IMMIGRANT INVESTOR PROGRAM

Proposed Project Investments in Targeted Employment Areas

What GAO Found

Congress created the Employment-Based Fifth Preference (EB-5) immigrant visa category to promote job creation and encourage capital investment in the United States by foreign investors. EB-5 Immigrant Investor Program (EB-5 Program) requirements include investing $1 million in a new business that will result in the creation of at least 10 full-time positions for qualifying employees, or a reduced amount of $500,000 if the investment is made in a targeted employment area (TEA)—defined as an area that is rural or has an unemployment rate at least 150 percent of the national average. GAO estimated from its September 2016 review of a generalizable random sample of unadjudicated I-526 (Immigrant Petition by Alien Entrepreneur) petitions that about 99 percent of the 6,652 EB-5 petitioners who filed a petition in the fourth quarter of fiscal year 2015 elected to invest in a project located in a TEA. The remaining one percent of petitioners elected to invest in a project that was not located in a TEA.

In September 2016, GAO also estimated that about 90 percent of petitioners from the fourth quarter of fiscal year 2015 electing to invest in a high unemployment TEA, based the TEA on the average unemployment rate for a combination of census areas, as allowed under the program. The remaining petitioners (10 percent) based the TEA on the unemployment rate of a single census tract, census block group, or county. Of the 90 percent of petitioners from the fourth quarter of fiscal year 2015 who based a high unemployment TEA on the average unemployment rate of a combination of census areas, GAO estimated that 63 percent combined 2 to 10 census areas, 26 percent combined 11 to 100 census areas, and 12 percent combined more than 100 census areas.

For petitioners from the fourth quarter of fiscal year 2015 who elected to invest in a TEA, GAO estimated in September 2016 that about 74 percent invested or planned to invest in various types of real estate projects including mixed use, hotels and resorts, commercial, and residential developments; while the remaining petitioners invested or planned to invest in projects such as infrastructure projects or transportation, restaurants, medical, and education facility projects. Further, EB-5 investment in projects located in a TEA was generally less than non-EB-5 investment by other foreign or U.S. investors. GAO estimated that the median percentage of total potential EB-5 investment was 29 percent of the total estimated project cost, and the estimated mean percentage was 40 percent.