



BUILD AMERICA BUREAU

 U.S. DEPARTMENT OF TRANSPORTATION

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Hot Topics in Affordable Housing: TIFIA/RRIF Financing for TOD
NH&RA Summer Institute 2023
August 1, 2023

About the Build America Bureau

Advancing investment in America's transportation infrastructure by providing **financial** and **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

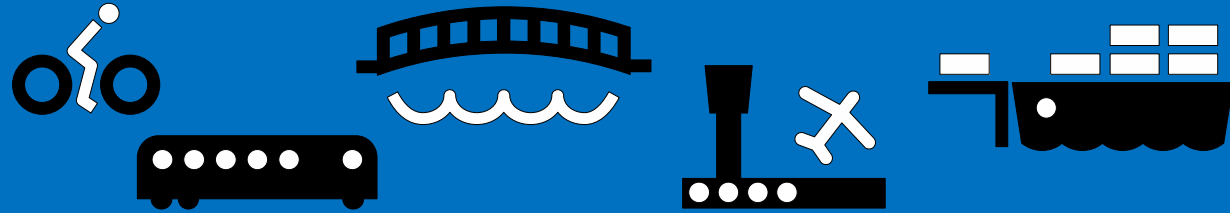
Grants for project planning and development, and community solutions.

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

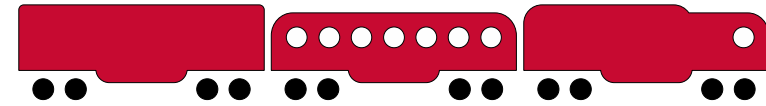


Current Lending Capacity

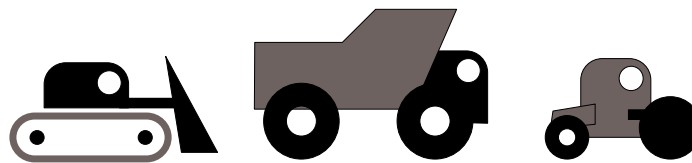
TIFIA
>\$50 billion



RRIF
>\$30 billion



PABs
<\$15 billion



Bureau Financing Programs

		TIFIA	RRIF	PAB
General Features	Program Type	<ul style="list-style-type: none"> Federal credit assistance 	<ul style="list-style-type: none"> Federal credit assistance 	<ul style="list-style-type: none"> Conduit-issued debt financing (<i>not</i> federal credit assistance)
	Credit Products	<ul style="list-style-type: none"> Direct loans; loan guarantees; lines of credit 	<ul style="list-style-type: none"> Direct loans; loan guarantees 	<ul style="list-style-type: none"> Allocation of tax-exempt municipal bonding authority
	Eligible Projects	<ul style="list-style-type: none"> Surface transportation and public infrastructure projects 	<ul style="list-style-type: none"> Railroad, seaport (with rail service), and economic development projects 	<ul style="list-style-type: none"> Highway or freight transfer projects that involve private activity
Program Requirements	Cost Parameters	<ul style="list-style-type: none"> Min. project cost: > \$50 M, > \$15 M for ITS, > \$10 M for TOD and local Max. project cost: n/a Max. loan to value: 33-49% Max. fed. grants + loans: 80% 	<ul style="list-style-type: none"> Min. project cost: n/a Max. project cost: n/a Max. loan to value: 75-100% 	<ul style="list-style-type: none"> Min. project cost: n/a Max. project cost: n/a Max. loan to value: n/a
	Credit Rating	<ul style="list-style-type: none"> Senior debt and TIFIA must be rated investment grade (BBB- or higher) 	<ul style="list-style-type: none"> No credit rating requirement 	<ul style="list-style-type: none"> n/a
	Credit Subsidy	<ul style="list-style-type: none"> Appropriated by Congress 	<ul style="list-style-type: none"> Limited appropriations; credit risk premium (CRP) paid by borrower, refunded after loan is repaid 	<ul style="list-style-type: none"> n/a



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
- Highly customizable to meet borrower cash flows / needs
- Interest accrues as funds are drawn
- No penalty for pre-payment
- Non-federal match for grants

LOW INTEREST RATES

4.03%

for 35-year loan as of 7/28/23

Note: TIFIA & RRIF cannot finance operations



Eligible Projects and Borrowers

TIFIA

Projects

- Roadways, highways, vehicular bridges and tunnels, land ports of entry, complete streets
- Public transportation infrastructure and rolling stock (**including joint development**)
- Intercity rail/bus infrastructure and rolling stock
- Bicycle and pedestrian infrastructure
- Intelligent transportation systems
- Intermodal facilities (e.g., rail-truck, air-truck)
- Seaports, including access roads
- Airports (airside, landside)
- **Public Infrastructure / TOD**

Borrowers

- Government entities
- Government-sponsored authorities
- **Corporations, private entities, developers**
- Business or transportation improvement districts
- State Infrastructure Banks (SIB)

