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**SUPPORT REFORMS TO THE EB-5 REGIONAL CENTER PROGRAM:
Co-Sponsor S. 1501, the American Job Creation and Investment Promotion Reform
Act of 2015**

Dear Senator:

On behalf of The Leadership Conference on Civil and Human Rights, a coalition charged by its diverse membership of more than 200 national organizations to promote and protect the rights of all persons in the United States, we write to express our support for S. 1501, the American Job Creation and Investment Promotion Reform Act of 2015. We applaud Senators Leahy and Grassley for their leadership in co-sponsoring this bipartisan legislation, and we urge you and your colleagues to co-sponsor it.

Congress originally created the EB-5 regional center program to promote capital investment and job creation in rural and high unemployment urban communities. Since then, however, reports indicate that the program has been misused, with EB-5 regional center investments largely going to finance developments in wealthy neighborhoods. S.1501 would provide a much-needed course correction to the EB-5 regional center program by strengthening the definition of "Targeted Employment Area" (TEA) so that the original intent of Congress is honored and EB-5 regional center investments are targeted towards the rural and high unemployment urban neighborhoods that need them the most.

The Leadership Conference strongly believes that the lodestar for the reauthorization of the EB-5 regional center program must be job creation and investment in rural and high unemployment urban areas. As the communities we represent know all too well, many families are still struggling as the economy continues to recover from the recession. Indeed, unemployment and underemployment continue to be uneven among different racial and ethnic groups, as well as in different geographic regions. In June 2015, when the national unemployment rate was reported as 5.3 percent, African Americans and Latinos had much higher unemployment rates, coming in at 9.5 percent and 6.6 percent respectively.¹ Nationally, whites had an unemployment rate of 4.6 percent,² but we know this figure fails to capture regional disparities.³ Our nation can only justify the continued existence of the EB-5 program if it actually follows through on its original mission: directing investments from EB-5 visas to rural and high unemployment urban areas that spur job creation and investment in these communities.

The EB-5 immigration investor program gives foreign investors the opportunity to attain U.S. residence status when they invest \$1 million in a business in the United States that

¹ Wilson, Valerie. "Black Unemployment Rate Dips Below 10 Percent in 11 of 24 States Measured in Second Quarter." Economic Policy Institute 4 Aug 2015. <http://www.epi.org/publication/black-unemployment-rate-dips-below-10-percent-in-11-of-24-states-measured-in-second-quarter/>

² *Ibid.*

³ <http://www.bls.gov/web/laus/laumstrk.htm>

creates 10 American jobs. When the project is in a rural or high unemployment area, the investment threshold is cut in half, to \$500,000, in order to incentivize capital investment in these communities. Through the EB-5 regional center program, EB-5 investors can pool capital, thereby creating greater investment in communities where traditional financing is often difficult to get.

Unfortunately, it appears that the capital from EB-5 regional centers has primarily been used as a source of cheap financing for projects in prosperous neighborhoods rather than in the communities that need it the most. As *The Wall Street Journal* noted, “A primary concern is that the use of EB-5 financing for high-price condo and office towers sops up the program’s capacity and leaves poorer communities out in the cold. No more than 10,000 visas that lead to permanent-resident status can be given out each year under the program. It hit the limit in the fiscal year ended Sept. 30, 2014.”⁴

It is particularly odious that many such developments have, through gerrymandering, qualified as “Targeted Employment Areas” purportedly located in high unemployment areas. We support efforts to strengthen the definition of a TEA to avoid continued abuse of the program and to help direct job creation to those most in need. S.1501’s requirement that projects use a single Census tract when defining its boundaries is a good one. Similarly, we support efforts to refine how job creation is calculated by EB-5 projects to ensure that the 10 jobs required per EB-5 investor are being created in reality. We applaud the requirement in S.1501 that petitioners must show that it is reasonably likely that 50 percent of the estimated job creation will occur within the area surrounding the TEA.

Finally, we strongly oppose S. 2115, the Targeted Employment Areas Improvement Act. We oppose the use of “commuter flow patterns” to define high unemployment areas for classification as a TEA, as proposed in this bill. Simply put, commuter flow patterns have nothing to do with targeting EB-5 investor funds to high unemployment areas and to suggest otherwise is preposterous. We need serious solutions to job creation and development in our most needy communities, and this is assuredly not that solution. Continuing to provide access to cheap financing for developers in affluent areas is not in the best interest of our most needy communities, or of our nation.

For these reasons, we support reforms to the EB-5 regional center program and urge you to co-sponsor S. 1501, the American Job Creation and Investment Promotion Reform Act of 2015. Thank you for your consideration. If you have any questions, please contact Emily Chatterjee, Senior Counsel at (202) 466-3648.

Sincerely,



Wade Henderson
President & CEO



Nancy Zirkin
Executive Vice President

⁴ Brown, Eliot. “How a U.S. Visa-for-Cash Plan Funds Luxury Apartment Buildings. Program meant to spur jobs in poor areas largely finances developments in affluent neighborhoods.” *The Wall Street Journal* 9 Sept 2015.
<http://www.wsj.com/articles/how-immigrants-cash-funds-luxury-towers-in-the-u-s-1441848965>