

## This Week in Clean Economy: Green Cards for Clean Energy Job Creators

To help spur its clean economy, a Texas city is turning to a federal program that grants foreigners visas to invest in U.S. projects - and it's not alone.

By Maria Gallucci, InsideClimate News

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Utility-scale Webberville Solar Project outside Austin  
Credit: Austin Energy

A federal government program that gives foreign investors green cards to invest in business ventures in the United States is being tapped to spur the Texas clean economy.

At least that's the goal of Lee Leffingwell, the mayor of Austin, Texas.

On Monday, Leffingwell announced a proposal to create the state's first "EB-5 Regional Center" geared specifically to clean energy development and green job creation. The target is to get more renewable energy plants up and running and to lure investment in advanced battery and green construction companies, among other clean economy projects.

"This has the potential to pump millions of dollars into the Austin region, while creating jobs for our residents," Leffingwell said at a press conference at Sol Austin, a sustainable community in the eastern part of the city.

The [EB-5 visa program](#), created in 1990, allows foreigners who invest between \$500,000 and \$1 million in projects to get a two-year visa. Projects that create at least 10 full-time jobs can earn investors a permanent green card. The program is run by the [U.S. Citizenship and Immigration Services \(USCIS\)](#).

In 1992, the USCIS started designating entire areas as "EB-5 (Immigrant Investor) Regional Centers." To get that status, a local entrepreneur, business owner or city like Austin must apply to own and operate the center, and to focus investments in one or more sectors. If approved, "owners" are eligible to bring in foreign investors to finance projects or businesses of their choosing - including their own. The immigrants are then fast-tracked through the visa process.

So far, the EB-5 program has created at least 43,300 full-time American jobs and attracted more than \$2.2 billion in investments, according to USCIS data provided to InsideClimate News by the agency. At least half that activity occurred since 2008, and most was in real estate development.

But more and more developers and cities are turning to the program to get their clean energy projects off the ground, said Peter Joseph, executive director of the Association to Invest in USA (IIUSA). IIUSA is the trade association of active EB-5 Regional Centers.

Austin would become the eighth EB-5 center to focus solely on renewable energy projects out of the roughly 200 centers nationwide. Other green energy zones are in Arizona, California, Michigan and Nevada.

An USCIS spokesperson said the agency doesn't have data on the number of green jobs created by EB-5 centers so far. Around 3.1 million people were employed in the clean economy in 2010, according to a report from the U.S. Bureau of Labor Statistics released last week.

Michael Bauer, an owner of the [Arizona Alternative Energy Center](#), an EB-5 center for solar power installations, said the program is especially attractive to U.S. developers of large-scale renewables projects. Energy developers often rely on banks or private investors to help them cover upfront project costs needed to secure long-term power-purchase agreements with utilities to buy their electricity. The problem is that many American financiers won't invest in a solar or wind farm until that agreement is secured, leaving projects in a financing bind.

Overseas financing "can get these projects moving forward," Joseph of IIUSA said. It helps that the Eb-5 program targets rural and high-unemployment areas – where massive clean power installations are more likely to get built.

These days much of the foreign investment is coming from China, which has set its sights on leading the global race to develop clean energy.

Chinese investors accounted for 80 percent of the 3,800 visa applications filed last year through the EB-5 program across all industries. They made up 60 percent of the 1,570 visa approvals last year, up from 30 percent of all visa approvals in 2007, according to USCIS data.

In total, Chinese direct investment in U.S. clean energy projects was \$261 million in 2011, up from \$42 million in 2010, according to [Rhodium Group](#), a New York-based investment research firm.

Ching Liu, an American co-founder of the [Inland Empire Renewable Energy Regional Center](#) in Riverside, Calif., said that her center mainly targets Chinese investors.

Liu's two-year-old EB-5 center works like a small lending bank for solar panel installer [SolarMax Technology](#), where she serves as executive vice president. In 2008, SolarMax began installing rooftop solar panels and offering loans of \$10,000 to \$30,000 to its customers. At the time, the mayor of Riverside, Ronald Loveridge, suggested to the firm that it create an EB-5 Regional Center to expand its operations, Liu told InsideClimate News.

After two years in the USCIS approval pipeline, the Inland Empire center opened in Sept. 2010, with what Liu calls a "unique approach." Foreigners who want green cards can invest the required \$500,000 or \$1 million in her

regional center. SolarMax then uses the cash to offer loans to its residential and commercial customers. To date, the center has lured three investors, all from China.

"We do what banks aren't willing to do," she said. The company employs about 100 people and has completed over 3,000 rooftop solar installations, Liu said, noting that she expects substantial growth as a result of the EB-5 investments.

Bauer of the Arizona Alternative Energy Center noted that there is a lot of competition for foreign cash. "We compete with other countries selling green cards."

Canada, the United Kingdom, Australia, New Zealand, and Singapore all have similar visa programs, which means investors can shop around for the most promising clean energy projects, he said. "It's a lot different than what EB-5's were even six months ago. The whole market has changed in the EB-5 industry."

### **Program on the Rocks?**

The EB-5 Regional Center program hasn't been without controversy. Some critics have decried the concept as an abuse of the immigration system, in that it lets wealthy foreigners buy their residency. A recent investigation turned up evidence that American developers were manipulating data to lower the bar for foreign applicants.

The New York Times reported in December that some developers were using "gerrymandering techniques" to make it seem as though rich areas, like Manhattan, had high unemployment rates so that overseas investors could qualify for the EB-5 visa with a \$500,000 investment. In wealthy areas, the program requires a minimum of \$1 million.

Liu said she knows of cases where owners of regional centers were accused of misusing investors' dollars, or where the number of jobs didn't live up to promises.

While aware of these problems, Bauer said he believes the lengthy and rigorous application process for earning EB-5 Regional Center status, which can take several years, generally helps safeguard against fraud.

The 2008 financial crisis and credit crunch made the regional centers more valuable, as banks and investment firms became hesitant to invest in high-cost projects like renewable energy installations. At the same time, a crop of newly wealthy entrepreneurs were popping up in emerging economies like China, South Korea and India. And they were eager to invest in the global economy.

There were less than a dozen such centers in 2007, compared to the 200 that exist today.

Texas is home to 14 of the regional centers in cities and counties across the state. Leffingwell said Austin's would be the first devoted to green job creation. But it is still not a done deal. Following Leffingwell's proposal to the city council, city officials must pass a resolution to file an application to the USCIS for official EB-5 status. If approved, the city will search for local investment firms to manage the portfolio of investments and oversee progress of the projects.

All that is assuming the EB-5 program continues.

The program is set to expire on Sept. 30. Since 1990, it has lapsed five times and was last renewed in 2009. Bills in the U.S. House and Senate, both titled the Creating American Jobs Through Foreign Capital Investment Act, would extend the program permanently.

Joseph of the IIUSA trade association said he is optimistic about the legislation's prospects.

"The program is about job creation without costing the taxpayer anything, which naturally translates into bipartisan support," he said.