EB-5 RURAL ALLIANCE
• First Approved Regional Center in North Dakota or Minnesota (April 2011)

• 1 of 8 non-profit regional centers in the country

• 100% approval on all USCIS filings

• Over 100 I-526 (temporary visa) petitions approved

• Filing first I-829 (removal of conditions) petition this month

• 276 investors ($138M) have invested or are in the process of investing in one of our three projects: manufacturing, ethanol plant, & oil land gas exploration
Program Usage

EB-5 Foreign Direct Investment (FDI) in $Billions by Fiscal Year since FY2008

EB-5 FDI growth rates:

from FY2014:
77.8%

since FY2008:
1,263.8%

FY2015: $4.38 Billion

Since FY2008, EB-5 Program has generated
$13.05 Billion in foreign direct investment

IIUSA Data Report
Source: U.S. Citizenship and Immigration Services (USCIS)
Recent Trends

• “Mega Projects”

• 27 projects account for $5.6B and average $207M per project

• 11,203 visas X 2.5 = 28,000 visas

• 3 years of program visas

• Current backlog of 7 years for Chinese investors

• 99% of projects qualify as TEAs
Hudson Yards

**Project Description:** Luxury real estate development

**Project Location:** Manhattan, New York

**Total Project Size:** $6B

**EB-5 Capital:** $1.2B

**Number of EB-5 Visas:** 6,000
Resort World

Project Description: Chinese themed hotel and resort

Location: Las Vegas, Nevada

Total Project Size: $4B

EB-5 Capital: $999M

Number of Visas: 5,000
Century Plaza

**Project Description:** Luxury hotel and condo development

**Location:** Los Angeles, California

**Total Project Size:** $1.68B

**EB-5 Capital:** $450M

**Number of Visas:** 2,250
Current Program

Investment Levels
- MSA: $1,000,000
- TEA: $500,000

TEAs
- Rural: population less than 20,000
- Distressed Urban: unemployment 1.5X the national average

Visa Set Aside
- Does not exist

Reform Proposal

Investment Levels
- MSA: $1,200,000
- TEA: $800,000

TEAs
- Rural: population less than 20,000
- Distressed Urban: unemployment 1.5X the national average, a poverty rate of at least 20%, or an MFI no more than 80% of the statewide or MSA MFI

Visa Set Aside
- 2,000 visas for rural and 2,000 visas for distressed urban
Industry Groups
Moving Forward

• EB-5 received a clean authorizations in the CR through December 9th
• Industry trade groups will continue to lobby Congress
• Judiciary Four Corners will not support any further clean reauthorizations
• House and Senate Leadership has also called for more comprehensive reforms to the program
EB-5

Dekonti Mends-Cole,
Director of Policy

9.29.2016
About us

Center for Community Progress

• The only national nonprofit focused on building a future in which entrenched, systemic blight and vacancy no longer exist.

• Serve communities through technical assistance, education and training, policy, and research. Focus on systems-level change.

• Snapshot of our work: In 2015, fielded 250 technical assistance inquiries, supported policy and programmatic change in dozens of communities and states, reached 5,500 through trainings & presentations, distributed 1000s of publications

• Join us!
Reclaiming Vacant Properties Conference
September 28-30, 2016, in Baltimore
Why EB-5?

Funding for distressed properties and communities has decreased substantially

CDBG
Current funding: $3 billion
↓ 72% since 1975 (inflation-adjusted)
Number of entitlement communities ↑

• HOME
  – Current funding: $950 million
  – ↓ 57% since 1992 (inflation-adjusted)

• Brownfields State & Tribal Response
  – Current funding: $48 million
  – ↓ 27% since 2003 (inflation-adjusted)
TARP and Stabilization Programs

Programs in response to housing crisis have closed and/or are committed

- Neighborhood Stabilization Program phases 1-3 have closed

- Hardest Hit Funds, 19 states, $2B increased in 2015 to be spent by 2020
What is EB-5

Investor Visa Program

EB-5 is a capital fundraising program that sits in U.S. Customs and Immigration, whereby qualified immigrant investors may receive a green card in exchange for investment in a project that:

• Creates or preserves at least 10 full-time jobs for qualifying U.S. workers within two years (or under certain circumstances, within a reasonable time after the two-year period) of the immigrant investor’s admission to the United States as a Conditional Permanent Resident and

• Meets the minimum investment amount.
What is EB-5

Required Minimum Investment Levels

• Targeted Employment Area (High Unemployment or Rural Area). The minimum qualifying investment either within a high-unemployment area or rural area in the United States is $500,000.

• A targeted employment area is an area that, at the time of investment, is a rural area or an area experiencing unemployment of at least 150 percent of the national average rate.

• A rural area is any area outside a metropolitan statistical area or outside the boundary of any city or town having a population of 20,000 or more according to the decennial census.
What is EB-5?

EB-5 is a capital fundraising mechanism for job creating projects

- Who is Eligible?: Qualified foreign investors seeking US green cards that invest a minimum of $500k

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

120 EB-5 INVESTORS FROM:

- MEXICO
- VENEZUELA
- CHINA
- SOUTH KOREA
- ARGENTINA
What is EB-5?

At-risk, low-cost loan that is less expensive than TIF and municipal bond rates. Rate paid to investor less than 1%.
What is EB-5?

