



IDEAS THAT INNOVATE

State & Local Policies

State & Local
Government-Supported
Eb-5 Investor Visa
Regional Centers





State & Local Government-Supported EB-5 Investor Visa Regional Centers

Policy

Connecting local economic development initiatives to the federal EB-5 investor visa program through state and local government-sponsored regional centers can help leverage millions of low-cost foreign investment capital into key economic development projects.

Where it's working

- State of Vermont
- Dallas, TX
- Other cities and states

Players

- State or local economic development offices
- Elected officials
- Foreign investors
- Local developers

What does it mean?

The **EB-5 investor visa program** was created in the early 1990s and is authorized to issue up to 10,000 visas annually. It allows foreign investors to obtain conditional residency, legal permanent residency, and, eventually, citizenship by investing \$1 million into a U.S. business that they “control” and by creating 10 U.S. jobs. Investments in “Targeted Employment Areas (TEAs)” lower the investment threshold to \$500,000. TEAs are defined as a rural area (outside of a city with population of 20,000 or greater) or an area with high unemployment (150 percent of the national average).

What is an EB-5 Regional Center?

The **EB-5 Regional Center program** allows investors to pool their resources through regional centers that have developed foreign investment plans to spark regional economic growth. These plans must be pre-approved by the Department of Homeland Security. EB-5 regional centers eliminate the restrictive “control” requirements that require the single EB-5 investor to manage the business and they enable investors to use econometric models to include “indirect” job creation as part of their job creation requirements. The vast majority of the EB-5 investments have come through these regional centers because of these advantages.

A 2014 Brookings Institution report highlights the opportunities for local economic development agencies (EDAs) to work more closely with EB-5 regional centers. Local EDA staff have the best access to high-quality economic development projects and have well-established and researched economic development plans that target growth and impact industries. They also know which economic sectors and investments need low-cost capital to grow.

Each region has a unique mix of international assets—immigrants, refugees, global industry ties, trading partners, international students, etc. These familial, cultural, and commercial links

suggest that a metropolitan area and local regional center may attract potential EB-5 investors from areas of the world that have not been as solicited as certain Asian communities. As competition increases for investors in Asia (nearly 75% of the EB-5 investors have come from China [46 percent], South Korea [17 percent], and Taiwan [10 percent]), local relationships with Africa, Mexico, Brazil, and other Latin American nations, Europe, and the Middle East present ripe opportunities for securing new EB-5 investors.

The **Philadelphia Industrial Development Corporation (PIDC)**, worked in partnership with CanAm Enterprises, to establish its EB-5 regional center in 2003. CanAm Enterprises, which also operates EB-5 regional centers in four other locations, provides technical assistance related to EB-5 program navigation in Philadelphia. PIDC serves as a conduit to local development projects and, at times, public funding to support those projects. The PIDC Regional Center/CanAm partnership website claims to have raised \$600 million in EB-5 loans to support 45 projects, including the redevelopment of the Philadelphia Navy Yard into a mixed-use business campus, the expansion of the Pennsylvania Convention Center, the construction of administrative headquarters for the Temple University Health System, and the construction of the corporate headquarters for Comcast Corporation. Over 10,000 jobs have been created for these projects.

Similarly, the **City of Dallas Regional Center (CDRC)** reflects a public-private partnership between the city and a private partner, Civitas Capital Management. This partnership allows the city to apply EB-5 investments to their own interests and combine those funds directly with tax abatements, grants, and other programs. The CDRC portfolio of EB-5-funded projects includes real estate development of assisted living facilities, hotels, call centers, restaurants, and multifamily apartments. The CDRC has invested nearly \$300 million in low-cost EB-5 capital into projects creating some 8,000 jobs through its partnership with the City of Dallas.

Other states, such as Vermont and Michigan, have sponsored their own regional centers. In Vermont, which launched the first state-sponsored EB-5 regional center, successive governors have promoted the **Jay's Peak EB-5 Regional Center** and credit the program with bringing in \$250 million in low-cost capital from immigrant investors from some 56 countries.¹ Michigan's state-sponsored EB-5 regional center has yet to place its first investment.

Regional centers and local EDAs should consider utilizing skilled intermediaries and partners who can help secure international investors, a new regional center's biggest challenge. Efforts should be made to capitalize on existing global trading relations enjoyed by the local region, including unique relationships with businesses and investors stemming from local industries' global presence, as well as the region's immigrant populations.

Why does it matter?

Collectively, the Brookings Institution estimates that the EB-5 investor visa program has created 85,500 full-time jobs and attracted some \$5 billion in direct investments since the program's inception.² Today there are over 400 approved EB-5 regional centers. There has been tremendous growth in the EB-5 program in just the last few years, growing from less than 1,000 visas issued in 2007 to 6,627 visas in 2012. In fact, reports in August 2014 suggest that the 10,000 EB-5 visa cap was reached during the fiscal year ending September 30, 2014 due to a large influx of Chinese nationals seeking to utilize the program, as well as Canada's actions to close its investor visa program.³ This growth has been entirely through regional centers as the number of direct EB-5 investments secured without a regional center has declined since 2009.

Connecting local economic development agencies, as well as local immigrant-focused economic development programs to existing EB-5 regional centers or launching a government-sponsored EB-5 regional center can help to harness the power of immigrant connections, as well as insure that EB-5 investments are considering investment opportunities furthering regional economic goals and strategies.

Resources for Action

List of USCIS Pre-Approved EB-5 Investor Visa Regional Centers

<http://www.uscis.gov/working-united-states/permanent-workers/employment-based-immigration-fifth-preference-eb-5/immigrant-investor-regional-centers> ↗

Additional Reading

Audrey Singer and Camille Galdes, "Improving the EB-5 Investor Visa Program: International Financing for U.S. Regional Economic Development," brookings.edu. February 5, 2014.

http://www.brookings.edu/~media/research/files/reports/2014/02/05_eb5/eb5_report.pdf ↗

ENDNOTES

1. Ali Jahangiri, "New Public Agencies Jumping Aboard the EB-5 Train," The Huffington Post, June 26, 2014, http://www.huffingtonpost.com/ali-jahangiri/new-public-agencies-jumpi_b_5530368.html ↗
2. Audrey Singer and Camille Galdes, "Improving the EB-5 Investor Visa Program: International Financing for U.S. Regional Economic Development," brookings.edu. February 5, 2014, http://www.brookings.edu/~media/research/files/reports/2014/02/05_eb5/eb5_report.pdf ↗
3. Sophia Yan, "U.S. Runs Out of Investor Visas as Chinese Overwhelm Program," money.cnn.com. CNN Money, August 27, 2014, <http://money.cnn.com/2014/08/27/news/economy/china-us-visa/> ↗



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