

DRIVING URBAN ECONOMIC GROWTH SERIES

Increasing Economic Opportunity In Distressed Urban Communities With EB-5

Kim Zeuli and Brian Hull
JUNE 2014



About ICIC

Founded in 1994 by Harvard Business School Professor Michael Porter, the Initiative for a Competitive Inner City (ICIC) is the leading authority on inner-city economic development with a reputation for effectively helping cities to develop strategies that capitalize on a community's unique competitive advantages. ICIC has advised over 50 cities across the U.S. on economic development since its inception. ICIC's mission is to promote economic prosperity in America's inner cities through private sector engagement that leads to jobs, income, and wealth creation for local residents.

ICIC's unique knowledge and expertise about high-growth firms are developed from specialized urban networks and path-breaking research. ICIC has analyzed and worked with urban small businesses for over 15 years through three urban business initiatives: Inner City 100, Inner City Capital Connections, and partnering with Goldman Sachs on *10,000 Small Businesses*.

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 Initiative for a Competitive Inner City

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Executive Summary

Impact investing holds significant promise for directing more resources to America's distressed urban core. The EB-5 program could be an effective investment tool to achieve this goal but it is underutilized. The EB-5 program was created by the U.S. government in 1990 to improve economic conditions, especially in high poverty and high unemployment urban and rural areas, by attracting foreign capital to support investments that create local jobs. Interest in EB-5 as a new investment tool was relatively limited until the recent recession and subsequent contraction of more traditional sources of capital. Today, there are approximately 440 EB-5 regional centers operating across the U.S. and last year the government received over 6,300 applications to the EB-5 program.¹ A recent report by Brookings (Singer and Galdes, 2014) estimates that since 1990 the EB-5 program has captured approximately \$5 billion in direct investments and created over 85,000 full-time jobs.

Given the lack of publically available data, it is unclear whether the program has benefited the nation's most economically distressed areas, including inner cities. The EB-5 program seems to have been largely overlooked by city governments, economic development corporations, foundations and other organizations actively promoting inner city investment. This may be due in part to the relative obscurity and complexity of the program. The program also unfortunately suffers from a negative reputation due to a few high-profile cases of fraud and the bureaucratic labyrinth associated with many government programs.

Our extensive research identified 178 EB-5 projects across the U.S. and numerous examples of successful projects that could be replicated to increase employment and revitalize urban areas. We present five case studies in this report:

- University of Miami Life Science and Technology Park: Miami, FL
- NYLO Dallas South Side Hotel: Dallas, TX
- Memory Care Centers: Chicago, IL
- E3 Cargo Trucking: Indianapolis, IN
- Education Fund of America Charter Schools

The purpose of this report is to stimulate a new dialogue by offering insights into the potential of the EB-5 program as a tool for impact investing in inner cities. A set of recommendations is offered to the community of organizations engaged in impact investing to help them fully leverage this tool to maximize economic opportunity in distressed urban areas.

RECOMMENDATIONS

- **Develop an educational campaign** to increase awareness about the opportunities and challenges of the EB-5 program, particularly in connection with traditional economic development tools.
- **Build a nexus of EB-5 experts** that could be leveraged in urban areas across the U.S. to provide the necessary technical assistance.
- **Identify and invest in EB-5 projects** to direct more projects to distressed urban areas, accelerate EB-5 deals in target neighborhoods, and ensure successful outcomes.

The Mechanics of the EB-5 Program

The EB-5 Immigrant Investor program, administered by United States Citizenship and Immigration Services (USCIS) was created by the Immigration Act of 1990 to stimulate the U.S. economy through capital investments made by foreign investors to create jobs. It attracts foreign capital by facilitating conditional permanent resident status for foreign investors (and their dependents) who make a significant investment in an eligible business or development.

The investor's minimum contribution must be \$1 million, or \$500,000 if located in a targeted employment area (a rural area or an area with an unemployment rate of at least 150 percent of the national average). The investment may be used as debt or equity capital.

EB-5 investments must meet the following criteria to be approved:²

- The investment must fund a new or troubled for-profit commercial enterprise in the U.S.³
- The investment must create or preserve at least ten full-time positions of at least 35 working hours per week.
 - Investments made through regional centers can count indirect and induced employment whereas individual EB-5 investors may only count direct employment. Applications must include sufficient proof of the job creation potential, which often means some type of economic modeling.
 - The jobs must be filled by qualified U.S. workers: a U.S. citizen, a permanent resident, or other immigrant authorized to work in the United States.
 - The jobs must be expected to last at least two years.
- EB-5 investments must be “at risk.” There can be no guarantee that the investor's financial contribution will be returned in the event of a failed business venture.
- The investor's financial contribution must be obtained legally and investment capital cannot be borrowed.
- All EB-5 investments are subject to state securities regulations and those of the U.S. Securities and Exchange Commission.

Although there is no regulatory requirement to do so, the norm is for EB-5 investments to be placed in an escrow account until their EB-5 application is approved. If rejected, their investment will be returned to them. Some EB-5 deals do not use escrows and investments are made without waiting for USCIS approval. Once an EB-5 investment application is approved, the investor still needs to secure their two-year conditional permanent resident status. After two years, they may then apply for permanent resident status (a green card) and will be subject to the same conditions as any other immigrant. This approval process is handled by the U.S. State Department (see Appendix A and the following infographic for a more detailed description of the EB-5 application and visa approval process.)

ANATOMY OF AN EB-5 INVESTMENT A Brooklyn Navy Yard Project

The New York City Regional Center, which manages many EB-5 projects, found:

120
EB-5
INVESTORS
FROM:



EB-5 APPLICATION APPROVAL

U.S. Citizenship and Immigration Services



\$141M FOR BROOKLYN NAVY YARD REDEVELOPMENT PROJECT



\$81M EQUITY
FROM FEDERAL, STATE AND LOCAL GOVERNMENTS INCLUDING:

- New York City
- New York State
- Empire State Development Corp.
- U.S. Economic Development Administration

BROOKLYN NAVY YARD DEVELOPMENT CORPORATION

Manages the Brooklyn Navy Yard project and deploys \$141M of capital

BROOKLYN NAVY YARD EB-5 REDEVELOPMENT PROJECT



3-YEAR PROJECT PROVIDING:

- Infrastructure improvements
- Rehabilitation of the Green Manufacturing Center



GREEN CARD APPROVAL

U.S. State Department



Within 90 days after the two-year conditional residency status expires

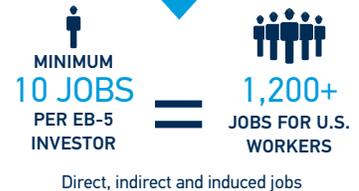


Removal of Conditional Status

Status to permanently live and work in the U.S.

EB-5 investors are subject to same process and criteria as other immigrants seeking green cards.

INVESTORS ARE REPAYED THEIR ORIGINAL INVESTMENT after a 5-year period



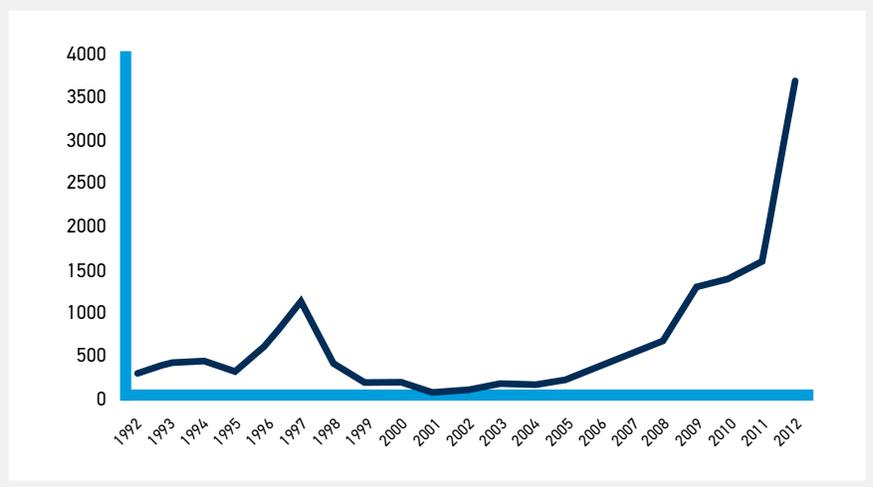
Source: <http://nycrc.com/pdf/BNYDC-PressRelease-5-10-2010.pdf>

EB-5 Utilization and Expansion Opportunities

INVESTORS

Although the EB-5 program is still not well known, and even less well understood, it has grown significantly over the last several years. Since the EB-5 program was created in 1990, there have been over 16,000 applications approved by USCIS.⁴ In 2012 alone, there were 3,677 EB-5 approvals, a significant increase over the 240 approvals in the program’s first year of operation (Figure 1). This growth is likely due in part to developers searching for new sources of capital when traditional financing became more difficult to secure during the Great Recession. For example, an article in the New York Times in 2012 highlighted the increased use of EB-5 by large hotel developers because traditional financing evaporated in 2008.⁵ EB-5 can be a lower-cost form of capital than other sources because investors have typically been less interested in their investment return than in the benefits of citizenship, although this may change as the EB-5 market becomes more competitive.

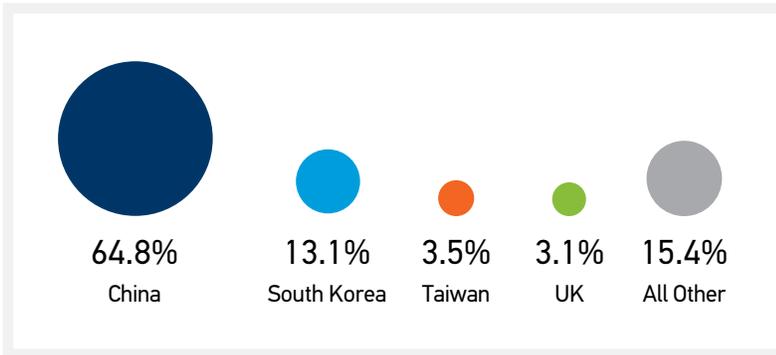
Figure 1. EB-5 Immigrant Investor Approvals, 1992-2012



Source: U.S. Citizenship and Immigration Services

Since its inception, the EB-5 program has attracted investors from numerous countries but it is increasingly dominated by investors from China. During 2003-2013, nearly 85 percent of all EB-5 visas were issued to investors from China, South Korea, Taiwan and the United Kingdom, with almost 65 percent issued to investors from China (see Figure 2). In 2013, over 80 percent of EB-5 visas were issued to Chinese nationals. The program also attracts investors from India, Mexico, Iran, Canada, Venezuela and Japan, among other countries. These trends suggest that while China will certainly continue to dominate the EB-5 investor market in the near-term, investors may be attracted from a wide variety of countries. Marketing EB-5 as an impact investment opportunity may be attractive to a new set of investors.

Figure 2. EB-5 Visas Issued by Nationality of Recipient, 2003-2013



Source: U.S. Department of State

As noted above, the primary attraction of the EB-5 program is the promise of securing U.S. permanent residency and not the financial returns associated with the investment project. Several EB-5 experts that we interviewed mentioned that the demand from Chinese investors was also related to their desire to give their children access to American schools. This finding is supported by a recent Brookings-Rockefeller report on the EB-5 program that highlights the fact that many immigrant investors have families with young children.⁶

EB-5 BROKERS

Most EB-5 projects are initiated by private sector organizations, including developers and regional centers. Nearly all EB-5 investments are raised by regional centers, which pool funds from multiple investors to support economic development projects within a defined geographic region. Regional centers and developers may forge relationships with international intermediaries to attract immigrant investors. Regional centers may also use their own recruiters. Intermediaries in immigrant communities within the U.S. also act as brokers between investors and regional centers and EB-5 projects. For interested investors, there is not a single portal where they can find potential EB-5 projects.

The Regional Center Program was established by Congress in 1992 and the first centers were approved in 1994. After a period of slow growth, the number of Centers has increased dramatically in recent years. As of February 2014, there were approximately 440 regional centers in operation.⁷

Although regional centers can be publicly-owned, privately owned, or be a public-private partnership, the majority are privately held LLCs.⁸ Existing organizations, such as community development corporations, may become regional centers. To be approved, however, regional centers must show how they will promote economic growth and job creation within a defined region and within specific industries through the use of EB-5 investments, supported by economic modeling data.

