



BUILD AMERICA BUREAU

 U.S. DEPARTMENT OF TRANSPORTATION

Transit Oriented Development Financing Overview

About the Build America Bureau

Improving American communities and infrastructure by providing financial & technical assistance

Financial Assistance

Credit assistance for a wide range of eligible projects >\$100 B available.

Tax-exempt bonds for public-private partnerships <\$15 B available.

Technical Assistance

Grants for project planning and development, and community solutions.

Education on innovative project planning, financing tools, and delivery models.



U.S. Department of Transportation

Office of the Secretary

- Office of the Under Secretary for Transportation Policy
 - **Build America Bureau**

Outreach & Project Development

- Outreach
- Project Development

Credit Programs

- Underwriting
- Portfolio Management
- Risk Management

Technical Assistance

- Community Solutions
- Innovative Finance

DOT Operating Administrations

- Federal Highway Administration (FHWA)
- Federal Transit Administration (FTA)
- Federal Railroad Administration (FRA)
- Federal Aviation Administration (FAA)
- Maritime Administration (MARAD)

- Experience with, and knowledge of, specific projects, sponsors, sectors, communities, and stakeholders
- Conduct oversight of projects – ensure compliance with all applicable federal requirements
- Administer DOT formula and discretionary grant programs
- Provide technical assistance



Bureau Credit Programs

TIFIA

RRIF

	TIFIA	RRIF
Key Features	Program Type	• Federal credit assistance
	Credit Products	• Direct loans, loan guarantees, and lines of credit
	Eligible Projects	• Most surface transportation, seaport, airport, transit-oriented development
Requirements	Project Cost & Loan Limits	• Min. cost: >\$50m default, >\$10m for TOD • Max. cost: n/a • Max. loan to cost: 33% (49% for TOD) • Max. federal grants + loans: 80%
	Credit Subsidy	• Congressionally appropriated funds available
	Credit Rating	• TIFIA debt (and any senior debt) must be rated investment grade (BBB- or higher)
		• Federal credit assistance
		• Direct loans and loan guarantees
		• Railroad, seaport with rail service, and transit-oriented development (rail)
		• Min. cost: n/a • Max. cost: n/a • Max. loan to cost: 100% (75% for TOD)
		• Minimal appropriations, credit risk premium paid by borrowers
		• No statutory rating requirement (a rating is required, but <u>not</u> investment-grade)



Bureau Credit Programs

Key Features of TIFIA & RRIF

- Long-term repayment options
 - Up to 35 years (some up to 75 years)
 - 5-year repayment deferral following construction completion
- Customizable to meet borrower cash flows / needs
- Interest accrues as funds are drawn
- No penalty/fee for pre-payment
- Non-federal match for grants

LOW INTEREST RATES

4.11%

for 35-year loan as of 1/3/24



Current Lending Capacity

TIFIA
>\$70 billion

RRIF
>\$30 billion

PABs
<\$15 billion



Eligible Projects & Borrowers

TIFIA

Projects

- Highways, toll roads, vehicular bridges and tunnels
- Land ports of entry
- Public transportation (**including joint development**)
- Bicycle and pedestrian infrastructure
- Intercity rail/bus infrastructure and rolling stock
- Intermodal facilities (rail-truck, air-truck)
- Seaports, including access roads
- Airports (airside, landside)
- **Public infrastructure / economic development**

Borrowers

- Government entities
- Government-sponsored authorities
- Private corporations, entities (**developers**) with public sponsorship
- Business or transportation improvement districts
- State infrastructure banks

RRIF

Projects

- Railroad (freight rail and intercity or commuter passenger rail) infrastructure and rolling stock
- Intermodal railroad infrastructure and facilities
- Seaports w/ railroad service
- **Economic development**

Borrowers

- Railroads (Class I, II, III)
- Government entities
- Government-sponsored authorities
- Interstate compacts
- **Entities participating in joint ventures with another RRIF eligible borrower**

Note: TIFIA & RRIF cannot finance operations or maintenance



Federal Requirements

National Environmental Policy Act (NEPA)

- Federal environmental review and final determination (i.e., CE, FONSI, or ROD)

Uniform Relocation Assistance and Real Property Acquisition Act (URA)

- Just relocation assistance and compensation to persons displaced by Federally assisted projects

