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.
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

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)
## Bureau Credit Programs

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

<table>
<thead>
<tr>
<th><strong>National Environmental Policy Act (NEPA)</strong></th>
<th><strong>Buy America</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Federal environmental review and final determination (i.e., CE, FONSI, or ROD)</td>
<td>• Domestic sourcing of steel, iron, manufactured goods, and construction materials</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Uniform Relocation Assistance and Real Property Acquisition Act (URA)</strong></th>
<th><strong>Davis-Bacon and Related Acts</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Just relocation assistance and compensation to persons displaced by Federally assisted projects</td>
<td>• Prevailing wages and labor standards for contractors and subs performing on federally assisted contracts</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>State &amp; Metropolitan Transportation Planning &amp; Programming</strong></th>
<th><strong>Other Modal Requirements</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Applicable planning and programming requirements determined by FHWA/FTA</td>
<td>• Project oversight regime of modal grant programs</td>
</tr>
<tr>
<td></td>
<td>• TOD projects not eligible for modal grants are not subject to modal requirements</td>
</tr>
</tbody>
</table>
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 = ½ Treasury rate
  - Borrower advisor fees waived (projects under $75 M)

½ 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 within ½-mile of, and generate revenue, for a **commuter rail or intercity rail** station.

**TIFIA:**
Economic development projects must be within 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**

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

- **Draft LOI**
  - 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

- **Final LOI**
  - 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

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

- **Financial Close**
  - Bureau assigns a Lead Portfolio Manager
    - Financial oversight
      - Disbursements
      - Repayment
      - Reporting
      - Field visits

- **Fully Repaid**

*Does not represent a complete list of submissions, steps, or requirements*
CONTACT US!

Sarah Williams  
*TOD Project Development Lead*
Email: Sarah.Williams@dot.gov

Eriq Alexander  
*Associate Underwriter*
Email: Eriq.Alexander@dot.gov

Build America Bureau  
202.366-2300  
BuildAmerica@dot.gov

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