There are few publicly-owned and operated regional centers. For instance, the state of Vermont operates its own regional center and is the only state in the country to do so.⁹ On the municipal level, the City of New Orleans has its own regional center, Noble OutReach, although it has faced some legal issues in recent years.¹⁰

Regional centers that represent public-private partnerships are more common. For example, the county of St. Louis, in Missouri, in partnership with the St. Louis County Economic Council (a public-private entity), operates the Gateway EB-5 Regional Center serving St. Louis City, St. Louis County, and St. Charles County.¹¹

The City of Dallas Regional Center represents a public-private partnership between the city and the private-sector asset management firm Civitas Capital Management. Civitas also has regional center partnerships with the city of Laredo, Texas and Miami-Dade, Broward and Palm Beach counties in Florida, among others.¹² The Philadelphia Industrial Development Corporation's regional center is a partnership between the city's regional development corporation and CanAm Enterprises, a private-sector asset management firm that specializes in immigration-linked investment funds. CanAm also has regional center partnerships with the state of Pennsylvania, the state of Hawaii, Los Angeles county and North Country Chamber of Commerce (Plattsburgh, New York).

While municipal governments often leverage additional public subsidies such as tax increment financing or tax abatements to facilitate project development, we did not discover any instances of a city investing directly in projects that leverage EB-5 funds. Our research also did not reveal any examples of foundations or community development corporations investing directly in EB-5 projects. However, as some of our case studies show, there are great opportunities for both to invest directly in these opportunities. Expanding the market beyond developers and the financial sector would lead to more robust impact investments.

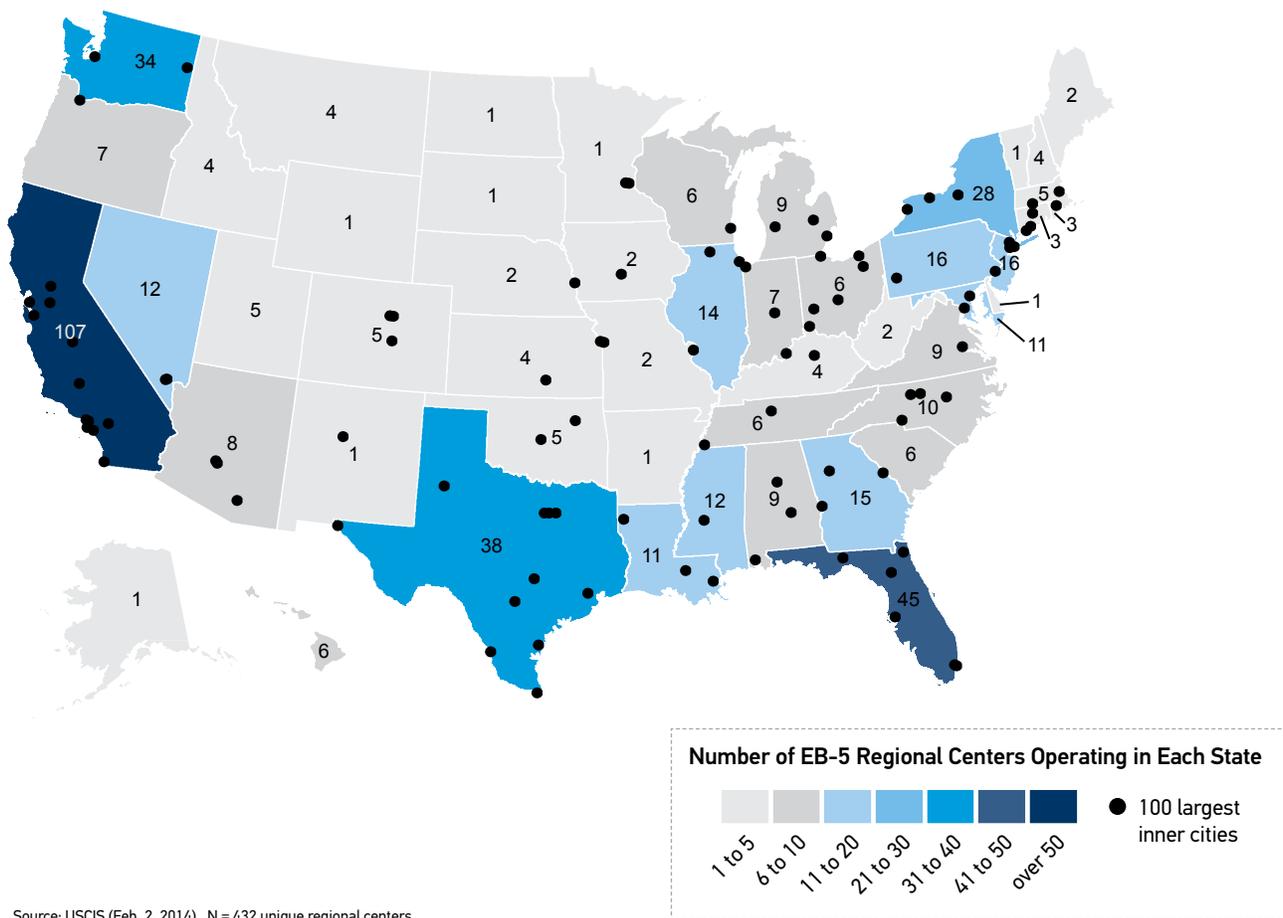
GEOGRAPHY

There is no publicly available data on actual EB-5 investment projects, which makes it challenging to analyze the scope and scale of the program. However, some conjectures can be made by looking at the location of regional center operations (see Map 1). As of February 2014 there were 432 unique regional centers in operation. Every regional center is required to define the geography that it plans to serve and the regions vary widely across centers. A regional center's approved area of operation can span across state borders. Our analysis found that 60 of the regional centers operate in more than one state. According to the Brookings-Rockefeller analysis, "regional center headquarters are often either not located where they operate, operate across several regions in different states, or are owned by parent companies operating several entities in several locations."¹³

According to our analysis using data from February 2014, the states with the most regional centers operating within their boundaries are California, Florida, Texas, Washington, and New York. Every state has at least one regional center with the authority to operate there. Not surprisingly, linear regression analysis revealed that the number of EB-5 regional centers operating within a state is positively correlated with the state's population ($R^2 = 0.79$); in other words, more populous states have more EB-5 regional centers operating within their boundaries.

A large number of regional centers are located near inner cities and 92 percent of regional centers operate in states with at least one of the largest inner cities in the U.S. ICIC defines inner cities as distressed urban areas that meet certain poverty and unemployment thresholds.¹⁴ Fifty-eight percent of inner cities have unemployment rates of at least 150 percent of the national average. This qualifies them as targeted employment areas (TEAs) and lowers an investor's minimum investment from \$1 million to \$500,000, making them attractive locations for EB-5 investment. These facts suggest a significant opportunity to leverage regional centers to invest in inner cities.

Map 1. Geographic Scope of Operations by EB-5 regional centers by State, 2013



Source: USCIS (Feb. 2, 2014) N = 432 unique regional centers

The spatial coverage of regional center operations should be carefully interpreted. It only represents the locations in which regional centers are authorized to initiate EB-5 investment projects. It does not represent the actual EB-5 investment that is occurring. In addition, regional center operations within a state do not necessarily reflect state-wide coverage. In the Brookings-Rockefeller analysis of EB-5 regional center operations by county in 2012, they found numerous counties that were not included in any regional center operations.¹⁵

IMPACT

A superficial calculation of the EB-5 program's economic impact since inception can be made by multiplying the total number of approved immigrant investors by the minimum investment amount required. If each EB-5 investor (16,000 approved applications to date) contributed the minimum investment of \$500,000 (assuming 100 percent investment in TEAs), there would have been a direct investment into American businesses of at least \$8 billion since the program's inception in 1990. In 2012 alone, more than \$1.8 billion in EB-5 investment funds were approved for investment in qualifying projects. Similarly, relying on the bare minimum of 10 jobs created per investor, it is estimated that at least 160,000 jobs have been created in the United States as a result of EB-5 investments since 1990. These calculations represent the absolute minimum investments necessary under USCIS regulations and it is likely that the total capital investment and the total number of jobs created are higher.

The Association to Invest in the USA (IIUSA) commissions studies that measure the impact of the EB-5 program. Their methodology analyzes the impact of EB-5 investments as well as household and other spending made by EB-5 investors, such as airfare, moving expenses, and legal and investment fees. Based on this methodology, they estimated a total EB-5 investor impact of \$2.65 billion and over 33,000 U.S. jobs created during 2010-2011 and \$3.39 billion and 42,000 jobs in 2012.¹⁶

Analyzing the full impact of EB-5 projects is difficult because of the dearth of publicly available data. There is some concern that the nation's most economically distressed areas have not benefited from this program. Given the lack of data, it is impossible to track the location of jobs being created, the type of jobs in terms of wages and benefits, and the location of the people who fill those jobs. Although the TEA designation is intended to ensure that jobs are created in areas of high unemployment, the EB-5 program does not mandate that TEA residents fill those jobs.

Inner City Investment Opportunities Using EB-5 Funds: Five Case Studies

To better understand the impact of using EB-5 as an investment tool in inner cities, we conducted a case study analysis of five projects. Our research uncovered a wide variety of projects across the nation that are creating jobs and improving the economy and communities in economically distressed areas. We chose the following five as case studies because they were located in the inner city, have the potential for replication in other cities and are positively impacting their communities. In particular, they each provide significant local job opportunities, focus on local workforce development and create jobs with competitive industry wages.

- University of Miami Life Science and Technology Park: Miami, FL
- NYLO Dallas South Side Hotel: Dallas, TX
- Memory Care Centers: Chicago, IL
- E3 Cargo Trucking: Indianapolis, IN
- Education Fund of America Charter Schools

Within each case study, we highlight the motivation behind the deal, how the deal was structured, including public-private sector partnerships, its impact and the potential for scalability. Taken together, the cases provide unique insights into the challenges and opportunities for using the EB-5 program to revitalize inner cities.

METHODOLOGY

To identify appropriate case studies for this report, we relied on EB-5 experts, regional center lists, literature reviews, webinars and conferences, and internet searches to identify EB-5 projects that had a focus on urban areas and could be reasonably replicated in other parts of the country. We ultimately identified 178 EB-5 projects across the U.S. that we reviewed. We acknowledge that this was certainly not an exhaustive list but it seemed to capture a wide variety of EB-5 projects (see Appendix B for the complete list).

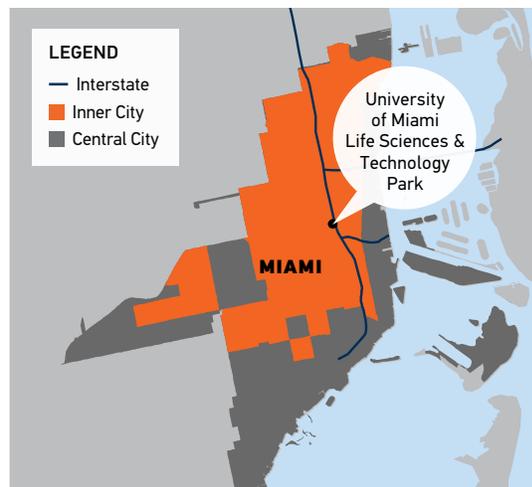
We used a combination of qualitative and quantitative research methods to investigate the EB-5 program, the types of projects that have used EB-5 financing, and their impact. In addition to collecting and analyzing relevant data and information, we interviewed 50 EB-5 experts and key community stakeholders to discuss specific EB-5 projects (see Appendix C).

University of Miami Life Science & Technology Park: Miami, FL

Background

The University of Miami Life Science and Technology Park (UMLSTP) is located in the heart of Miami's Health District, the second largest in the United States, which is also located in the inner city of Miami.¹⁷ UMLSTP is planned to be an eight-acre site adjacent to the Miller School of Medicine at the University of Miami. UMLSTP will eventually generate up to two million square feet of new space that will benefit from and enhance the healthcare and biotech clusters in the area. The first phase of this five-phase expansion was the construction of a 252,000 square foot life science building completed in June of 2011.