Investments used to create jobs and spur economic development

BROOKLYN NAVY YARD EB-5 REDEVELOPMENT PROJECT

3-YEAR PROJECT PROVIDING:
- Infrastructure improvements
- Rehabilitation of the Green Manufacturing Center

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

MINIMUM 10 JOBS PER EB-5 INVESTOR

1,200+ JOBS FOR U.S. WORKERS

Direct, indirect and induced jobs
What is EB-5?

What type of Projects?

- Investors do not have to live where they invest
- Nonprofits can be regional centers/ PPP
Opportunity for Distressed Communities

More dollars for communities?

- Incentive for high unemployment areas and rural communities

- Reforms are encouraging further targeting in rural and distressed urban areas

- Spur economic development and employment opportunities

- Greater flexibility than other housing and community development programs

- Outside of appropriations: If we get it right now less likely to be plagued in year after year cuts that we have seen for current community development finance
EB-5: An Innovative Financing Tool to Spur Foreign Direct Investment in Economically Distressed Communities
Topics we’ll cover today:

• CDCs and AAFE’s mission-driven approach?
• What is AAFE’s experience with EB-5 so far?
Challenges for Community Development Corporations

- Nonprofit CDCs stalled capital projects
- City-owned properties for community development depleted
- High acquisition costs = unfeasible development projects
- How do CDCs fill capital funding gaps?
Repurposing EB-5 for mission-driven work

- AAFE executive team strategized internally/researched
- Began to explore EB-5, conducted site visits to EB-5 projects, participated in the 2014 Initiative for a Competitive Inner City (ICIC) convening on impact investing with EB-5
- Mutual goal of job creation
- Low cost of capital (nonprofit)
- Can work well with mixed-use projects, i.e. affordable housing, community facility with commercial retail
- AAFE can act as an intermediary to CDCs
- AAFE applied for Regional Center in 2014, approved in 2016
AAFE’s New Approach to EB-5

• New financing tool for CDC-led, mixed-use projects that promote equitable community economic development
• Many CDC projects are already in economically distressed areas – Qualify as TEA (lower investment of $500,000)
• AAFE’s model utilizes the program for what it was intended: directing investments and jobs to areas that need it most.
Marketing and Rollout

- 84% of EB-5 investors are from China
- AAFE – Over 40 years working with the Asian American community

**Number of Visas Issued (2015)**

- China: 84%
- Asia: 9%
- South America: 1%
- Europe: 3%
- Other World: 3%
- Other: 3%
Marketing and Rollout

• TRUST/INVESTOR CONFIDENCE
  • Program has high-profile fraud cases
  • AAFE has reputation in the community
  • Track record of successful developments
  • Public/private partnership projects often involving municipalities and government
• October 2015 – trip to China: AAFE currently in direct discussions with investors, law firms, and government agencies
• AAFE currently meeting with CDCs to discuss their projects and gap financing needs
Marketing and Rollout

• AAFE and other CDC-led development projects
• Project in Queens: Co-develop with local CDC
  • Credit union, pharmacy, and supermarket in a food desert
  • NYCHA property
  • Economically distressed area – qualifies as TEA
  • Lending to a local nonprofit
Marketing and Rollout

• Kansas City Missouri, new regional center
• Project in KCMO: Former Hardesty Federal Complex
  • University (urban agriculture), culinary school, commercial retail and “food hub” in a food desert
  • 20 acres brownfield/vacant site in economically distressed area – qualifies as TEA (Kansas City’s Historic Northeast)
  • Lending to other local nonprofits w/job creation projects
The Site Plan

Phases 1 and 2 will include the programming and development of anchor tenants Hardesty Foods, University, Culinary School, and HREDC with opening of the space for synergetic tenants.

Remaining areas will be focused on expansion of the anchor tenants, transportation, wellness, financial services, quality affordable housing, mixed use restaurant, retail and office space and community and economic development partners.

Phases 1 & 2 beginning fall of 2016 with site to open in 2018.
AAFE’s Experience with EB-5: Setup

- Costs
  - Legal fees
  - Business plan writer
  - Economist
- $200,000 in set up costs
- Generous support
  - Surdna Foundation
  - Garfield Foundation
  - Enterprise
- Ongoing management costs
Feedback from the Community

• Community development groups – tremendously positive feedback
• The National Development Council (NDC) has developed a course to educate CDCs and local govt. on how to use EB-5 for community development purposes
• CDCs excited to help alleviate issues related to:
  • More costly land acquisition
  • Cuts in government resources
  • NMTC / LIHTC caps with increasing demand
• EB-5 = new financing tool to promote mission-driven projects that fulfill community needs, i.e. affordable housing, entrepreneurship, jobs, etc.
Future of AAFE and EB-5

- Approved Regional Center will use EB-5 financing to fund AAFE and other CDC’s developments
- Partner with CDCs to finance their community development projects or act as lender/intermediary
- Regional Center acts as a resource center, providing technical assistance to CDCs interested in EB-5
- Further the program objective of job creation and economic development in distressed areas
- Public Policy & Advocacy – do away with gerrymandering
- Focus program on TEA and rural areas
- Increase TEA investment amount to $1 million
Thank you!

- Questions?

- For any follow-up:
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