, you go to sovereign wealth funds, you go to other equity investors, so I think virtually every type of real estate investor in the world, either we’re going to them or they’re coming to us,” he says. “EB-5 is one part of that and it’s been very successful for us.”

Cross says other investors and consortiums of banks will make up the balance of the required financing.

The Hudson Yards development has been years in the making. A little more than a decade ago, then-NYC Mayor Michael Bloomberg’s nearly four-year quest to build a football stadium in the area was voted down. The plan was supposed to spark the redevelopment of the West Side and lure the 2012 Olympics to New York. Of course, that didn’t happen. There was also a failed effort to move the Yankees to the West Side in the 1990s.

[Get the Latest Market Data and News with the Yahoo Finance App](#)

But this isn’t just a New York story. Cross says projects like Hudson Yards are “advancing the cause of cities.” According to the **United Nations**, 54% of the world’s population lives in urban areas. That figure is expected to increase to 66% by 2050.

“That's where you get upward mobility,” Cross says. “That's where the jobs are that can enhance the quality of life... We hope to pioneer things here in Hudson Yards which we can do on scale and then roll them out in lots of other cities.”

Editor's Note: An earlier version of this article appeared with an incorrect title for Jay Cross. He is president of Related Hudson Yards, not Hudson Related Yards. Also, 17 million square feet includes residential space in addition to commercial and retail space as the earlier version indicated. This piece has been updated.

More from Yahoo Finance

[This year's college grads are psyched about their job prospects](#)

[Parents can spy on teens' smartphones, but should they?](#)

[Housing data to give clues on U.S. economy](#)