Map 2. Miami, FL Central City and Inner City



Source: ICIC, American Community Survey 2007-11, Esri

The project borders the Overtown neighborhood, one of the poorest neighborhoods in the country with a poverty rate of 39 percent, an unemployment rate of 23 percent, a median income of \$15,000, and minority population of 87 percent.¹⁸ The contaminated site was a former gas station littered with refuse and debris. The University of Miami began assembling land in the area in the early 2000s as part of its expansion plan. The University and the City of Miami worked in partnership with other major institutions in the Health District to make improvements in the following areas: quality of life; economic development; education; housing; clean and safe neighborhoods; and retail development.¹⁹ As part of this initiative, the UMLSTP will provide additional infrastructure and facilities to promote growth in life sciences, technology and biotechnology innovations stemming from the University of Miami. Additionally, it is hoped that the development will improve the surrounding low-income, high unemployment neighborhoods by providing access to high-wage jobs and funding for additional services needed by the community including health programming, educational mentoring and after-school initiatives, essential services to help end chronic homelessness, and specialized academic and vocational training for developmentally disabled adults.

The Deal

The UMLSTP site is owned by the University of Miami. The University leased the land under a 60-year ground lease to the project developer, Wexford Science and Technology, an experienced real estate development company that focuses on university, healthcare, science, and technology-based organizations. Total project cost for Phase 1 was \$107 million, funded through a combination of bank

financing, an EB-5 investment of \$20 million from 40 foreign investors, New Market Tax Credits, and \$25 million of developer equity. Additionally, the project qualified for Florida Enterprise Zone tax credits, tax increment financing, and Recovery Zone Facility Bonds. The only remaining debt for the project is the EB-5 loan.

The BirchLEAF Miami 31, LLC regional center was established in January of 2010 to assist in the financing of the first phase of the UMLSTP. Principals in the regional center include real estate, immigration, and legal professionals. The privately-owned regional center was formed through a relationship between Leaf & Associates, LLC, an immigration law office in Miami, FL, and Birch Capital, LLC, a real estate investment firm with locations in Wellesley, MA and Boca Raton, FL that provides debt and equity capital secured primarily through foreign investment. The regional center stakeholders contacted Wexford to gauge interest in using EB-5 to fund the project. Wexford had previous experience using EB-5 funds for the University City Science Center in Philadelphia and authorized a \$20 million EB-5 loan to fill the capital stack. The EB-5 loan was structured as a second mortgage. This was the first project managed by BirchLEAF and they are not currently raising funds for any additional projects in Florida.

The project stakeholders we interviewed suggested that the affiliation with the University of Miami made the project attractive to foreign investors, as well as the fact that the EB-5 portion of the total project cost was fairly limited, less than 20 percent. Additionally, Wexford Science and Technology was financially strong and an experienced developer of similar projects, willing to commit \$25 million in equity into the deal, making the project “sellable” in the EB-5 market overseas. By March of 2012, each of the forty EB-5 investors had received USCIS approval for conditional residence in the U.S..²⁰

Inner City Impact

As of October 2013, the building was around 80 percent occupied, with the largest portion occupied by University of Miami medical school facilities. The leasing of significant space by the University of Miami ensured sufficient cash flow and provided security in the deal. Other tenants include the Miami Innovation Center; Advanced Pharma CR, LLC, a comprehensive clinical research facility; BioFlorida, a statewide trade association for the bioscience industry; and retail space and restaurants.

The project needed to create at least 400 jobs to satisfy USCIS employment requirements. The Jacob France Institute of the Merrick School of Business at the University of Baltimore estimated job creation of over 1,200 jobs at an average salary of \$34,000 during the construction phase and over 1,500 jobs (including the multiplier effect) at an average salary of \$50,000 after the building becomes operational.²¹

The University and Wexford worked closely with the Miami-Dade Chamber of Commerce to support the local minority business community. Wexford committed to awarding 15 percent of jobs, contracts, and vendors during the construction phase to small and minority businesses. They wound up awarding 30 percent. Wexford also built a health clinic at the Overtown Youth Center.²² Wexford also contributed over \$700,000 in grants to nonprofit community organizations that fund a variety of programs in the neighborhood, including special youth health programs, educational mentoring and after-school initiatives, essential services to help end chronic homelessness, and specialized academic and vocational training for developmentally disabled adults.²³

The University of Miami and Wexford are also discussing a Community Benefits Agreement (CBA) that would dedicate up to \$1 million annually toward workforce training for neighborhood residents, and for scholarships for low-income students interested in life sciences and technology careers. Training programs would be designed and delivered through a partnership with the University of Miami Miller School of Medicine, Miami Dade College and South Florida Workforce Development.²⁴ We have not been able to determine if the University or Wexford committed to this CBA.

Potential for Scalability

This project should serve as a model for other major universities developing or growing university business parks located in inner cities. A key factor for success in the Miami case was the university's leadership in developing the technology park as part of its Master Plan. This added a degree of certainty to the project that attracted an experienced developer and foreign investors. The partnership with the city also increased the attractiveness of the project to investors. In addition, the developer's experience with EB-5 funds was a critical element to success. All of the components of this project could be replicated in other cities.

NYLO Dallas South Side Hotel: Dallas, TX

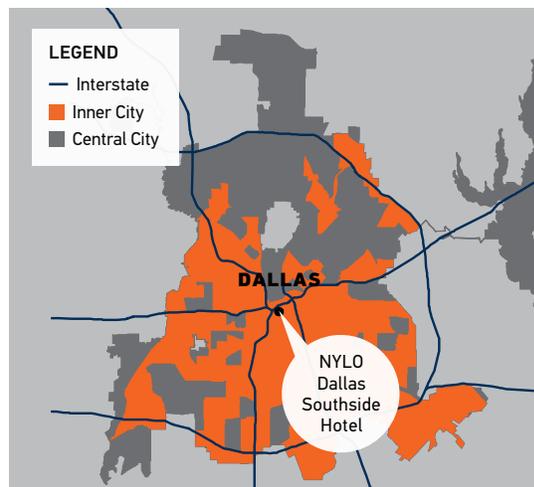
Background

The 76-room, five-story NYLO Dallas South Side boutique hotel is the first full-service hotel to be developed in South Dallas since 1946.²⁵ The project is a redevelopment of a 55,000 square foot building in the Cedars neighborhood, a formerly wealthy residential area that was converted to industrial space in the early to mid-20th Century only to become neglected and largely vacated when Interstate 30 divided the area from downtown Dallas in the 1960s. The neighborhood has a poverty rate of over 40 percent, a family income of less than half the area's median income, and high unemployment. The building was originally built in 1911 to house the Dallas Coffin Company manufacturing center and office. The building has sat vacant after Sears and Roebuck abandoned it in 1993. The property was eventually purchased in 2005 by developer Jack Matthews of Matthews Southwest, Inc., a well-respected development company that has been active in the Cedars neighborhood for over 10 years and has been a key driving force behind its revitalization.

The hotel is adjacent to South Side on Lamar, a mixed-use redevelopment project of another historic building also owned by Matthews Southwest and completed in 2000. The NYLO project is another element of Matthews' larger transit-oriented redevelopment (TOD) vision to transform Cedars into its own vibrant mixed-use entertainment, business, and residential center by leveraging Cedars station, a stop on the Dallas Area Rapid Transit system that opened in 1996. Over the past 15 years, Matthews Southwest has been responsible for adding 800,000 square feet of office space, over 10 restaurants, hundreds of residential rental units, and additional cultural amenities to the neighborhood.

There is strong alignment and support for Matthews' TOD plan for the Cedars neighborhood with broader economic development goals set by Dallas Mayor Mike Rawlings. GrowSouth is Rawlings' ongoing plan to reinvent South Dallas and remove the negative stigma that is associated with specific areas including the Cedars neighborhood.²⁶ The plan began in February 2012 and will continue at least through 2015.

Map 3. Dallas, TX Central City and Inner City



Source: ICIC, American Community Survey 2007-11, Esri

The Deal

The City of Dallas Regional Center (CDRC) is a public-private partnership between the City of Dallas and Civitas Capital Management, LLC, an asset management firm selected through a competitive bid process to manage the regional center. The CDRC received its approval from USCIS in September of 2009 and is focused on deploying EB-5 funds for projects located exclusively in the City of Dallas. The close partnership between the City of Dallas, its Department of Economic Development, and Civitas Capital ensured alignment with the City's economic development priorities for South Dallas and the goals of EB-5 program. Project stakeholders suggested that the partnership with the City adds a level of credibility to CDRC's projects that other regional centers do not typically receive. This is a strong selling point, particularly for Chinese investors and migration agents.²⁷ About 60 percent of EB-5 investors for CDRC projects are from China. Another 20 percent of investors come from Mexico and Latin America, and the rest are from Russia, Europe, Africa, and other parts of Asia.

The total project cost for the NYLO Hotel was \$19.8 million and the hotel was completed in August 2012. Part of the total cost was funded through \$5 million in New Markets Tax Credits and \$2 million in Historic Tax Credits. Another \$5.5 million was a preferred equity investment using EB-5 funds from 11 individual foreign investors. The rest of the project was financed through a joint venture between Matthews Southwest and the Dallas Police and Fire Pension System, a \$3 billion public pension fund that has invested in other development projects in the area with Matthews Southwest. They jointly committed the final \$7.3 million.²⁸ Because of the nature of the financing, NYLO Dallas South Side won the award for the "Most Creative Financing" category in the *Dallas Business Journal's* Best Real Estate Deals awards.²⁹

Matthews Southwest is the owner of the project and entered into an agreement with NYLO Hotels to manage and operate the hotel. Civitas performed due diligence on the project through rigorous financial, market and operational analysis to ensure it meets the USCIS job creation requirements and preserves investor capital while providing an appropriate risk-adjusted return to investors. As part of the process, Civitas negotiated the terms and structure of the EB-5 investment on behalf of CDRC, found the investors and is managing all aspects of the investment on behalf of its EB-5 investors.

As of May 2014, CDRC and Civitas have invested in 15 EB-5 projects and have secured over \$300 million from more than 600 individual investors. They estimate over 9,600 jobs will be created as a result of these investments. City support for the EB-5 program remains strong. Civitas Capital CEO Dan Healy has been accompanied on investor trips overseas by city and state representatives, including Mayor Mike Rawlings and Dallas County Judge Clay Jenkins.

Inner City Impact

The project created a total of 161 jobs, including 35-40 jobs at competitive wages in the hotel and the indirect and induced jobs from the construction phase.³⁰ This surpasses the requirement of 110 jobs required for the 11 EB-5 immigrant investors. During the construction phase, a minority-owned firm was hired to be the general contractor and the project reached a total of 30 percent construction spend with women and minority-owned businesses, exceeding the 25 percent goal. Additionally, as part of the Dallas Development Fund's requirement for New Market Tax Credits, a minimum of 75 percent of the hotel jobs will be available to local and/or low-income residents of Dallas.³¹ NYLO provides its staff with 80 hours of training and the average pay of the hotel workers is approximately \$30,000 plus benefits.

Matthews Southwest has been an active developer in the local community for years and is seeking to redevelop the area to make it a tourist destination. Matthews Southwest was the developer of the 1,001 room Omni Dallas Convention Center Hotel, The Beat condos, Gilley's and a television and movie studio in South Dallas. The NYLO Hotel is viewed by Matthews Southwest and city officials as another catalyst to spur additional development in a 100-acre largely underutilized area south of downtown Dallas. The project is the next step in continuing the momentum that is bringing new life into South Dallas, creating a vibrant community, restoring historic structures, and being a new growth vehicle for the City.

