

Los Angeles Times

BUSINESS

Bill would encourage foreigners to buy U.S. homes

The bipartisan Senate bill would allow foreigners who spend at least \$500,000 on a residential property to obtain visas allowing them to live in the United States.



A house in San Marino, where median home prices have risen -- largely because of Asian home buyers and investors -- even as real estate values in the region have declined. (Gary Friedman, Los Angeles Times / January 27, 2011)

By Jim Puzzanghera and Lauren Beale, Los Angeles Times

October 20, 2011 7:00 p.m.

Reporting from Washington and Los Angeles—
American consumers and the federal government haven't been able to bail out the sinking U.S. real estate market. Now wealthy Chinese, Canadians and other foreign buyers could get their chance.

Two U.S. senators have introduced a bill that would allow foreigners who spend at least \$500,000 on residential property to obtain visas allowing them to live in the United States.

The plan could be a boon to California, which has become a popular real estate market for foreigners, particularly those from China.

Nationwide, residential sales to foreigners and recent immigrants totaled \$82 billion in the 12-month period ended March 31, up from \$66 billion the previous year, according to the National Assn. of Realtors. California accounted for 12% of those sales, second only to Florida.

"Overall, Los Angeles is the perfect place for investors," said YanYan Zhang, an agent with Rodeo Realty in Beverly Hills, who travels to China several times a year to meet potential clients.

Sandra Miller, a broker at Engel & Volkers in Santa Monica, an international real estate firm that caters to foreign clients, said about 10% of the luxury market now is composed of foreign investors. She estimated that offering them U.S. visas would triple that figure, as well as help sales elsewhere.

"California, Florida, New York, Colorado, Hawaii and Texas — those states will see a huge increase in demand," she said. "The whole Westside would certainly benefit."

The bipartisan proposal, part of a package that also would make it easier for international tourists to visit the U.S., is similar to an existing program that puts foreigners on a fast track to a green card if they invest at least \$500,000 in an American business that creates at least 10 jobs.

"Many people want to come and live in the United States," said Sen. Charles Schumer (D-N.Y.), who introduced the legislation Thursday along with Sen. Mike Lee (R-Utah). "They will be here spending money and paying taxes, and the most important thing is they'll sop up the extra supply of homes we have right now compared to demand, and that's what's dragging our economy down."

The legislation would create a new homeowner visa that would be renewable every three years, but the proposal would not put them on a path to citizenship. To be eligible, a person would have to buy a primary residence of at least \$250,000 and spend a total of \$500,000 on residential real estate. The other properties could be rented.

The program would come with several restrictions.

The purchase would have to be in cash, with no mortgage or home equity loan allowed. And the property would have to be bought for more than its most recent appraised value, Schumer said.

The buyer would have to live in the home for at least 180 days each year, which would require paying U.S. income taxes on any foreign earnings. Buyers would no longer be eligible for the temporary visa if the property were sold.

The buyer would be able to bring a spouse and minor children to live in the U.S. but would need to apply for a work visa to hold a job. Neither the buyer nor dependents would be eligible to receive Medicaid, Medicare or Social Security benefits.

"The bill does not limit people from being productive," Schumer said. "It simply prevents them from coming here and taking jobs that otherwise would go to Americans."

Billionaire investor Warren Buffett and others have advocated boosting the U.S. economy by attracting foreign investment.

The Visa Improvements to Stimulate International Tourism to the United States of America Act, or VISIT-USA Act, aims to do that by also making several other changes to visa policies.

Among them are allowing Chinese tourists to receive a five-year visa that permits multiple visits. They now must apply for a new visa every year. Canadians would be allowed to stay in the U.S. for more than 180 days without having to obtain a visa.

Schumer and Lee have lined up support from the U.S. Chamber of Commerce, the U.S. Travel Assn. and the American Hotel & Lodging Assn. Schumer said he was working to get the backing of the Obama administration, which received the bill's details Thursday.

"For too long, we have created barriers, and too many hoops and hurdles, which act to deter visitors from other countries coming to the United States to spend their money and create jobs," said Chamber of Commerce President Thomas Donohue. "This is a loss we can ill afford in today's economy."

Robert Toll, executive chairman of Toll Brothers Inc., a Pennsylvania builder of luxury homes, joined Schumer on a conference call with reporters to back the foreign home-buyer proposal. He said it was no different from tax breaks designed to attract businesses.

Lee described it as a free-market way to boost demand in the real estate market after "big-government programs have failed to work."

jim.puzzanghera@latimes.com

lauren.beale@latimes.com

Copyright © 2011, Los Angeles Times