State & Metropolitan Transportation Planning & Programming

- Applicable planning and programming requirements determined by FHWA/FTA

Buy America

- Domestic sourcing of steel, iron, manufactured goods, and construction materials

Davis-Bacon and Related Acts

- Prevailing wages and labor standards for contractors and subs performing on federally assisted contracts

Other Modal Requirements

- Project oversight regime of modal grant programs
- TOD projects not eligible for modal grants are not subject to modal requirements



TIFIA Rural Project Initiative (RPI)

- **Requirements:**

- **Rural** = not in an urban area or in an urban area that has a population less than 150,000
- **Project Cost** = \$10 to \$100 million

- **Benefits:**

- Max. loan to value = **49% of costs**
- Fixed interest rate = $\frac{1}{2}$ **Treasury rate**
- **Borrower advisor fees waived** (projects under \$75 M)



$\frac{1}{2}$ U.S. Treasury rate:
2.06% for 35-year loan
(if it closed on 1/3/24)



MST O&M Facility
Monterey-Salinas, CA



RTA O&M Facility
San Luis Obispo, CA



Library Commons (Mt. Vernon, WA)

- **Total Eligible Project Costs:** \$52.1 M
- **TIFIA Loan Request:** \$25.5 M (49% LTV)
- **Borrower:** City of Mount Vernon, WA
- **Scope:** Library, community kitchen, municipal parking, EV charging, bus stop, power generation
- **Public Benefits:** Modernized community facilities, EV charging
- **Pipeline Status:** Issued initial eligibility determination, assigned Lead Underwriter, project is in Creditworthiness Review phase
- **Lead DOT Oversight Agency:** FHWA



TIFIA 49 Initiative for Transit and TOD

Policy initiative that maximizes TIFIA's lending authority **up to 49%** (vs. historical 33%) of total eligible project costs for:



PUBLIC TRANSPORTATION

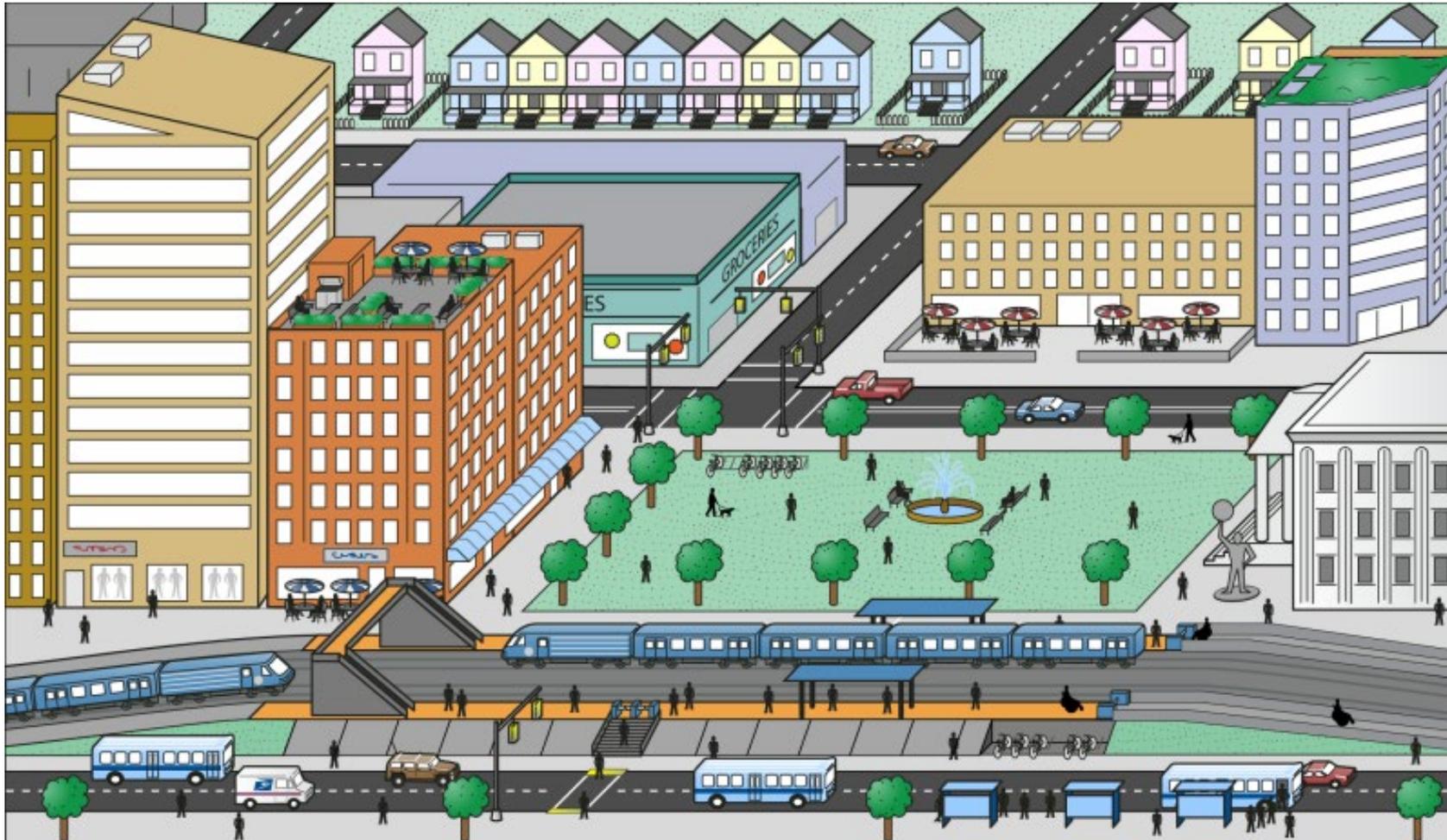


TRANSIT-ORIENTED DEVELOPMENT

Until now, the only projects eligible for financing of up to 49% were rural and TIFIA “Extra” projects



Transit-Oriented Development (TOD) Eligibilities



*Transit & Railroad
(TIFIA & RRIF)*

*Ch. 53-eligible
Joint Development
(TIFIA)*

*Public Infrastructure &
Economic Development
(TIFIA)*

*Economic Development
(RRIF)*

Transit and Railroad

- **TIFIA**: Projects eligible under FTA grant programs, including but not limited to:
 - Station for *transit**
 - Station for *intercity bus***
 - Station for *passenger rail****

 - *Joint development* is also an eligible “capital project” under all FTA capital grant programs, subject to the five eligibility criteria in FTA’s JD Circular ([link](#)).
- **RRIF**: Commuter and intercity passenger rail stations

Public Infrastructure

Public means:

- owned, developed, or operated by the public sector; or
- open to the public (i.e., anyone can access), provides a public service (i.e., includes space for public agencies), or serves a public purpose (i.e., confers a public benefit, can be demonstrated by public financial assistance).

Infrastructure means:

- Elements of projects that prepare a site for development, such as land acquisition, demolition of existing structures, site preparation, environmental mitigation, utilities, foundations, parks and open space, streets, bike-ped facilities, or transit access improvements, etc.
- Ground-up construction and development of public buildings and facilities, such as government buildings, civic centers, schools, hospitals, etc.

Must be w/in ½-mile of a **fixed guideway transit**, or **intercity rail or bus** station.



Economic Development

“**Economic development**, including [but not limited to] **commercial and residential development**, and **related infrastructure**” that meet certain eligibility criteria:



Transit-oriented (w/in ½-mile of a qualified transit or passenger rail station)



Revenue-generating for the related transit or passenger rail station or service



Non-federal match >25% (including >20% private investment) of total costs



Shovel-ready (contracting process can begin w/in 90 days of loan closing)



Economic Development cont.

RRIF:

Economic development projects must be w/in ½-mile of, and generate revenue, for a **commuter rail or intercity rail** station.

TIFIA:

Economic development projects must be w/in ½-mile of, and generate revenue for, any **rail transit or intercity rail** station.