Building on these other investments, the NYLO hotel project has been part of Matthews' long-term transit oriented development plan for the Cedars neighborhood in South Dallas.³² The City is also tracking investments and property values, high school graduation and higher education rates, unemployment rates and per capita income, and the availability of retail space in an effort to gauge neighborhood improvement with these different indicators. For the Cedars neighborhood the metrics for the 2011-2012 change are as follows:³³

- Residential investment increased from \$2.6 million to \$6.2 million
- Real property values increased from \$611 million to \$633 million
- Public high school graduation rates increased from 83.8 percent to 93.5 percent
- Per capita income increased from \$30,933 to \$31,212
- Single-family home prices increased from \$193,950 to \$299,900
- Property crimes per 1,000 residents fell from 151.09 to 138.66
- Violent crimes per 1,000 residents fell from 31.57 to 27.77
- Unemployment rate increased from 9 percent to 11 percent

Potential for Scalability

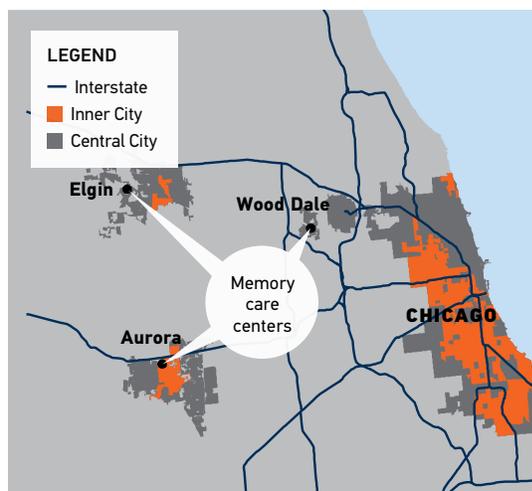
The NYLO hotel should serve as a model for other cities interested in redeveloping distressed urban areas. As in the Miami example, the key factors for success include the existence of a comprehensive development plan, strong support from the city, and a financing partner with EB-5 experience. In this case, both the developer and the city had long-term development plans for the area and it was the financial manager, not the developer, who had experience using EB-5 funds. It is also noteworthy that in this example it was the developer and not the city or an anchor that acted as the primary driver of the project.

Memory Care Centers: Chicago, IL

Background

Memory care centers are assisted living facilities in the greater Chicago area that specialize in treating elderly patients with Alzheimer's disease, dementia, and long-term memory illnesses. In Chicagoland, one facility will begin operating at the end of 2014 and two others in 2015. There are an additional three facilities to be built in Illinois and they will be operational in 2016. The properties are located in urban areas with some developments being mixed-use with first floor retail and restaurants that serve the community and the facility residents. The specific urban locations were chosen based on feasibility market studies to ensure sufficient local senior populations and the identification of USCIS targeted employment areas. The Aurora facility is located in the inner city.

Map 4. Chicago Area Central City and Inner City



Source: ICIC, American Community Survey 2007-11, Esri

The memory care facilities vary in size. The Aurora facility is the smallest, with 54 total units of which 20-24 will be for memory care. The Elgin center will be 80 units, with 20 memory care units. The Wood Dale center is the largest, with 150 units of which 70 will be for memory care. The regional center believes the assisted living model is ideal to satisfy the job creation requirement for EB-5 financing as each development requires three shifts of workers to attend to the needs of the residents at all hours. Each project will employ approximately 50-80 staff depending on size of the facility and patient load.

In addition to the facilities in Elgin, Aurora and Wood Dale, the Chicagoland Foreign Investment Group has fully funded an additional five facilities to be located in the five Midwestern states that it serves, plus one fully-funded facility in Florida and another in the fundraising stage.

The Deal

The Chicagoland Foreign Investment Group (CFIG) regional center is a privately-owned regional center. CFIG received approval from USCIS in March of 2009 and was the first designated regional center located in Chicago. The regional center is authorized to develop projects in five states: Illinois, Wisconsin, Indiana, Michigan and Minnesota.³⁴

CFIG is focused on developing smaller projects, with total project costs around \$15-25 million. These projects are located in targeted employment areas, reducing the minimal required investments to \$500,000 per investor. The assisted living facilities are owned by a new LLC created to own these memory care projects. The LLC secures bank loans for approximately 20-30 percent of the total project cost and CFIG provides the additional 70-80 percent of financing as a loan using EB-5 funds. Annual returns to EB-5 investors in CFIG projects are about one percent.³⁵ Once complete, the facilities will be managed by a management company specializing in senior care and assisted living facilities. The management company will be responsible for the ongoing operation of the memory care centers, including hiring and staffing. CFIG will be responsible for monitoring the projects to ensure they comport with the regulatory requirements of USCIS.

CFIG uses a unique (and some argue controversial) investment model for Iranian investors that gives the investors an installment option. Instead of depositing the full \$500,000 in escrow, the investors may choose to deposit an initial installment of \$100,000 upon signing the subscription agreement, with the remaining \$400,000 due within 30 days of issuance of request for evidence by USCIS and prior to approval of the EB-5 application.

CFIG works closely with city officials to secure government support and facilitate smooth permitting; however, no additional development incentives were given to the projects. There is need in the communities for assisted living and memory care facilities, so city officials have been helpful to expedite permits, but do not financially support them through tax abatements or tax increment financing.

The regional center's founder, Taher Kameli, had been an immigration attorney for approximately 18 years and is founding partner with the Law Offices of Kameli & Associates specializing in immigration and corporate law. The decision to enter the EB-5 market was based on his experience with immigration and corporate law, and international business. Mr. Kameli has offices in Dubai, Bahrain, Panama and Toronto, maintains an extensive EB-5 investor referral base in the Middle East, and broadcasts a weekly show in several Middle Eastern countries to inform foreign investors about the EB-5 Immigrant Investment program. This presence in the Middle East is most likely the reason why

CFIG's pool of investors is vastly different than the national composition. The majority of CFGI's investors (70 percent) are from the Middle East, with 90 percent coming from Iran. Chinese investors comprise just 20 percent of the investors, and the rest are from Africa and Europe.

Inner City Impact

Each memory care center is expected to employ between 50-80 full-time staff depending on the size of the facility. CFGI expects the majority of staff will be hired from the community and nearby neighborhoods for two primary reasons: (1) meetings with city officials have led to community recruitment campaigns for operational staff at the facilities in Elgin and Aurora; and (2) assisted living employment typically requires long hours and it is difficult for employees who live far from where they work.

While there was no requirement to do so, CFGI and the developer worked with each city to make sure construction dollars were being spent in the local communities, through local sourcing of supplies and sub-contractors. This assisted with the facilitation of permitting. The construction phase also led to indirect and induced employment that was counted as part of the total employment requirement for EB-5, however, the total number of indirect and induced jobs was not available.

Potential for Scalability

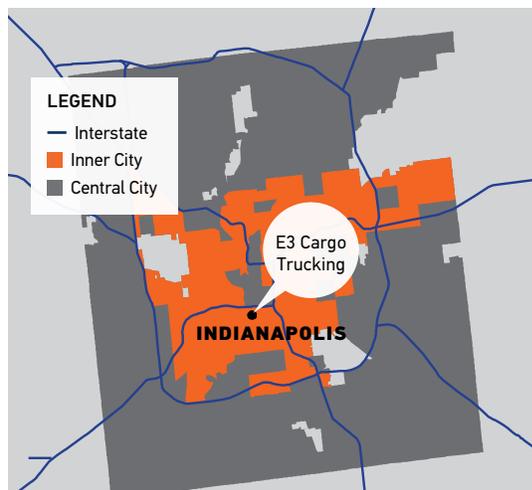
Data from the 2010 National Survey of Residential Care Facilities shows that in 2010 there were 972,000 beds in residential care facilities nationwide, housing 733,000 elderly residents.³⁶ The demand for assisted living facilities is projected to grow as the population ages.³⁷ This project should serve as a model for developers interested in building such facilities in inner city areas. In contrast to the two previous examples, the memory care centers are stand-alone businesses that are not part of any larger development plan for the area. The locations were chosen purely based on market conditions. Support from each city was essential only as much as it is for any new business and no additional incentives were offered to the developer. In addition, this regional center is privately owned and unaffiliated with any city. The commonality of this case with the prior two is the involvement of an agent with EB-5 experience. In this case it was the Chicagoland Foreign Investment Group, or one of its affiliates, acting as both the financial agent and the developer.

E3 Cargo Trucking, Indianapolis, IN

Background

E3 Cargo Trucking is an example of an investment group facilitating equity investments in a business. It is currently in the fundraising stage, but has recently leased space in the inner city of Indianapolis, IN, an area experiencing close to 14 percent unemployment and a poverty rate of 27 percent. Operationally, E3 Cargo Trucking seeks to capitalize on the strong presence of transportation and logistics companies in the area and the network of several major Interstate highways systems that converge in Indianapolis, making it the “Crossroads of America.” The Indianapolis region possesses a critical mass of the industry with 1,500 logistics-focused companies and more than 89,000 experienced workers.³⁸ Locally, there is an abundance of truck storage space, access to refueling stations, and third party logistics services that arrange freight cargo loads.

Map 5. Indianapolis, IN Central City and Inner City



Source: ICIC, American Community Survey 2007-11, Esri

Trucking companies do not require sophisticated real estate assets and are generally located in low-income industrial areas. E3 is looking to help revitalize the area by generating income for local workers. E3 is an interesting company in that it is a for-profit business with a socially progressive mandate. The three E’s represent earnings, employment, and environment. The company will generate earnings so that it can be a sustainable employer that creates jobs for those who need them in high unemployment areas. E3 seeks to reduce driver turnover, one of the largest costs for the trucking industry, through a more family-friendly business model. They also have a commitment to the environment, minimizing their impact whenever possible. Through reduced driver turnover and environmentally sustainable practices E3 hopes to maximize their profit and increase their bottom line.³⁹

The ultimate goal is to grow a transportation hub in Indianapolis of about 300-500 trucks, then repeat in another market approximately 500-700 miles away to begin building a national transportation network operated by E3. The trucking industry is a \$650 billion industry in the United States, with roughly 97 percent of all trucking companies owning less than 20 trucks. The highly fragmented nature of the industry makes it an easy industry to enter. Operating in Indianapolis is important because of the quality of the local management staff and the talented labor pool of independent truck drivers.

The Deal

In contrast to the prior three cases, E3 Cargo Trucking does not use a regional center. E3 Cargo Trucking will be structured as a partnership between E3 Investment Group, LLC, a subsidiary of Hussar & Co., LLC, and each EB-5 investor as an independent limited partner. Among the E3 management team, there is expertise in banking, logistics, and operating trucking companies. The internal expertise is supplemented by a group of advisory board members with expertise in transportation, logistics, supply chain management, and finance. Additionally, they have established key relationships with professional services organizations with experience in every aspect of the EB-5 program including immigration, banking and escrow services, accounting, corporate and securities law, and marketing.

Branded as the Scalable-Direct™ business model, each limited partner investor's capital will be a direct \$500,000 EB-5 investment, which will fund its own separate and distinct entity, co-managed and run by Hussar & Co. and its affiliated entities. The business model does not commingle investment funds; rather each entity is operated by a scaled organization run by a professional management team. The \$500,000 investment finances the purchase and operation of ten trucks that employ ten drivers, plus additional administrative support. The management team will arrange for the booking of customer loads, fuel purchasing, maintenance, human resources, safety, licensing, and other needed functions to provide economies of scale. These dynamics will allow E3 Cargo Trucking to quickly implement operations and generate substantial cash flows.

E3 Investment Group chose trucking because it is a fragmented market with relatively low entry costs. The widespread use of electronic and web-based tools allow for market pricing to be easily identified. On top of that, the business case was compelling for them. Key inputs, such as fuel, average wages (driven by lower cost of living), and workers compensation insurance rates were less expensive in Indiana. On the revenue side, average freight wages tend to be higher, particularly because the Midwest has more potential for good two-way paying freight.

Since the profit margins of trucking companies are fairly low, private equity is not typically interested in the trucking industry. EB-5 capital was chosen due to its low cost compared to the traditional private equity market. The developers believe their model will attract EB-5 investors because they are expected to receive their \$500,000 investment capital after five years, plus a return on their investment of approximately six percent. Each E3 Cargo operating entity is forecasted to become profitable within five months of commencing operations. Additionally, because E3 Cargo Trucking is using the direct investment model, rather than the regional center approach, they believe their EB-5 petitions are being approved more rapidly, within three to six months.

E3 Cargo Trucking has attracted six investors to date from China, Vietnam and Japan. E3 is marketing their investments to a broad international audience, in part to minimize risk due to the possibility of a visa cap placed on China. They expect between 30-50 trucks by the end of the year and expect to have drivers hired within 30 days after each investment is approved by USCIS.

Develop Indy, a unit within the Indianapolis Chamber of Commerce, helped identify an appropriate location for E3's initial business site. The county's local workforce development organization will help identify local employees and provide workforce training, if needed. Additionally, public officials from Governor Mike Pence's staff to Mayor Gregory Ballard were enthusiastic about E3 Cargo Trucking coming to Indianapolis. There have been no additional tax incentives offered by the City to facilitate the project.

