

EB-5 Foreign Investor Program Economic/Job Impact Essentials

**Presentation to the Broward Alliance
2009 Development
Conference
June 25, 2009**

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Introduction

- **EB-5 Program was established in 1990 via PL101-649. Section 203(b)(5):**
 - “allows for the admission to permanent residence on a two-year conditional basis to qualified aliens who will contribute to the economic growth of the U.S. by investing in U.S. businesses and creating employment opportunities.” [Source: USCIS]
- **The new commercial enterprise may take any lawful business form, including a limited partnership:**
 - But the investment must:
 - Benefit the U.S. economy, and
 - Directly create not fewer than 10 new “qualifying employees.”
- **Under the Pilot Program, the “required 10 new jobs per investor” can be “indirect”—generally within the geographic boundaries of a “Regional Center.”**

Introduction

- **The EB-5 Program in general requires that a prospective development project will create no fewer than 10 full-time positions per EB-5 investor:**
 - “...at least 10 additional full-time positions at the commercial enterprise where the investment occurs...”
 - At this point, direct construction jobs cannot be counted unless they can be shown to last for two years—but indirect jobs related to construction can.
- **In a Regional Center under the Pilot Program, the new job creation need not occur entirely at the commercial enterprise where the investment is made.**
 - “...must show, through reasonable methodologies, that the business will create ten jobs both directly AND indirectly...”

EB-5 Economics

- **Making an application to the USCIS for a project or a Regional Center requires an integrated team of professionals in several disciplines—but all should have EB-5 experience...**
 - Immigration Attorney
 - Business Development Specialist
 - Securities Attorney
 - Investor-Offering Marketer
 - An Experienced Regional Economist 😊

EB-5 Economics

- **An experienced regional economist will use either static or dynamic impact analysis to assess your project-Regional Center application.**
 - The economist will use their judgment with respect to which approach is best and most cost effective.
 - Which is best depends on the circumstances and nature of your project and which activities your Regional Center applies for.
- **Static approaches work best with “simple projects.”**
 - But most projects these days are not simple...
- **Dynamic approaches work best when you have a multi-faceted project, with a high capital investment level per job, and/or have a lot of seasonal jobs.**
 - REDYN dynamic modeling approach was used for the LBVR project...

EB-5 Economics

- **Dynamic input-output models can help you to optimize your project—as was done at LBVR.**
 - They help “optimize” in two very important respects:
 - (1) To document your project’s economic/job impact to meet USCIS reporting requirements.
 - (2) To optimize your project-list of Regional Center activities.
- **The project should be “phased properly” and EB-5 investors should be involved with the job generating parts of the project—as was done for the LBVR EB-5 project and Regional Center.**
 - The job-creation requirements should not threaten the financial viability-success of your EB-5 project.

Specifics on What Economists do...

- **Conceptual Project Planning,**
- **Complete the required economic and job impact analysis,**
- **Pro-forma estimates of job impact for candidate industries in “Regional Center” applications,**
- **Follow-up certifications, if necessary...2-3 years down the road when EB-5 investors petition to have conditions removed from their residency status to become full U.S. residents.**

Looking Forward...

• **Key EB-5 Program Issues:**

- Re-authorization of Pilot Program—considered a “no-brainer” by many, but has not yet occurred (Pilot Program expires on September 30, 2009).
 - USCIS guidance memo is forthcoming to deal with “key issues.”
- If interested assemble a skilled “Team”
 - Skilled immigration attorney familiar with EB-5 program [Larry Behar] as your “quarterback”,
 - Business development-planner specialist,
 - Experienced regional economist [EPR ☺],
 - Securities expert (attorney),
 - Offering marketing firm (experience in target market area).
- Remember there is lead time in any application!

Contact Information

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