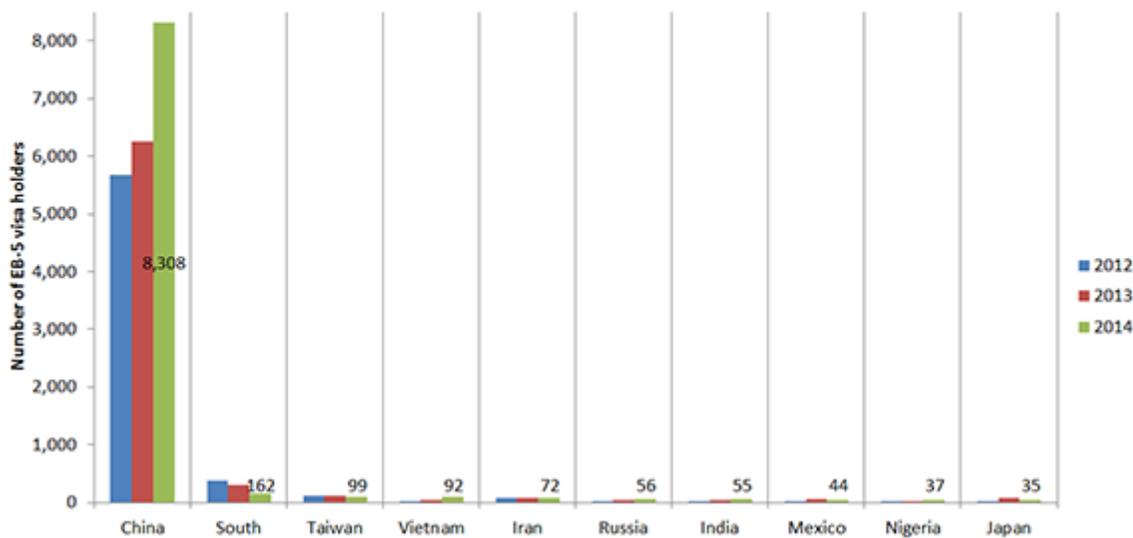


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EB-5 visa shortage could lead to drop in SoFla foreign investment

Visas earmarked for FY2015 will run out mid-summer

Top 10 countries with EB-5 visa holders



Top 10 countries with EB-5 visa holders from 2012 to 2014

The already small pool of foreign investors looking to secure permanent U.S. residency by creating domestic jobs could dry up, impacting investment in South Florida, experts say.

Congress needs to act quickly to expand the EB-5 visa program, according to the experts, who help local developers and business owners find non-traditional lenders from other countries. In December, a top state department official warned two pro-EB-5 visa organizations that U.S. Immigration and Citizens Services will run out of the 10,000 special visas earmarked for fiscal year 2015 by mid-summer. The office is only approving visas for foreign nationals who submitted applications before or on July 13, 2013.

The EB-5 visa program grants permanent U.S. residency to investors (as well as their immediate family members) who create at least 10 domestic jobs and invest at least \$500,000 to \$1 million in a U.S. business venture.

Lauren Cohen, founder and owner of e-Council, a consultancy firm specializing in EB-5 visas, told *The Real Deal* a potential backlog of EB-5 visa applications could lead to a drop in foreign investments in South Florida and other booming domestic real estate markets.

“A six-month delay could set this industry back in a major way,” Cohen, also an attorney, told *TRD*. “A backlog might create a domino effect of problems.”

During an appearance at an October meeting last year of the American Immigration Lawyers Association, Charles Oppenheim, chief of the Visa Control and Reporting Division of the U.S. Department of State, predicted that this fiscal year’s EB-5 visa allotment would run out by May, Cohen said. Later that month at an investor conference, Oppenheim pushed that date to July. Further complicating matters, experts say, is the new Republican-led Congress. Democratic Sen. Patrick Leahy of Vermont, a strong EB-5 supporter, was replaced as chairman of the Senate Judiciary Committee by Republican Sen. Chuck Grassley of Iowa. Grassley opposes the EB-5 program and noted on his website that “there appear to be some major flaws that need fixing.”

Both associations, along with pro-EB-5 visa group EB-5 Investors, are lobbying Congress to increase the number of EB-5 visas for fiscal year 2015 and lift the cap on 3,000 visas per country, Cohen said.

“Unfortunately, with other things going on with the federal government, it’s not a No. 1 priority,” she said. “I’m confident that the lobbying will have some positive impact, but we don’t know how significant it will be.”

The EB-5 visa program started in 1990 and sunsets in September, unless Congress acts. Critics decry EB-5 visas as a way for wealthy foreign nationals to buy their permanent U.S. residency. However, proponents like Cohen argue the EB-5 visa program helped the U.S. economy recover from the recession by attracting foreign investors during the last seven years. “EB-5 visa holders have been a huge boon and create jobs,” Cohen said. “So I can’t see the downside to raising the visa quotas.”

The immigration office only releases the nationality of EB-5 recipients on an annual basis. By far, people from China are the largest EB-5 holders, accounting for 85 percent of the 10,000 EB-5 visas issued in fiscal year 2014. Under the program, residency is given to the investor, his or her spouse, and minor children. Last year, the immigration office issued all of its visas by the end of August.

While U.S. Immigration and Citizenship Services does not break down the states in which investors are putting their money, Cohen insists South Florida is one of the busiest and largest regions for EB-5 investors. Some investors have provided capital to three local real estate developers.



Miami Mayor Tomas Regalado, Commissioner Marc Sarnoff and mckafka principals Stephan Gietl and Fernando Levy Hara at The Crimson groundbreaking and a rendering of The Crimson, financed in part by EB-5 visa holders.

Fernando Levy Hara, developer of The Crimson 20-story tower in Miami's Edgewater neighborhood, said his project is partly financed by three EB-5 investors: two Europeans and one South American. The process to qualify The Crimson for the EB-5 visa program, which began in 2010, was a huge undertaking, Levy Hara said.

"You have to hire an economist who has to write a study on the job creation the project will generate," he said. "I attended courses and seminars to understand everything in order to qualify."

After choosing his foreign partners, Levy Hara said they submitted an application, along with the economic study and project presentation. Levy Hara submitted his plans to U.S. Immigration and Citizenship Services through a privately operated regional center, an entity that acts as a liaison between the applicants and immigration officials. Earlier this year, the city of Miami opened the first regional center run by a local government in South Florida.

Investors are usually required to wire the money for the business venture to an escrow account before they receive their visas. In some cases, investors send the at-risk funds directly to the project developer. Repayments to the investors are not released until the EB-5 visas are approved.

"The investor will end up paying \$50,000 to \$60,000 to get a temporary green card when the project begins and a permanent one once it is completed," Levy Hara said. "In our case, our study showed The Crimson would create 1,000 direct and indirect jobs, and it took us around six months to qualify."

The two other projects with EB-5 investors are [Tibor Hollo's 830-foot Panorama Tower](#) at 1101 Brickell Avenue in Miami, which was the first tower to qualify with assistance from the city of Miami's regional center, and a [41,000-square-foot office condo building in Doral by Riviera Point Development Group](#), a company that recently retained Cohen's firm, e-Council, to get through the EB-5 process for a Miramar office project.

"A significant portion of their current EB-5 investor funds came from South America," Cohen said. "Riviera Point represents a great example of very successful EB-5 projects."

- See more at: <http://therealdeal.com/miami/blog/2015/01/14/eb-5-visa-shortage-could-lead-to-drop-in-sofla-foreign-investment/#sthash.TTeXDwXp.dpuf>