Inner City Impact

It is expected that E3 Cargo Trucking will create a more competitive market in the Indianapolis trucking industry and E3 is interested in finding and employing independent owner-operators that are struggling to operate independently. Additionally, E3 will target returning veterans that have previous driving experience but may lack their commercial driver's license. Many owner-operators lose money because they lack the management experience necessary to generate a positive return, but by being more efficient and having a lower cost of capital, E3 Trucking will be able to pay their drivers more. Drivers will earn about \$40,000 annually plus performance bonuses and operations managers will make over \$100,000. With a goal of building a fleet of 300-500 trucks in Indianapolis, the impact in the inner city could be substantial.

Potential for Scalability

Trucking will remain an important industry in the U.S. economy, and the E3 Cargo Trucking model has the potential to drive inner city job growth.⁴⁰ More generally, this is an example of using EB-5 investments as equity in an operating business, versus a loan to a business or real estate project. This has the potential for greater direct job creation. As was the case with the Memory Care Centers, E3 Cargo Trucking is not part of any larger development plan for the area and has not received any significant support from the city. This case also shows that EB-5 funding can be used successfully without needing to go through a regional center, although EB-5 funds are still aggregated by the developer through their Scalable Direct™ model. E3 Investment Group had no previous knowledge of the EB-5 program before their current experience with E3 Cargo Trucking. Due to their lack of direct knowledge, they initially relied on the competence of experts in the field familiar with the various requirements and processes related to EB-5 funds and developed the proprietary knowledge to understand how operating companies, the EB-5 rules and regulations, and capital markets interact.

Education Fund of America Charter Schools

Background

We explored the Education Fund of America as a case study because it is an example of using EB-5 funds to build charter schools, which continue to attract a lot of attention as a solution to some educational challenges in inner cities. The Education Fund of America (EFA) was created in 2010 by Greg Wing, founder of the financial services firm Bedford International, and Mike Morley, founder of American Charter Development, a successful charter school development company.⁴¹ EFA is the only investor group dedicated to developing charter school projects in the U.S. with EB-5 funds. EFA is not a regional center; rather, EFA raises EB-5 funds through the direct investment model, similar to E3 Cargo Trucking. Due to the predictable and reliable per pupil funding of charter schools by state government, EFA believes charter school development projects have less investor risk, are generally immune to volatile market conditions, and can return investor funds more quickly than other EB-5 projects.⁴²

The purpose of building charter schools is to satisfy the demand for alternative forms of education in a particular area. Most areas of the country have students and parents seeking non-traditional education, which creates a market for educational services with a different emphasis or options than a traditional public school.

Initially, EFA affiliated with the Green Card Fund, an Arizona regional center co-founded by Greg Wing, to finance charter schools. According to Greg, the USCIS adjudication process became too lengthy, taking almost two years for final approval, so EFA began to finance charter schools through direct EB-5 investments. To date, EFA has helped finance the development of 13 charter schools in Arizona, Florida, South Carolina and North Carolina, funded partially with EB-5 investments. EFA's development partner, American Charter Development (ACD), has developed 38 charter schools in Arizona, Utah, Florida and the Carolinas since 2004. The development costs for these charter schools have ranged from \$5 million to \$20 million. Every school built by ACD is currently operating at full capacity.⁴³ Mike Morley, founder of ACD, attributes this to their rigorous market analysis and underwriting procedures when seeking new locations for charter school developments.

The Deal

The charter schools that are financed with EB-5 capital have similar models. As an example, a K-8 charter school currently being planned for construction will cost approximately \$6.5 million. There will be three or four immigrant investors to secure approximately 25 percent of the total project cost in direct EB-5 equity. This \$1.5 million to \$2 million in low-cost equity capital will help secure the

bank loans to finance the additional project cost. Most of their EB-5 investors are likely to be high-wealth Chinese nationals who are interested in these projects due to the funding from the state government.

The developer and the investors will own the schools that will be leased to the charter agency to manage the school. EB-5 investors participate as Limited Partners in the charter school projects, which satisfies the “active” policy-making role required by USCIS. The lease will have a purchase option for the charter agency to buy the facility as soon as the EB-5 investors have their final I-829 petitions approved for permanent resident status. The timeline of previous charter schools has aligned with the municipal bonding process so that after three or four years, once the charter school is stabilized with full enrollment, the charter agency can purchase the school directly with a municipal bond.

Inner City Impact

Although none of the charter schools that have been financed with EB-5 funds to date are located in the inner city, this model has the potential for high impact. Employment levels will depend on total enrollment at the school, the student-to-teacher ratio, and additional support staff. The proposed school will likely have 570 students at full enrollment and employ approximately 30-35 staff. Additionally, wages for charter school teachers and staff can vary depending on the school, wage requirements specified by the school district, and performance bonuses. Charter school teachers, on average, are paid less than traditional public school teachers. For the 2011-2012 school year, traditional public school teachers earned \$53,400 while public charter school teachers earned \$44,500.⁴⁴

Scalability

This model could be utilized in inner cities to develop charter schools using EB-5 funding. According to Greg Wing, there are approximately 6,000 publicly funded charter schools in the U.S. as of 2012, with market demand for an additional 4,000 new charter schools. There are over two million students being educated in public charter schools in 41 states and the District of Columbia. This accounts for almost five percent of the total enrollment in public schools, with an additional 610,000 students on charter school waiting lists.⁴⁵

As was the case with the Memory Care Centers and E3 Cargo Trucking, the charter schools are not part of any larger development plan for the area and have not received any significant support from the city. This example again shows that EB-5 funding can be used successfully without needing to go through a regional center. Although it is interesting to note that EB-5 funds are still being aggregated by the developer, as was the case with E3 Cargo Trucking.

Challenges Associated with Using EB-5

While the case studies highlight some promising opportunities for using EB-5 as an impact investment tool, they also reveal several significant challenges associated with using the EB-5 program for inner city investment projects. These challenges arise from the vagaries of the program and the needs and interests of investors.

SIGNIFICANT UNCERTAINTY CAUSED BY THE EB-5 APPROVAL PROCESS

The most common complaint heard from the experts we interviewed was the uncertainty surrounding the EB-5 approval process. The process can take nearly two years without any guarantee of approval. There is a backlog of approximately 6,000 immigrant investor applications, resulting in significant delays.⁴⁶ The program has grown so rapidly in recent years that the bureaucratic process has become overwhelmed with the sheer volume of new petitions. The EB-5 experts we interviewed estimated that most EB-5 applications are now taking up to 16-20 months to be processed when submitted as part of regional center projects. In contrast, they estimated that direct immigrant investment applications unaffiliated with regional centers are being processed in approximately three to six months. It is important to note that this is anecdotal information and no data exists to support or disprove this premise. The USCIS has acknowledged delays and is adding staff and putting new procedures and resources in place to clear the backlog and increase response times. The director of the EB-5 program reported that in March 2014 the EB-5 application process was taking just over one year to complete.⁴⁷

EB-5 experts also feel that final approvals are somewhat arbitrary. USCIS officials are not economic development practitioners and are focused on legitimate immigration issues to ensure that foreign investors and their funds are properly vetted before allowed entry to the United States. They operate under very different procedural norms than other programs such as U.S. Department of Housing and Urban Development or the U.S. Economic Development Administration that have had economic development programs for decades. There is a sense that USCIS employees are inconsistent in adjudicating applications and some respondents have suggested that immigration officials are operating from a culture of “no,” reluctant to approve applications regardless of the quality of the project. Moreover, they feel that some EB-5 application questions are confusing and there is no process to easily communicate with USCIS to seek answers regarding these questions.

CONSIDERABLE CAPITAL AND KNOWLEDGE ARE NECESSARY FOR SUCCESS

Starting an EB-5 project requires significant capital. Setting up a regional center can require as much as \$100,000-\$200,000 to launch, which includes fees for economists, accountants, and immigration and corporate attorneys.⁴⁸ Individual EB-5 projects also carry significant up-front expenses. Both investment paths require econometric studies required to demonstrate that the project will create the requisite new jobs. Also, there are additional fees for legal and administrative services associated with processing the EB-5 applications. Although many of the fees are absorbed by the investors, they can increase the cost of the project making it less attractive to potential investors.

Another major cost driver, and a source of concern among many EB-5 practitioners, is the relationship that regional centers and developers often need to forge with international intermediaries to attract immigrant investors. Investor relationships need to be developed and projects solicited and marketed to immigrant investors, which is often accomplished through intermediaries in foreign countries who promote EB-5 projects to investors for a significant fee (\$20,000-\$45,000).⁴⁹ Regional centers may also use their own recruiters, who receive commissions for each investor they secure. The fees and relationships are unregulated.

Some of the experts we interviewed expressed concern about instances of migration agents purposefully misrepresenting investment documents, suggesting limited or no risk of investment due to government guarantees, claiming that immigrant investors are “buying green cards,” and not disclosing the extent of their fees.⁵⁰ These concerns have also been highlighted in media stories.⁵¹

The successful EB-5 projects we studied all shared one key component: the deals involved professionals who either had strong track-records using EB-5 or were sophisticated investors with deep market knowledge. The EB-5 program is complex and successfully navigating the program requires expertise with its various components, including securities and immigration law as well as knowing how best to navigate the bureaucracy of USCIS. Working with partners or advisors who have experience completing EB-5 projects will help ensure successful and timely outcomes. It will also likely attract sound EB-5 investors.

Finding such professionals can be challenging in some areas. While the EB-5 program has been in existence for over twenty years, it is still a nascent industry relatively unknown outside of a small number of professionals with varying degrees of experience. According to many of the EB-5 experts we interviewed, most of the activity conducted before 2010 through the EB-5 program was undertaken by a small number of developers, financiers, and lawyers. As a result, there are relatively few people with long-term EB-5 experience.

In addition, as discussed in the introduction, potential investors may only have superficial, if any, knowledge of how the EB-5 program works, which may make them reluctant partners in any deal. Promotion of the EB-5 program typically involves conferences and seminars hosted by organizations such as the Association to Invest in the USA, the American Immigration Lawyers Association, EB-5 Investors Magazine, and ILW.com, a large immigration law publisher. The audiences for these events range from project developers interested in learning about a new source of potential capital, economists and investors, regional centers, and immigration, corporate and securities lawyers seeking information regarding particular elements of the program. The federal government does not actively promote the EB-5 program *per se*, but rather as part of their larger effort to attract foreign direct investment, which is the mandate of SelectUSA in the Department of Commerce.

INVESTORS FAVOR REAL ESTATE DEVELOPMENT AND LARGER PROJECTS

The majority of EB-5 capital has been used to fund real estate projects. Typical real estate projects have included nursing homes, shopping plazas, hotels, resorts, infrastructure, and commercial office and mixed-use developments. This is due to the security inherent in using real estate as collateral. Immigrant investors can see the project and know where their money is going. Additionally, in recent years as Chinese investors have come to dominate the EB-5 market, the experts we interviewed feel that their cultural affinity for real estate has further entrenched real estate as the norm for EB-5 funded projects.

Also, the commercial real estate development projects tend to easily meet the EB-5 job requirements, especially through regional center deals that can count direct and indirect employment. For instance, the NYLO Hotel project in South Dallas created a total of 161 jobs. While roughly 40 of these jobs will be filled by hotel employees, the remaining are indirect and induced jobs created during the construction phase. Indirect jobs were created by construction expenditures to renovate the hotel and induced jobs were created when workers' wages were spent and re-spent on additional goods and services throughout the broader economy (i.e., food, clothing, entertainment, etc.).

Initially, when the EB-5 program started, the capital was often used for smaller projects. Several of the initial Philadelphia Industrial Development Corporation EB-5 loans, for example, were for restaurants and retail businesses locations: Starr Restaurants, a Duane Morris law firm, and Advanced Sports retail bike shop. Similarly, several of the projects handled by American Life, Inc., the longest continuously operating regional center founded in 1996 in the Seattle area, have been smaller scale industrial and office buildings with approximately 7,000 to 50,000 rentable square feet.

Today, however, most projects that use EB-5 capital are larger, with sizeable investor pools. This trend is also driven in part by the fact that development projects of any size have relatively fixed costs that have skewed the market towards larger projects. Any project using EB-5 funds also requires planning, econometric analysis to forecast employment, the sourcing of EB-5 investors, and the preparation of investors' EB-5 and visa applications.