- *AND* -

Include a project to improve or construct **public infrastructure**



TOD Application Credit Considerations



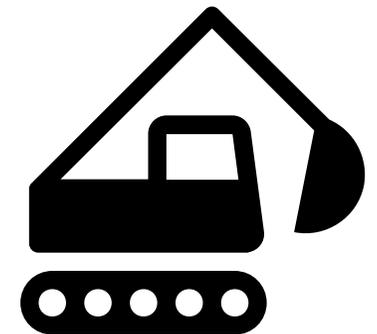
- External financial, legal, and other advisor's fees
- Project Sponsor Financial Strength
- Completed Market Demand/Feasibility study and/or Ridership study
- Disclosure of rental restrictions requirements via Regulatory Agreement with local municipality/agency
- Proposed Sources and Uses of financing
- Investment grade rating requirement for TIFIA from any rating agency (<https://www.sec.gov/about/divisions-offices/office-credit-ratings/current-nrsros>)
- Rating from NRSRO for RRIF may decrease cost of capital



TOD Application Credit Considerations

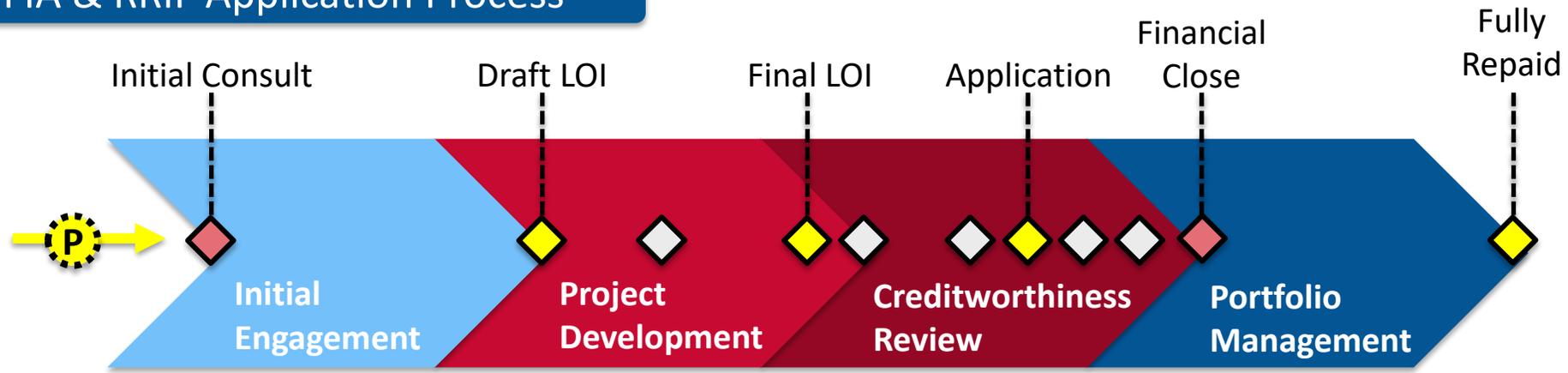


- Senior/first lien lending with parity lending permitted
 - Subordinate lending permitted with other second-lien lenders
- Fully amortizing loan **with no bullet maturity**
- Single loan with periodic/milestone drawdowns during construction and amortizing/sculpted repayment schedule
- Equity distribution subject to performance tests and debt service deferral provisions
- External credit support or enhancements are not required but may help the risk assessment/profile
- TIFIA/RRIF statutory requirements prohibit:
 - Financing an acquisition of existing properties
 - Refinancing debt of existing projects
 - Financing operation of existing projects



Working with the Bureau

TIFIA & RRIF Application Process*



- Bureau provides information about credit programs
- Sponsor describes project and address key gating questions:
 - Project + borrower
 - Schedule + readiness
 - Federal requirements
 - Plan of finance

- **Submit Draft LOI**
- Bureau assigns a Project Development Lead
 - Initial eligibility analysis
 - Identify lead oversight agency (e.g., FTA) and begin coordination
- **Submit Final LOI**
 - Financial model
 - Indicative rating (TIFIA)
- Bureau assigns a Lead Underwriter
 - Initial risk assessment

- Underwriting
 - Advisor procurement
 - Financial due diligence
 - Negotiate terms and conditions
- **Submit Application**
- Loan approval process
 - OMB and congressional notification
 - Secretarial approval
- Financial close
- Bureau assigns a Lead Portfolio Manager

- Financial oversight
 - Disbursements
 - Repayment
 - Reporting
 - Field visits

- ◊ DOT action
- ◊ Joint action
- ◊ Sponsor action

Does not represent a complete list of submissions, steps, or requirements



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<https://www.transportation.gov/BuildAmerica/TOD>

