



**Embargoed for Release until 12:01 AM ET on Wednesday, February 5, 2014**

**Read more at:** <http://www.brookings.edu/research/reports/2014/02/05-eb-5-investor-visa-program-singer-galdes/>

**CONTACT:** Phoebe Silag, 202-540-7754, [psilag@brookings.edu](mailto:psilag@brookings.edu)  
Grace Palmer, 202-797-6231, [gpalmer@brookings.edu](mailto:gpalmer@brookings.edu)

### **EB-5 Investor Visa Program Becoming Popular Tool in Growing Local Economies and Creating Jobs**

WASHINGTON, D.C. – Interest in the Immigrant Investor Visa program, known as EB-5, is swiftly on the rise. Blocked from traditional sources of financing, local leaders are turning to the program to augment development projects which would create jobs and boost economic activity, according to a paper released today by the Brookings Institution’s Metropolitan Policy Program.

***Improving the EB-5 Investor Visa Program: International Financing for U.S. Regional Economic Development*** is the first independent analysis of the EB-5 visa program, which grants permanent residency to foreigners who invest \$500,000 or more in U.S. businesses and create or preserve at least 10 full-time jobs. The paper focuses on regional centers, entities which are authorized to develop financing for projects across a large swath of America’s metropolitan regions and rural areas. The program is administered through the United States Citizenship and Immigration Services (USCIS).

“Since the recession when traditional financing began to disappear, state and local leaders have looked to global capital available through the EB-5 program to expand funding options for projects such as retail development, manufacturing, public transit, and clean energy,” stated Audrey Singer, senior fellow for the Brookings Metropolitan Policy Program and co-author of the paper. “As Congress works to overhaul the nation’s immigration system in the coming months, the EB-5 program will likely face renewed scrutiny, providing opportunity to reform the program and maximize its job-creating ability for local communities.”

The first two regional centers opened in 1994. By 2007, sixteen centers were operating after fifteen years of the program’s existence. Between 2007 and 2008, the number nearly doubled and, in the following year, grew at a rate of 150 percent when 74 regional centers were up and

running. Since then, the number of regional centers has grown rapidly to 207 in 2012 and more than 400 as of the end of 2013.

The number of visas requested by foreign investors is also growing at record levels. Up to 10,000 visas are available annually for investors and family members and, while this cap has never been reached, demand grew by 725 percent between 2007 and 2012 (up from 800 visas in 2007 to over 6,600 visas in 2012). The vast majority of investors—80 percent—have come from just five countries: China, South Korea, Taiwan, United Kingdom, and Hong Kong. Today, China is the leading source of investors, with nearly nine times the total number of visa recipients than the next largest source country, South Korea.

While the 22-year old program has helped advance major projects in many regions, including Southern California, Philadelphia, and Seattle, it is battling a poor reputation. Several high-profile fraud cases have undermined its appeal and pinpointed its risks. In addition, the program presents major challenges to both regional leaders who want to tap its resources and immigrants who want to invest in American businesses.

For example, the performance of the regional centers is difficult to evaluate because of the absence of reliable data on the increase in jobs, the viability of projects, and the overall impact on local economies. Also, the program is overly complex and involves an intricate network of procedures and players, with little regulatory oversight, which discourages potential investors and erodes public confidence.

“Clearly, the EB-5 program has underperformed for a number of reasons since its inception,” added Singer. “But it has potential as a local economic development resource. So to overcome its negative reputation and to align the program with regional development needs, changes are needed.”

According to the Brookings paper, federal immigration reform could open opportunities for strengthening the utility of regional centers so that they better accomplish the program’s central goal, which is to aid regional economic development, especially in distressed areas. The paper proposes improvements at the federal level. They are:

- Designating an oversight role for the Department of Commerce to supervise the adjudication of regional centers, standardize data and methodology, and better monitor program impact.
- Creating incentives for partnerships between regional centers and local economic development agencies (EDAs) to coordinate their activities and achieve common goals. Regional centers and EDAs often possess complementary resources and can leverage more funding and reduce risk for investors.
- Generating high-quality, multi-variable public data on regional centers to facilitate better evaluation of the program.

“The growth in the number of regional centers and potential investors is a clear indication that demand for alternative financing is up. By implementing these needed reforms, state and metropolitan leaders will be able to make better use of the EB-5 program for projects that fit the character of each region,” said Singer.

**The Metropolitan Policy Program at Brookings** *provides decision-makers with cutting-edge research and policy ideas for improving the health and prosperity of metropolitan areas, including their component cities, suburbs, and rural areas. To learn more, please visit: [www.brookings.edu/metro](http://www.brookings.edu/metro). Follow us on Twitter at [www.twitter.com/brookingsmetro](https://twitter.com/brookingsmetro).*

###