Developers also need to "sell" projects within a more competitive EB-5 market and larger projects in big cities such as New York and Los Angeles with internationally-recognized corporations (e.g., Marriott) that involve significant pools of funding may be considered "safer" and therefore more attractive to EB-5 investors. Smaller projects in mid-market cities are finding it difficult to attract EB-5 investors. In an interview with ICIC, Keith Burwell, President of the Toledo Community Foundation, discussed two significant challenges he faces when trying to cultivate EB-5 investors. "While most projects across country have been big real estate deals, Toledo is a very different market. We do not have the economy or demand for large real estate projects." This leads to Toledo's (and many other small and medium sized cities across the country) second problem: "We're trying to figure out how to position smaller projects at the neighborhood and community level in a market bombarded with large real estate deals." In a market dominated by large real estate projects, communities are having difficulties designing investment models that would attract investors to small and medium sized markets. In addition, putting together a single large deal is more efficient and can be more profitable than structuring several smaller projects.

Although this may seem an obvious point, it bears repeating that at the end of the day all EB-5 projects must appeal to foreign investors. A common refrain throughout our interviews was that the EB-5 market is increasingly more competitive and in response some regional centers and developers are promising higher financial returns on EB-5 investments in addition to permanent residency status. U.S. residency is still the primary goal of most EB-5 investors. However, investors are looking for high-quality projects with a degree of certainty associated with them to minimize investor risk and meet the minimum job requirements imposed by USICS.

THE EB-5 PROGRAM HAS A TARNISHED REPUTATION

There have been several high profile cases of fraud related to the EB-5 program that has reduced the confidence of some investors in the program. Fraud and abuse plagued the program in its early years, prompting changes in guidelines in 1998.⁵² In 2010, USCIS started taking action against regional centers by terminating their status. For instance, the Victorville regional center in Victorville, CA had its status revoked for insufficient job creation. The El Monte regional center in El Monte, CA was created to fund the development of 65-acres of mixed-use space at the El Monte's bus station

and was shut down in 2011 when it was found to no longer promote economic growth. Noble Out-Reach, a New Orleans regional center was also the target of a lawsuit alleging fraud and misconduct. The 27 EB-5 investors who brought suit argued that the regional center operators diverted at least \$6 million of investment funds to themselves for excessive and unwarranted consulting fees and another \$3 million to pay for operating expenses, including financing the purchase of real estate that benefitted the operators.

Recent lawsuits filed by the Securities and Exchange Commission (SEC) represent a growing acknowledgment from the SEC and USCIS that the integrity of the EB-5 program needs to be enforced. In February 2013, the SEC charged the founder of a Chicago regional center with fraudulently collecting over \$145 million from EB-5 investors and \$11 million in administrative fees.⁵³ The SEC and USCIS also issued an investor alert to warn potential immigrant investors about scams that seek to exploit the EB-5 program.⁵⁴

In a separate but related issue, media stories have linked the EB-5 program to national security concerns. For instance, in a December 2013 story, the Washington Times wrote “The EB-5 program [is] a weak point in the nation’s immigration security because visa holders can become green card holders and eventually citizens — without going through the background checks that most prospective immigrants face.”⁵⁵ This is patently false as EB-5 investors are first screened by USCIS to ensure that the funds they are using to invest have been secured legally and then the immigrant investor and their family members are screened by the U.S. State Department before being granted conditional residency status.

Unfortunately, the negative news surrounding EB-5 may inhibit expansion of the program and could begin impacting the ability to attract immigrant investors. Further, other domestic stakeholders such as developers or large anchor institutions that are necessary to complete large projects could shy away from using EB-5 funds, and foundations and the public sector could lose interest in the program if more accurate stories of EB-5 impact are not circulated.

RECOMMENDATIONS

As highlighted in this report, the EB-5 program is growing and being used for a wide variety of investment opportunities. While some of the projects are directly impacting communities in distressed economic areas, anecdotal evidence suggests that EB-5 remains an underutilized tool in inner cities. The five case studies and our analysis of the EB-5 program in general suggest some key insights into how the EB-5 program might best be utilized for high-impact development projects.

Given these findings, foundations and other community groups can be important allies in facilitating EB-5 investments to support the full utilization of EB-5 as an impact investment tool in inner cities. By doing so, they would also be strengthening the business ecosystem in areas with the greatest need. We recommend the following three action items.

Action Item 1: Develop an Educational Campaign on Using EB-5 as a Tool for Impact Investing

As the EB-5 program gains in popularity it may reach its annual cap of 10,000 visas. Therefore, it is essential to direct EB-5 capital to high-impact investment opportunities in distressed urban areas. Foundations in particular could be effective in driving educational programs that inform economic development practitioners and local government officials about the opportunities and challenges of the EB-5 program. Of critical importance is informing local governments about the benefits of using EB-5 investments in addition to traditional economic development tools. An immediate opportunity would be to support sessions on inner city opportunities at existing EB-5 conferences.

To be successful, this effort requires more complete and accessible data on actual EB-5 investments. Community organizations and foundations could jointly pressure the government to make more data publicly available and could support a site for the collection and analysis of this information. They could also support an effort to begin measuring the impact of EB-5 projects, especially in terms of the number and type of jobs being created.

Foundations could lead as trusted conveners and bring together stakeholders including city economic development officials, commercial real estate developers, private lenders, and community groups. Priorities can be developed to align interests that drive development in low-income areas that focus on employing inner city residents. As a first step, foundations could support an effort to better understand what is needed to get more cities interested in using EB-5.

Action Item 2: Build a Nexus of EB-5 Experts

Successful EB-5 projects clearly require professionals who have significant experience using EB-5. The EB-5 program is complex and navigating the program requires expertise with its various compo-

nents, including securities and immigration law and economic modeling. These professionals may be difficult to find for some community groups interested in leveraging EB-5 funds. In addition, if the EB-5 program expands, new experts will need to be trained.

Foundations and community organizations can eliminate these barriers by supporting the creation of a network of EB-5 experts. These experts could be deployed as advisors or consultants to EB-5 projects in inner cities, with some support from foundations. This type of expertise will help ensure successful and timely outcomes and attract sound EB-5 investors.

Community organizations could develop professional training courses and leverage the EB-5 experts as trainers to increase the number and capacity of EB-5 professionals within their communities.

Action Item 3: Identify and Invest in EB-5 Projects to Maximize Impact

Foundations, EDCs and community organizations could help surface the right opportunities for EB-5 investments. Generating a list of opportunities could be done through the cooperation of various city stakeholders and policymakers. In addition, foundations and community organizations could work collaboratively with local regional centers to identify projects in inner city areas that are suitable for EB-5 capital.

Because large real estate deals dominate EB-5, it is critical to create innovative smaller EB-5 deals in inner cities and promote them through foundations or community organizations to immigrant investors. While immigrant investors are primarily seeking their permanent residency status, they are also interested in the return of their initial investment and any marginal returns on that investment would clearly make the deal more attractive. Inner city projects supported by foundations could alleviate the concerns of immigrant investors and provide the security necessary to begin aggregating investment dollars for development.

Foundations and community organizations could also connect interested investors or intermediaries to EB-5 projects in inner cities. This would require outreach to those parties and perhaps the creation of some type of matching program. They could also help aggregate capital for projects, acting independently of a regional center (such as the Education Fund for America charter school group), or through a regional center. Working with local community groups, developers, and small business organizations, funds could be guided to multiple small projects to support economic development projects in inner cities throughout the United States.

Foundations could also support the development of regional centers in low-income neighborhoods. The Surdna and Garfield Foundations recently provided grants to the non-profit Asian Americans for Equality (AAFE) to support the creation of a new regional center in New York City's Chinatown. This

center would focus on developing EB-5 projects in low-income neighborhoods in New York City. AAFE is still in the preliminary stage of setting up their regional center. They are learning from national EB-5 experts, speaking with potential investors, and using the information to help inform the structure of the regional center and the types of projects they believe could be catalytic in the community and attractive to foreign investors. With a successful 40-year history as a quality affordable housing developer and provider of small business services, AAFE is well positioned, has built a high level of trust, and has a strong reputation among the members of their community and with high-wealth Chinese investors who are showing interest in their concept and model projects. AAFE's vision is to access EB-5 for economic and community development throughout the city, both through their own projects and also as an intermediary to help other development organizations with their own projects.

Finally, foundations could also directly invest in EB-5 projects by structuring below-market loans or subordinated equity investment to incentivize the funding of inner city projects with EB-5 capital or to fill in any remaining gaps in the capital stack. Structuring a deal with foundation investments could have the same appeal to investors as projects with public support. Due to the length of time for USCIS to process EB-5 applications and the delays they are causing in development projects, foundations could provide zero or low interest bridge loans equal to the value of the immigrant investor escrow accounts in order to begin development prior to EB-5 adjudications for inner city community development projects.

As was discussed in the University of Miami and NYLO Hotel cases, EB-5 projects that are part of a larger development plan maximizes the impact of EB-5 investments; these types of projects can catalyze additional development, can leverage the resources of multiple partners, and benefit from a growing local economy. Incorporating community benefit agreements into larger EB-5 projects may also increase its impact in distressed areas. Both the Miami and NYLO Hotel projects had community benefit agreements and exceeded their targets for hiring local, minority and women owned businesses. Accompanying workforce development programming could be used to bridge any skill gaps in the local area and connect inner city residents to employment opportunities as a component of the project deal.

Community organizations can help ensure larger development projects maximize their local economic impact by working directly with the EB-5 developers. They can also proactively work with regional centers. The most successful regional centers have strong partnerships with local governments. In these partnerships, EB-5 capital is just one more tool that is used when appropriate with broader economic development goals. For example, the NYLO project would not have moved forward without the New Market Tax Credit allocation from the city of Dallas, and the Miami project received Florida Enterprise Zone tax credits, tax increment financing, and Recovery Zone Facility Bonds.

Appendix A: The Process for Gaining Permanent Resident Status through the EB-5 Program

The approval process an immigrant investor needs to follow in order to receive permanent residency status through the EB-5 program is detailed here. There are three key steps: (1) qualifying immigrant investment funds, (2) granting immigrant investors conditional residency status, and (3) granting permanent residency status. The entire process could take as long as four years.

STEP 1: QUALIFYING IMMIGRANT INVESTMENTS

The process begins when an immigrant investor files the EB-5 application form I-526, “Immigrant Petition by Alien Entrepreneur,” and the required supporting documentation to verify the immigrant’s investment funds. This procedure confirms that the investment funds can be used for an economic development project in the U.S. and is the first step towards an immigrant investor being granted residency status to enter or stay in the country.

Investors deposit their funds in an escrow account or directly into the project. If the investor’s I-526 petition is approved, and the funds are in escrow, the funds are released to the project. If denied, the investor’s funds are returned. It is important to note that the approval of the I-526 petition only demonstrates that the petitioner has made a qualifying investment, but does not guarantee that the investor will be issued an EB-5 immigrant visa (i.e., conditional permanent resident status).

STEP 2: GRANTING IMMIGRANT INVESTORS CONDITIONAL RESIDENCY

After approval of the I-526 petition, the investor needs to either (a) file form DS-230, “Application for Immigrant Visa and Alien Registration,” with the Department of State to obtain an EB-5 visa for admission to the United States if they are living outside of the United States, or (b) file form I-485, “Conditional Permanent Residence by Adjustment of Status or Processing” if living in the United States to change their current immigration status. In either case, the immigrant investor is granted a two-year conditional resident status upon approval. The immigrant investor’s spouse and unmarried children under the age of 21 may also be admitted to the U.S. for a two-year conditional period.

It is possible, although rare, for an immigrant investor’s funds to be approved by USCIS and used for a project, but the investor be denied entry to the United States. In this case, there are three general alternatives which would be described in the investment contract: (1) the investor is repaid once a replacement investor is found; (2) the investor is repaid immediately and developer searches for additional funds; or (3) investor is not repaid.

STEP 3: GRANTING PERMANENT RESIDENCY STATUS

Within 90 days of the expiration of the immigrant's two-year conditional status, the investor must file form I-829, "Removal of Conditional Residency." If the investor has fulfilled the EB-5 employment requirements, and upon USCIS approval, the EB-5 investor, as well as their spouse and unmarried children under the age of 21, will be allowed to permanently live and work in the United States (i.e., they will receive green cards). After five years of receiving permanent residency status (including the two conditional years), an investor may apply for U.S. citizenship. EB-5 investors are subject to the same rules and conditions for citizenship as any other immigrant.

Appendix B: Select EB-5 Projects

The table below contains a list of 178 EB-5 projects that were identified for the purposes of this study. The five case study projects are highlighted in gray. This table does not represent an exhaustive list of all EB-5 projects.

