

Addendum to the Report
“Economic Impact of Developing an Apartment Building in
Long Beach, Los Angeles County, CA, as Part
of an EB-5 Regional Center in Southern California”,
Prepared October 6, 2014

Prepared for:

California Investment Regional Center, LLC

Prepared by:

David R. Evans

Evans, Carroll & Associates, Inc.

2785 NW 26th St.

Boca Raton, FL 33434

703-835-6978

devans@evanscarrollecon.com

March 10, 2023

This is an addendum to the report “Economic Impact of Developing an Apartment Building in Long Beach, Los Angeles County, CA, as Part of an EB-5 Regional Center in Southern California”, prepared October 6, 2014. California Investment Regional Center, LLC (the “client”) has requested an updated based on actual EB-5 eligible expenditures to-date.

As will be demonstrated in the remainder of this report, **based on EB-5 eligible Hard Construction Costs and Architectural & Engineering (A&E) Services, the project has created 387 permanent, new jobs. This amount of job creation would be sufficient for up to 38 alien entrepreneurs to invest EB-5 funds.** Summary results are shown below in Table 1.

| Table 1. Summary of Expenditure and Employment Estimates | | | | | |
|---|--------------------------------|--------------------------------|----------------------------|---------------|----------------|
| Activity | Expenditures (mill curr \$) | Expenditures (mill 2010 \$) | Final Demand Multiplier | Total Jobs | Direct Jobs |
| Hard Construction Costs | 30.121 | 26.785 | 14.2875 | 382.7 | 174.4 |
| Architecture & Engineering Svcs | 0.321 | 0.295 | 13.1814 | 3.9 | 1.4 |
| Total Jobs | | | | 386.6 | 175.8 |
| All figures calculated from unrounded numbers | | | | | |

Consistent with the original report, the economic impact is calculated using RIMS II multipliers from 2010 for Los Angeles and Orange Counties in California (the “Study Region”). Thus all figures (which are in 2015 dollars) are deflated to 2010 dollars before applying the multipliers. The RIMS II multipliers for this study are shown in Table A-2 (in the Appendix).

As construction took longer than 24 months to complete, direct (as well as indirect and induced) effects are included for the Hard Construction and A&E activities.

Table 2, below, shows a summary of the costs incurred on the project. As described below, only some of these expenditures are considered EB-5 eligible.

Table 2. Construction Expenditures Summary

| LA CITY PLAZA | Total |
|--------------------------|-------------------------|
| Architectural | \$ 281,531.68 |
| City Plan Check | \$ 307,537.84 |
| Construction | \$ 30,120,817.06 |
| Legal & Professional | \$ 2,461,197.07 |
| Mechanical & Engineering | \$ 39,950.95 |
| Total | \$ 33,211,034.60 |

Hard Construction Costs

EB-5 eligible Hard Construction Costs totaled about \$30.121 million, as shown on the Construction line item in Table 2.

As these expenditures are in 2015 dollars and the RIMS II multipliers are from 2010, they must be deflated to a 2010-dollars basis. The Producer Price Index (PPI) for Construction increased about 12.45% from 2010 to 2015, so these costs are deflated by a factor of 1.1245 – which equates to about \$26.785 million in 2010 dollars.

The RIMS II final demand employment multiplier in the Study Region for construction is 14.2875, so the Hard Construction activity has created 383 permanent, new jobs.

Architectural & Engineering (A&E) Services

EB-5 eligible A&E Services have totaled about \$0.321 million – this is the sum of the following line items from Table 2: Architectural (\$0.282 million) and Mechanical & Engineering (\$0.040 million).

We once again deflate from 2015 to 2010 dollars. The PPI for A&E Services increased about 8.85% from 2010 to 2015, so these costs are deflated by a factor of 1.0885 – which equates to about \$0.295 million in 2010 dollars.

The final demand employment multiplier in the Study Region for architectural, engineering, and related services is 13.1814, so the A&E activity has created 4 permanent, new jobs.

Summary

Combining the Hard Construction and A&E activities, the project has created 387 permanent, new jobs.

Per the EB-5 Reform and Integrity Act of 2022 (RIA), “The Secretary of Homeland Security shall permit aliens seeking admission under this subparagraph to satisfy only up to 90 percent of the requirement under subparagraph (A)(ii) with jobs that are estimated to be created indirectly through investment under this paragraph.”

- As shown in Table 1, of the 387 jobs created by the project, 176 are direct; the remaining 211 jobs are indirect and induced.
- The indirect and induced jobs would therefore represent only 55% of the job creation on the project, well below the 90% threshold required by RIA.

Appendix

Table A-1 shows the NAICS codes for each type of economic activity. The descriptions are taken from <https://www.census.gov/naics/>.

| Table A-1. NAICS Codes for Each Type of Activity | |
|---|--|
| 2361 | Nonresidential Building Construction |
| 2362 | Residential Building Construction |
| 5413 | Architectural, Engineering, and Related Services |

Table A-2 shows the multipliers used in this study, copied directly from Table 1.5 of the RIMS II multipliers for Los Angeles and Orange Counties.

| Table A-2. RIMS II Multipliers for the Study Region | | | | | | |
|--|------------------------|--------------------------|-------------------------|-----------------------------|--------------------------|-------------------------|
| INDUSTRY | Multiplier | | | | | |
| | Final Demand | | | | Direct Effect | |
| | Output/1/ (dollars) | Earnings/2/ (dollars) | Employment/3/ (jobs) | Value-added/4/ (dollars) | Earnings/5/ (dollars) | Employment/6/ (jobs) |
| 230000 Construction | 2.2141 | 0.6685 | 14.2875 | 1.1983 | 1.9764 | 2.1943 |
| 541300 Architectural, engineering, and related services | 2.1848 | 0.6989 | 13.1814 | 1.3397 | 1.9617 | 2.8116 |

Region Definition: Los Angeles, CA; Orange, CA

*Includes Government enterprises.

1. Each entry in column 1 represents the total dollar change in output that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
2. Each entry in column 2 represents the total dollar change in earnings of households employed by all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
3. Each entry in column 3 represents the total change in number of jobs that occurs in all industries for each additional 1 million dollars of output delivered to final demand by the industry corresponding to the entry. Because the employment multipliers are based on 2010 data, the output delivered to final demand should be in 2010 dollars.
4. Each entry in column 4 represents the total dollar change in value added that occurs in all industries for each additional dollar of output delivered to final demand by the industry corresponding to the entry.
5. Each entry in column 5 represents the total dollar change in earnings of households employed by all industries for each additional dollar of earnings paid directly to households employed by the industry corresponding to the entry.
6. Each entry in column 6 represents the total change in number of jobs in all industries for each additional job in the industry corresponding to the entry.

NOTE.--Multipliers are based on the 2002 Benchmark Input-Output Table for the Nation and 2010 regional data. Industry List A identifies the industries corresponding to the entries.

SOURCE.--Regional Input-Output Modeling System (RIMS II), Regional Product Division, Bureau of Economic Analysis.