

May 4, 2023

ACTION MEMORANDUM TO THE SECRETARY

From: Morteza Farajian
Executive Director, Build America Bureau
Office of the Under Secretary of Transportation for Policy
X6-0797

Through: Carlos Monje, Jr.
Under Secretary of Transportation for Policy
X6-4540

Prepared by: Roger Bohnert, Director
Build America Bureau Outreach & Project Development Office
X6-9644

Subject: December 2022 Report to Congress on Transit-Oriented Development
Eligibility Under the Railroad Rehabilitation and Improvement Financing
Program

ACTION REQUESTED

I request that you approve the Report to Congress on Transit-Oriented Development (TOD) Eligibility under the Railroad Rehabilitation and Improvement Financing (RRIF) program and authorize me to sign and transmit the letter reports to Congress.

SUMMARY

This is the semiannual Report to Congress on Transit-Oriented Development Eligibility under the Railroad Rehabilitation and Improvement Financing Program, in accordance with Section 21303 of the Infrastructure Investment and Jobs Act (Public Law 117- 58). This report covers the semiannual period ending on December 31, 2022. During that period, no applications for financing TOD projects were received, and consequently, no loans or loan guarantees were provided.

BACKGROUND

The Fixing America's Surface Transportation (FAST) Act expanded eligibility under the RRIF program to include TOD projects. The TOD project eligibility was amended by the Infrastructure Investment and Jobs Act, and Section 21303 of the Act required the Secretary to report to Congress on the RRIF program, providing information on the number of applications the

Department has received for financing TOD projects, the number of such loans or loan guarantees that have been provided, and, for each such application, the reasons for providing or declining to provide the requested loan or loan guarantee.

RECOMMENDATION

I recommend that you approve this report to Congress on TOD Eligibility under the RRIF program and authorize me to sign and transmit the letter reports to Congress.

The Secretary

APPROVED:



DATE: June 14, 2023

COMMENTS:

Attachment:

- Letter Reports



The Honorable Maria Cantwell
Chair
Committee on Commerce, Science, and Transportation
United States Senate
Washington, DC 20510

Dear Chair Cantwell:

This is the semiannual report to Congress on Transit-Oriented Development (TOD) Eligibility under the Railroad Rehabilitation and Improvement Financing (RRIF) Program, in accordance with Section 21303 of the Infrastructure Investment and Jobs Act (Public Law 117- 58). This report covers the semiannual period ending on December 31, 2022. During that period, no applications for financing TOD projects were received, and consequently, no loans or loan guarantees were provided.

The Department has taken a number of actions to facilitate the financing of TOD projects under the RRIF credit program, including the following:

- **Policy & Program Development:** In May 2021, the Department published guidance on RRIF TOD eligibility that greatly clarified how the Department interprets key statutory criteria and evaluates eligibility, and how sponsors can demonstrate eligibility. The Department has several extensive, ongoing internal coordination efforts underway between the Build America Bureau and relevant Operating Administrations to define roles and responsibilities and develop policies and procedures affecting oversight of TOD projects. The Department is also working to establish underwriting guidelines and policies related to the credits and revenue streams presented by many TOD projects that are atypical compared to transportation projects.
- **Expertise & Technical Assistance:** The Department has hired several new staff with subject matter expertise in the planning, development, and financing of TOD, joint development, and transit projects to provide technical assistance and support to sponsors of TOD projects seeking RRIF credit assistance and other stakeholders. The Department has established several new technical assistance programs and resources that help facilitate TOD projects, and ensure that TOD projects achieve maximum public benefits, including the Thriving Communities program, Regional Infrastructure Accelerators program, and the Build America Center.

- Outreach: The Department has conducted an extensive outreach campaign that has resulted in hundreds of initial consultations and follow-up meetings with prospective borrowers, advisors, sponsors, and other stakeholders about TOD projects that could be viable candidates for RRIF credit assistance.

There are currently three TOD projects in the project development phase of the RRIF program's pipeline. Six projects have submitted draft letters of interest and may be ready to enter the pipeline in the next few months. Dozens of other projects have indicated that they are drafting letters of interest and will submit them soon. The Department expects to reach financial closure on its first RRIF TOD loan in 2024.

A similar letter has been sent to the Ranking Member of the Senate Committee on Commerce, Science, and Transportation and the Chairman and Ranking Member of the House Committee on Transportation and Infrastructure.

Sincerely,

A handwritten signature in black ink, appearing to read 'Morteza Farajian', with a stylized flourish extending to the right.

Morteza Farajian, Ph.D.
Executive Director, Build America Bureau