

Mr. GRASSLEY. Mr. President, there is an immigration program that is out of control and not conforming to the reason the program was put into effect in the first place. It needs to be reformed or it needs to be eliminated. So I come to the floor to talk about this immigration program known as the EB-5 regional center investment program and the serious concerns I have about continuing this program without reforms. The program was just extended in the continuing resolution to keep the government funded, but I want to talk about changes that need to be made before and if it is extended again.

The EB-5 program was created in 1990. A foreign national under this program can invest \$1 million in a new commercial enterprise that creates 10 full-time jobs, and then, in turn, that person receives lawful permanent residence and then, if they want to, citizenship. The required investment amount is only \$500,000 if the investment is made in what is called a targeted employment area, defined to be a rural area or an area with high unemployment. The EB-5 program allows investors to pool their investments for a project, and they can meet the job-creation requirements by providing evidence of not direct jobs but evidence of indirect jobs.

In previous speeches on the floor, I have talked about the national security and integrity issues associated with the program. I have detailed the risks, and I have expressed concern about the lack of oversight by the administration. Today, I will focus on one particular abuse of the program and how this program does not fulfill the intent of the law passed in 1990.

Perhaps the greatest violation of congressional intent that has evolved over the years is the manner in which so much of the investment money coming into targeted employment areas has been directed toward lavish--and I mean lavish--building projects in well-to-do urban areas, not in the areas of high unemployment and not in rural areas, as the 1990 law implied. Four-star hotels and commercial office buildings are being built with foreign investment dollars in very affluent urban neighborhoods rather than the high-unemployment and rural areas which Congress intended to benefit. This has been done by gerrymandering the boundaries of the targeted employment areas to include at one end the affluent census tract in which the building project is located and at the other end, perhaps many miles away, a census tract with high unemployment.

In other words, the word "gerrymandering" is the word that is used in forming some congressional districts that are very strangely arranged so somebody can be reelected to office. The same approach is being used here to form a targeted employment area to get all of this money into urban areas that are very affluent.

One of the most notorious examples of this gerrymandering, to push the boundaries, is the Hudson Yards project, a group of luxury apartment buildings and office towers in Midtown Manhattan--in midtown Manhattan, meaning New York.

Even the Wall Street Journal, which never met a business project it did not like, reported on how this program has been abused. The Wall Street Journal explained how the Hudson Yards project qualifies for the lower investment threshold despite the affluent Midtown location of the project because the boundaries of the targeted employment area were manipulated--or let me say gerrymandered--to include a public housing project in Upper Manhattan.

Another project that flies in the face of congressional intent--meaning the intent of the 1990 law--is located in Lower Manhattan near Wall Street. As the New York Times reported, the Battery Maritime Building has been classified as being located in a targeted employment area based on a gerrymandered area that "snakes up through the Lower East Side, skirting the wealthy enclaves of Battery Park City and TriBeCa, and then jumps across the East River to annex the Farragut Houses project in Brooklyn."

In other words, the developers did everything they could to include the Farragut Houses project, which is a public housing community, to come in at the lower investment level. The New York Times went on to say that "the small census tract that contains the Farragut Houses has become a go-to-area for developers seeking to use the visa program: its unemployed residents have been counted towards three projects already." That is the New York Times.

Watchdog.org, a national watchdog group that has followed abuses of the program closely over many years, has also identified another problematic, gerrymandered targeted employment area. They reported that a 21-story residential building project, which included trendy restaurants and shops, was built with foreign investments despite its location in an upscale neighborhood with only 0.8 percent unemployment.

These are just a few examples, yet they point to a clear problem with this program.

When it was created by Congress, we set two different investment levels and clearly tried to steer foreign capital to high-unemployment and rural areas. Obviously, I am showing you that has not been fulfilled by the way this program has finally evolved.

The Wall Street Journal reports that at least 80 percent of program money is going to projects that wouldn't qualify as being in targeted employment areas without "some form of gerrymandering." Meanwhile, the article adds, people

wanting to raise money for projects in rural areas and low-income parts of cities say they find it increasingly hard to compete.

Even the Washington Post has become fed up with the way in which the intent of Congress has been violated. In a September 6 editorial, after discussing the program's numerous economic and integrity failings and suggesting that the program lapse, the Post writes: "The EB-5 program is supposed to favor distressed economic areas, but the definition of a needy zone has been stretched to include nearly the whole country, including hot downtown real estate markets."

I wish to end by saying, again, that the program is in need of reform. In June, Senator Leahy and I introduced S. 1501, a bill that would substantially reform the program by improving program oversight, addressing national security vulnerabilities and restoring the program to its original intent. I hope my colleagues will look at this very bipartisan bill and will take an opportunity to understand how this program is being used and abused and review the proposal that Senator Leahy and I have put out there.

Mr. President, I refer my colleagues to the Wall Street Journal article "U.S. Visa For Cash Plan Funds Luxury Towers-- Program to spur jobs in poor areas supports projects in well-off neighborhoods," dated September 10, 2015, by Eliot Brown; the Watchdog.org article "Upscale Dallas project cashes in on EB-5 visa program," dated September 24, 2015, by Kenric Ward; an article from the Washington Post "It's time for the corporate visa giveaway to go away," dated September 6, 2015; and the New York Times article "Rules Stretched as Green Cards Go to Investors," dated December 18, 2011, by Patrick McGeehan.

I yield the floor.