

**Statement of the Honorable John Conyers, Jr.  
for the Hearing on “The Distortion of EB-5 Targeted  
Employment Areas: Time to End the Abuse” before the  
Senate Committee on the Judiciary**

**Wednesday, April 13, 2016, at 10:00AM,  
226 Dirksen Senate Office Building**

Thank you Chairman Grassley and Ranking Member Leahy for inviting me to speak before the Senate Judiciary Committee today on the EB-5 Investor Visa Program.

Over the past several months, I have been honored to work with you and Chairman Goodlatte in a bipartisan effort to reform the EB-5 Investor Visa Program. I remain confident that we can accomplish these important legislative reforms this Congress and I look forward to continuing to work with you.

I have taken a particular interest in the EB-5 Investor Visa program because I believe it has drifted far from the program initially envisioned by Congress. As a result the communities that need investment the most – specifically, rural and poor urban zones – struggle to attract investors and are unfairly placed in direct competition with developed, affluent areas.

When Congress established the program in 1990, the intention was to create jobs for American citizens and to bring new investment capital to the United States. To help encourage investment and job creation in rural or high unemployment areas, the EB-5 Program offered a reduced investment level of \$500,000 for projects in designated Targeted Employment Areas (TEAs).

However, as reported by the GAO, academics, *The Wall Street Journal*, and many other news sources, the vast majority of EB-5 investment funds are going to projects in some of America's most wealthy corridors. They qualify as TEAs only by stringing together census tracts across many miles, sometimes across state lines, and often across natural boundaries such as rivers.

This practice has been criticized by the Leadership Conference on Civil Rights, noting that "the EB-5 Regional Center Program has dramatically deviated from its original purpose – to spur job creation and development in rural and high unemployment areas." Steering investments to projects in our cities' well-to-do neighborhoods comes at the expense of EB-5 funds for urban and rural communities.

Surely, this is not what a *Targeted Employment Area* was supposed to mean.

The Congressional District that I represent, for instance, suffers from an unemployment rate of *more than 300% the national average*. I am pleased to say that today we are starting to come back. It is slow, and we have a long way to go. But for those Americans living in urban poverty, in my city of Detroit and in many other cities across the country, manipulation of Targeted Employment Areas has diverted a potential source of jobs and neighborhood improvement away from those it was intended to help.

Some believe that “commuter patterns” benefit distressed urban areas even when projects aren’t located in them. Under this economic theory, workers commute to project sites for good jobs. The wages they earn, in turn, benefit the neighborhoods where they live. Of course, we know that many, if not most, Americans today commute some distance from their homes to their offices or job sites.

Good jobs that pay good wages are an essential goal that we all share. However, relying on commuting patterns may effectively preserve the status quo in blighted neighborhoods. Residents of these disadvantaged communities must travel to other areas for jobs, services, business opportunities, and often even to find affordable and good-quality grocery markets. The EB-5 program can and should help us to do better.

As the Leadership Conference points out, it is not enough to have development in more affluent areas where low-income workers might commute to because the projects will still leave “these communities of concentrated poverty no better off in terms of development and infrastructure after their conclusion.”

**In closing**, I want to dispel any notion that reforms to the EB-5 Regional Center program are somehow targeted at disadvantaging more affluent urban areas. We cannot forget that there are no restrictions on where an investment may be located outside of TEAs. If a project in Downtown DC wants to use the EB-5 program, they can do so without proving a connection to a high unemployment area – they would be simply required to recruit investors at a slightly higher dollar amount under our reform proposal.

The much-needed bipartisan and bicameral reforms that my colleagues and I worked on last year preserved the option for investment to take place in any location regardless of unemployment or poverty levels. However if we are going to continue to provide an incentive for investment at a lower dollar amount for Targeted Employment Areas then we must make sure that incentive works. This can be done through a set-aside of a small but meaningful percentage of EB-5 visas that would be specifically reserved for the areas that need it most.

I thank the Chairman and Ranking Member for the opportunity to testify at today's hearing.