PROJECT NAME	PROJECT LOCATION	TYPE OF DEVELOPMENT	REGIONAL CENTER OR DEVELOPER NAME
Homewood Suites by Hilton	Atlanta, GA	Hotel	American Life, Inc.
TownPlace Suite by Marriott	Lancaster, PA	Hotel	American Life, Inc.
Courtyard Marriott / Residence Inn	Los Angeles, CA	Hotel	American Life, Inc.
Innovation Drive	Riverside, CA	Flex-use office, industrial, or warehouse space	American Life, Inc.
Riverside One	Riverside, CA	Manufacturing, office, warehouse	American Life, Inc.
2418 20th Avenue	Seattle, WA	Flex-use office and retail	American Life, Inc.
2440 1st Avenue South	Seattle, WA	Flex-use office and retail	American Life, Inc.
2444 1st Avenue South	Seattle, WA	Flex-use office and retail	American Life, Inc.
2724 6th Avenue South	Seattle, WA	Office and warehouse space	American Life, Inc.
2764 1st Avenue South	Seattle, WA	Bank and office	American Life, Inc.
2960 4th Avenue South	Seattle, WA	Flex-use, industrial, and office	American Life, Inc.
2962 1st Avenue South	Seattle, WA	Industrial and retail	American Life, Inc.
3223 3rd Avenue South	Seattle, WA	Flex-use, industrial, and office	American Life, Inc.
3317 Third Avenue South	Seattle, WA	Warehouse	American Life, Inc.
4746 Ohio Avenue South	Seattle, WA	Industrial and office	American Life, Inc.
624 South Lander	Seattle, WA	Warehouse	American Life, Inc.
Canal Boiler Works	Seattle, WA	Industrial Manufacturer	American Life, Inc.
Courtyard Marriott	Seattle, WA	Hotel	American Life, Inc.
Ederer Building	Seattle, WA	Retail	American Life, Inc.
Esquin Building	Seattle, WA	Retail and warehouse	American Life, Inc.
Fraser Marine Building	Seattle, WA	Industrial and showroom	American Life, Inc.
Gorlick Building	Seattle, WA	Industrial, office, and retail	American Life, Inc.
Hanford Building	Seattle, WA	Flex-use, office, retail, and warehouse	American Life, Inc.
Hill Building	Seattle, WA	Industrial and showroom	American Life, Inc.
Home Plate Center	Seattle, WA	Office and retail	American Life, Inc.
Hullin Transfer Building	Seattle, WA	Industrial and office	American Life, Inc.
Lonestar Investors	Seattle, WA	Warehouse	American Life, Inc.
Mendelson Land	Seattle, WA	Industrial	American Life, Inc.
Olympic Reprographics	Seattle, WA	Office space and showroom	American Life, Inc.
Owl Transfer Building	Seattle, WA	Industrial and warehouse	American Life, Inc.
Pacific Industrial Center	Seattle, WA	Industrial, office, and showroom	American Life, Inc.
Palmer Court	Seattle, WA	Office and retail	American Life, Inc.
Rainier Storage	Seattle, WA	Office and storage	American Life, Inc.

Appendix B: Select EB-5 Projects//continued

PROJECT NAME	PROJECT LOCATION	TYPE OF DEVELOPMENT	REGIONAL CENTER OR DEVELOPER NAME
Stadium Innovation Center	Seattle, WA	Mixed-use retail, commercial, and light industrial space	American Life, Inc.
Foremost Building	Tacoma, WA	Industrial, office, and retail	American Life, Inc.
Inventory & Order Processing Terminal	Carson, CA	Warehousing	American Logistics International Regional Center
BirchLEAF Miami 31	Miami, FL	University of Miami Life Science and Technology Park	Birch Capital LLC
Advanced Tech for Fossil Fuel Extraction	California	Oil extraction	CA Energy Investment Center
BioEnergy Generation	California	Biofuels	CA Energy Investment Center
Solar Power Generation	California	Solar power generation	CA Energy Investment Center
Cuisine City Restaurant Center	California	Center with 30 ethnic restaurants	CA Energy Investment Center
Entertainment and Culture Center	California	Community entertainment and cultural center	CA Energy Investment Center
Green Energy Research & Manufacturing Center	California	Solar energy research and manufacturing	CA Green Regional Center
Healthy Food and Medicinal Herb Greenhouse	California	Healthy food and medicinal plant greenhouse	CA Green Regional Center
Herb Supplements Production	California	Herb supplement processing factory	CA Green Regional Center
Hilton Business Hotel	Lancaster, CA	Hotel	CA Green Regional Center
Outlet Shopping Mall	California	Retail shopping center	CA Green Regional Center
SOHO (Small Office, Home Office)	Lancaster, CA	Mixed-use office and residential	CA Green Regional Center
Sunmax	California	Solar energy product distribution and service center	CA Green Regional Center
W Hollywood Hotel and Residences	Hollywood, CA	Hotel and residences, with restaurant and night club	California Golden Fund
Proterra Inc. Transportation Assembly Facility	Greenville, SC	Manufacturing and assembly facility for battery-powered transit buses	Carolina Center for Foreign Investment RC
Memory Care Centers	Chicago, IL area	Assisted living facilities	Chicagoland Foreign Investment Group
Encore Enterprises	Dallas, TX	Call center	City of Dallas Regional Center
Forest City Enterprises	Dallas, TX	Apartment, retail and restaurant tower	City of Dallas Regional Center
Lamar NYLO Hotel	Dallas, TX	Hotel	City of Dallas Regional Center
Tradition Senior Living	Dallas, TX	Senior living community	City of Dallas Regional Center
Hall Arts Center	Dallas, TX	18-story office building	City of Dallas Regional Center
Alta Maple Station	Dallas, TX	4-story, Class A, wrap-style multifamily apartment building	City of Dallas Regional Center
Trammell Crow Residential 1	Dallas, TX	166-unit multifamily project	City of Dallas Regional Center
Trammell Crow Residential 2	Dallas, TX	10-story high-rise apartment and restaurant tower	City of Dallas Regional Center
El Fenix	Dallas, TX	3 new restaurants, and 3 renovations to existing restaurants	City of Dallas Regional Center

Appendix B: Select EB-5 Projects//continued

PROJECT NAME	PROJECT LOCATION	TYPE OF DEVELOPMENT	REGIONAL CENTER OR DEVELOPER NAME
StoneGate Senior Living	Dallas, TX	Affordable assisted living facilities	City of Dallas Regional Center
University Hospitals Health System Expansion Project	Beachwood, OH and Cleveland, OH	Medical centers	Cleveland International Fund
The Westin Hotel	Cleveland, OH	Hotel	Cleveland International Fund
Flats East Bank Phase 1	Cleveland, OH	Mixed-use office tower, hotel and retail center	Cleveland International Fund
CMB 2nd Project, Group A	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB 2nd Project, Group B	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB 3rd Project, Group I	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB Infrastructure Group II	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB Infrastructure Group III	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB Infrastructure Group IV	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB Infrastructure Group IX	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB Infrastructure Group V	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB Infrastructure Group VI	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB Infrastructure Group VII	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB Infrastructure Group VIII	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
CMB Infrastructure Group X	San Bernardino, CA	Infrastructure redevelopment	CMB Regional Center
Mill Street Project & Poly Pacific	San Bernardino, CA	Infrastructure improvement	CMB Regional Center
Kensington Place of Redwood City	Redwood City, CA	Assisted living facilities	EB5 Capital
San Jose Marriott Hotels	San Jose, CA	Hotel	EB5 Capital
Sugarbush Ski Resort	Warren, VT	Ski Resort	EB5 Capital
CityMarket at O	Washington, DC	Mixed-use residential, retail, grocery, and office space	EB5 Capital
DC Hilton Hotels	Washington, DC	Hotel	EB5 Capital
Marriott Marquis	Washington, DC	Hotel	EB5 Capital
Riverfront at the Navy Yard	Washington, DC	Residential development with 305 luxury units	EB5 Capital
Everett Street Project	Allston, MA	Music recording and arts studio	EB-5 Jobs for Massachusetts, Inc.
49 Melcher Street	Boston, MA	Restaurant	EB-5 Jobs for Massachusetts, Inc.
New Bedford Urban Renaissance Project	New Bedford, MA	Mixed-use office building	EB-5 Jobs for Massachusetts, Inc.

Appendix B: Select EB-5 Projects//continued

PROJECT NAME	PROJECT LOCATION	TYPE OF DEVELOPMENT	REGIONAL CENTER OR DEVELOPER NAME
Education Fund of America	Arizona & Utah	Charter Schools	Education Fund of America
Via Mizner	Boca Raton, FL	Golf & country club	Florida Regional Center
ESI Jupiter Technology Park	Jupiter, FL	Office and research laboratory space	Florida Regional Center
Harbourside Place	Jupiter, FL	Entertainment plaza, marina, retail / office space, and hotel	Florida Regional Center
Water Pointe	Jupiter, FL	Townhomes; retail and restaurant space	Florida Regional Center
Mountain Lakes Medical Center	Clayton, GA	Full service, 25 bed, acute care hospital	Georgia Center for Foreign Investment & Development
Peachtree City ILP Partners	Atlanta MSA, GA	Senior living community	Georgia Center for Foreign Investment & Development
WALTC, LP	Atlanta MSA, GA	Senior living community	Georgia Center for Foreign Investment & Development
Marriott Courtyard	Atlanta, GA	Hotel	Georgia Center for Foreign Investment & Development
ML Healthcare	Clayton, GA	Acute care hospital	Georgia Center for Foreign Investment & Development
Promised Land GCFID Partners	Georgia	Assisted living and memory care facility	Georgia Center for Foreign Investment & Development
Hampton Inn & Suites	Milledgeville, GA	Hotel	Georgia Center for Foreign Investment & Development
Fairfield Inn & Suites	Valdosta, GA	Hotel	Georgia Center for Foreign Investment & Development
Green Tech Automotive	Horn Lake, MS	Auto manufacturing	Gulf Coast Funds Management Regional Center
Kalaeloa Solar One	Honolulu, HI	Solar Energy Project	Hawaii Regional Center
University of Hawaii – West O’Ahu	Kapolei, HI	Educational facility	Hawaii Regional Center
Hawaii Airport	Honolulu, HI	Airport	Hawaii Regional Center
E3 Cargo Trucking	Indianapolis, IN	Trucking companies	Hussar & Co., E3 Investment Group
Solarmax	Riverside, CA	Solar energy product	Inland Empire Renewable Energy Regional Center
Molina Healthcare	Los Angeles, CA	Healthcare facility	Los Angeles County Regional Center
Sony Pictures Entertainment	Los Angeles, CA	Television and movie studio	Los Angeles County Regional Center
Time Warner Center	Los Angeles, CA	Office tower	Los Angeles County Regional Center
Los Angeles Renaissance Hotel	Los Angeles, CA	Hotel	Los Angeles Regional Center
The Source	Buena Park, CA	Mixed-use retail and office park	M&D Regional Center
Hollywood Park	Inglewood, CA	Mixed-use commercial and residential development	M&D Regional Center
Plaza Mexico expansion	Lynnwood, CA	Retail shopping center	M&D Regional Center
One West Green	Pasadena, CA	Three-story retail/office building	M&D Regional Center
Geneva Ridge Resort	Lake Geneva, WI	Luxury condominium hotel	Metropolitan Milwaukee Association of Commerce
New Life Senior Wellness Center	Lake Geneva, WI	Senior living community	Metropolitan Milwaukee Association of Commerce

Appendix B: Select EB-5 Projects//continued

PROJECT NAME	PROJECT LOCATION	TYPE OF DEVELOPMENT	REGIONAL CENTER OR DEVELOPER NAME
Brewhouse Inn & Suites	Milwaukee, WI	Hotel	Metropolitan Milwaukee Association of Commerce
Vantas Manufacturing Corporation Systems	Waukesha, WI	Business manufacturing and selling orthopedic devices	Metropolitan Milwaukee Association of Commerce
Clark's Landing Development	Clarksville, IN	Mixed-use development	Midwest Center for Foreign Investment, LLC
Guthrie Lofts	Louisville, KY	Mixed-use development	Midwest Center for Foreign Investment, LLC
RobinBrooke Pointe	Elizabethtown, KY	Senior Retirement and Assisted Living Community	Midwest Center for Foreign Investment, LLC
Bronx Medical Office Campus	Bronx, NY	Office complex	New York City Regional Center, LLC
Brooklyn Arena and Infrastructure Project	Brooklyn, NY	Sports and entertainment arena	New York City Regional Center, LLC
Brooklyn Central Business District Redevelopment	Brooklyn, NY	Retail and residential complex	New York City Regional Center, LLC
Brooklyn Navy Yard Redevelopment Project	Brooklyn, NY	Redevelopment of the Brooklyn Navy Yard	New York City Regional Center, LLC
Steiner Studios Expansion Project	Brooklyn, NY	Production studio	New York City Regional Center, LLC
Pier A Redevelopment Project	Manhattan, NY	Mixed-use retail and restaurant	New York City Regional Center, LLC
The George Washington Bridge Bus Station and Infrastructure Project	Manhattan, NY	Bus station and infrastructure	New York City Regional Center, LLC
East River Waterfront Esplanade	New York, NY	Redevelopment of a two-mile stretch of City-owned land	New York City Regional Center, LLC
Ultra Green Processing Packaging Plant	Devils Lake, ND	Manufacturer of packaging products remodeling and expanding plant	North Dakota / Northwest Minnesota Regional Center
Mercer Crossing	Mercer Crossing, TX	Multi-family apartment complexes	North Texas Regional Center
Green Truck LP	Washington, Oregon, Idaho, and Montana	Trucking companies	Pacific Northwest EB-5 Regional Center
Twin Peaks	Florida	Restaurants	Palm Beach Regional Center
VooDoo BBQ & Grill	Florida	Restaurants	Palm Beach Regional Center
Riviera Health Resort	Miami, FL	Health resort	Palm Beach Regional Center
Sonic-Brand Restaurants	South Florida	Restaurants	Palm Beach Regional Center
AE Polysilicon Corporation	Fairless Hills, PA	Alternative energy technology research and development	Pennsylvania DCED Regional Center
Valley Forge Convention Center	King of Prussia, PA	Convention Center	Pennsylvania DCED Regional Center
Bakery Square	Pittsburgh, PA	Retail park	Pennsylvania DCED Regional Center
Lionsgate Entertainment	Pittsburgh, PA	Movie and television production	Pennsylvania DCED Regional Center
University of Pittsburgh Medical Center	Pittsburgh, PA	Medical Center	Pennsylvania DCED Regional Center
Cambridge-Lee Industries	Reading, PA	Manufacture and distribution of copper tube	Pennsylvania DCED Regional Center
Philadelphia Navy Yard	Philadelphia, PA	Mixed-use development	Philadelphia Industrial Development Corporation Regional Center

Appendix B: Select EB-5 Projects//continued

PROJECT NAME	PROJECT LOCATION	TYPE OF DEVELOPMENT	REGIONAL CENTER OR DEVELOPER NAME
Advanced Sports	Philadelphia, PA	Retail bike shop	Philadelphia Industrial Development Corporation Regional Center
Agusta Aerospace Corp.	Philadelphia, PA	Helicopter manufacturing	Philadelphia Industrial Development Corporation Regional Center
Aker Philadelphia Shipyard	Philadelphia, PA	Commercial shipyard	Philadelphia Industrial Development Corporation Regional Center
Cintas Corp.	Philadelphia, PA	Uniforms and apparel	Philadelphia Industrial Development Corporation Regional Center
Comcast Corp.	Philadelphia, PA	Office tower	Philadelphia Industrial Development Corporation Regional Center
Courtyard Marriott – Navy Yard	Philadelphia, PA	Hotel	Philadelphia Industrial Development Corporation Regional Center
Duane Morris, LLP	Philadelphia, PA	Law firm	Philadelphia Industrial Development Corporation Regional Center
K.P. Grant Enterprises	Philadelphia, PA	Home hospice care	Philadelphia Industrial Development Corporation Regional Center
Kimpton Hotel – Monaco	Philadelphia, PA	Hotel	Philadelphia Industrial Development Corporation Regional Center
Kimpton Hotel – Palomar	Philadelphia, PA	Hotel	Philadelphia Industrial Development Corporation Regional Center
Lannett Company Inc.	Philadelphia, PA	Manufacturer of generic pharmaceuticals	Philadelphia Industrial Development Corporation Regional Center
Pennsylvania Convention Center	Philadelphia, PA	Convention center	Philadelphia Industrial Development Corporation Regional Center
Philadelphia Post-Acute Partners	Philadelphia, PA	Assisted living facilities	Philadelphia Industrial Development Corporation Regional Center
Rhoads Industries, Inc.	Philadelphia, PA	Manufacturing	Philadelphia Industrial Development Corporation Regional Center
Southeastern Pennsylvania Transportation Authority	Philadelphia, PA	Public transit	Philadelphia Industrial Development Corporation Regional Center
Starr Restaurants – Butcher & Singer	Philadelphia, PA	Restaurant	Philadelphia Industrial Development Corporation Regional Center
Starr Restaurants – Continental Midtown	Philadelphia, PA	Restaurant	Philadelphia Industrial Development Corporation Regional Center
Temple University Health System	Philadelphia, PA	Academic medical center	Philadelphia Industrial Development Corporation Regional Center
The Day & Zimmerman Group	Philadelphia, PA	Engineering, construction & maintenance	Philadelphia Industrial Development Corporation Regional Center
University City Science Center	Philadelphia, PA	Science museum	Philadelphia Industrial Development Corporation Regional Center
Wordsworth-List Associates	Philadelphia, PA	Behavioral health and child welfare services	Philadelphia Industrial Development Corporation Regional Center
Conventus Energy	Las Vegas, NV	Alternative energy plant - Biogas	Regional Economic Development & Investment Group
Brooklyn Basin Project	Oakland, CA	Industrial waterfront redevelopment project	San Francisco Bay Area Regional Center
Ajin USA	Chambers County, AL	Automotive manufacturing facility	Southeast Regional Center
Wooshin USA JH Industry, Inc.	Cusseta, Chambers County, AL	Automotive body parts manufacturer	Southeast Regional Center

Appendix B: Select EB-5 Projects//continued

PROJECT NAME	PROJECT LOCATION	TYPE OF DEVELOPMENT	REGIONAL CENTER OR DEVELOPER NAME
Continental Medical Plaza	Murrieta, CA	Medical and office buildings	USA Continental Regional Center
US Fibers Infinity	Laurens and Trenton, SC	Manufactures material as Tier 1 automotive supplier for auto brands	USHoldings Regional Center
Jay Peak	Jay Peak, VT	Ski Resort	Vermont Regional Center
Correll Commons Retirement Community	Ferndale, WA	Senior living community	Whatcom Opportunities Regional Center, Inc.
Bryce Park Retirement Community	Lynden, WA	Senior living community	Whatcom Opportunities Regional Center, Inc.
Garden Green Retirement Community	Lynden, WA	Senior living community	Whatcom Opportunities Regional Center, Inc.
Delano Marketplace	Delano, CA	Retail office buildings	YK America Regional Center
El Centro Town Center	El Monte, CA	Retail office buildings	YK America Regional Center
Pomona Ranch Plaza	Pomona, CA	Commercial retail and office buildings	YK America Regional Center

Appendix C: Interview Subjects and Contributors

The following list includes the 50 individuals we interviewed for the EB-5 project. All interviews were conducted between July 2013 and March 2014.

NAME	TITLE	ORGANIZATION
EB-5 Experts and Practitioners		
Simon Ahn	Principal	Ahn & Associates, LLC
John Barrett	Partner	Performance Economics
Josh Branfman	Director of Finance	WestMill Mid-Atlantic Regional Center LLC
Paul Braungart	Managing Partner	New Jersey EB-5 Regional Center
Keith Burwell	President	Toledo Community Foundation
Jairo Cadena	President and COO	Crown Point Regional Center
Christine Chen	Executive Vice President	CanAm Enterprises
Matthew Coleman	Executive Vice President, Project Finance	Green Energy Regional Center
Laura Danielson	Immigration Department Chair	Fredrikson & Byron, P.A.
Henry Diamond	Chief Executive Officer	Pathway Capital Partners, LLC
Pam Ellis	Vice President of Company Operations	CMB Regional Centers
Glenn Ford	Founder	Praxis Marketplace
Robert Fox	Executive VP	EB-5 Jobs for Massachusetts, Inc.
Michael Gibson	Managing Director	USAdvisors
Dave Jacoby	Chief Operating Officer	Las Vegas Economic Impact Regional Center LLC
Peter Joseph	Executive Director	Association to Invest in the USA
Amir Kirkwood	Partner	Next Street
Kevin Kong	Associate Managing Director	Renaissance Economic Development Corporation
Christopher Kui	Executive Director	Asian Americans for Equality
Mariza McKee	Associate	Kutak Rock LLP
Tom Rosenfeld	President	CanAm Enterprises
Eugene Samo	Immigration Attorney	NYUS Regional Center
Mona Shah	Founder	New York City Regional Center
Stephen Strnisha	Chief Executive Officer	Cleveland International Fund
Abteen Vaziri	Managing Director	North Texas Regional Center
Ernesto Vigoreaux	Chief Operating Officer	Asian Americans for Equality
Stephen Yale-Loehr	Attorney of Counsel	Miller Mayer LLP
Mickayla Zinsli	Project Analyst	North Dakota/ Minnesota EB-5 Regional Center
University of Miami Life Science and Technology Park		
Ben Cummings	Founder and Managing Director	BirchLEAF Global, LLC
William Hunter	Project Leasing Manager	Wexford Science & Technology, LLC
William Porro	Special Projects Administrator	Miami's Office of Grants Administration - Economic Initiatives
J. Bruce Ricciuti	Managing Director	BirchLEAF Global, LLC
NYLO Dallas Southside Hotel		
Gabriel Hidalgo	Managing Director	Civitas Capital Group
Heather Lepaska	Program Manager	Dallas Office of Economic Development
Kristian Teleki	Senior Vice President, Development	Matthews Southwest, Inc.

Appendix C: Interview Subjects and Contributors//continued

NAME	TITLE	ORGANIZATION
Memory Care Centers		
Nader Kameli	Chief Operating Officer	Chicagoland Foreign Investment Group
Taher Kameli	Chief Executive Officer	Chicagoland Foreign Investment Group
Bassel Zoueiter	Business Consultant	Chicagoland Foreign Investment Group
E3 Cargo Trucking		
Todd Cook	Senior Project Director	DevelopIndy
Matt Gordon	CEO	E3 Investment Group
Carl Offhaus	E3 Cargo Trucking Advisory Board Member	Offhaus Supply Chain Consulting, Inc.
Education Fund of America Charter Schools		
Mike Morley	President & CEO	American Charter Development
Dan Wing	Vice President	Education Fund of America
Gregory Wing	Managing Partner and Co-Founder	Education Fund of America
Philadelphia Industrial Development Corporation Regional Center		
Jean DeBellis	Vice President, Operations	Philadelphia Industrial Development Corporation Regional Center
Sam Rhoads	Senior Vice President of Finance	Philadelphia Industrial Development Corporation Regional Center
Foundations		
Orson Watson	Program Advisor, Community Revitalization Program	The Garfield Foundation
Shawn Escoffery	Director, Strong Local Economies Program	The Surdna Foundation
Damon Cox	Director, Economic Development and Entrepreneurship	The Boston Foundation
Travis McCready	Vice President of Programs	The Boston Foundation

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ICIC recognizes the significant potential of the EB-5 Immigrant Investor Program to drive more resources into America's distressed urban cores. The purpose of this report is to maximize that potential by offering action-oriented insights. We developed the following set of recommendations for philanthropic organizations, city leaders, financial institutions, and economic and community development professionals to help them utilize EB-5 to increase economic opportunity in inner cities.

RECOMMENDATIONS

- **Develop an educational campaign** to increase awareness about the opportunities and challenges of the EB-5 program, particularly in connection with traditional economic development tools.
- **Build a nexus of EB-5 experts** that could be leveraged in urban areas across the U.S. to provide the necessary technical assistance.
- **Identify and invest in EB-5 projects** to direct more projects to distressed urban areas, accelerate EB-5 deals in target neighborhoods, and ensure successful outcomes.

As a national research and strategy organization, ICIC is well positioned to support the execution of these recommendations. Please contact ICIC's Senior Vice President, Kim Zeuli, to begin the conversation.

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