RRIF

Projects

- Railroad (freight and intercity or commuter passenger rail) infrastructure, facilities, rolling stock, and equipment
- Seaports w/ railroad service infrastructure/facilities
- Refinancing debt incurred for eligible project costs
- Planning and design expenses for eligible projects
- Intermodal infrastructure and facilities
- **Economic / TOD**

Borrowers

- Railroads (Class I, II, III)
- Government entities
- Government-sponsored authorities
- Interstate compacts
- **Joint ventures***



Major 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

Planning & Programming

- All TIFIA projects consistent with RTP and/or STP, and included in TIP and/or STIP
- RRIF rail projects consistent with state rail plans

Buy America

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

Davis-Bacon

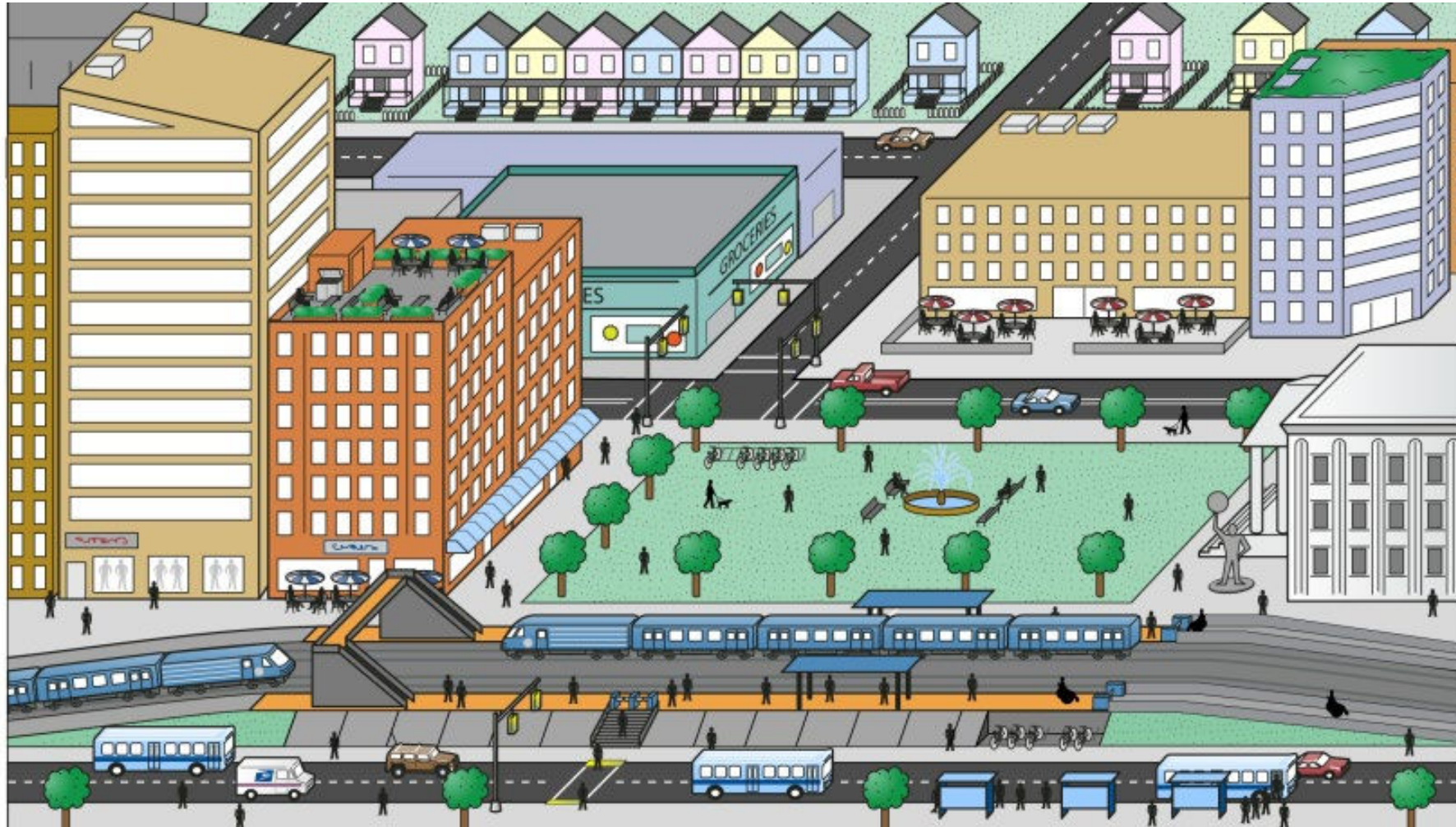
- Prevailing wages and labor standards for contractors and subs performing on federally assisted contracts

Other Modal Requirements

- Project oversight regime of modal grant programs
- e.g., a transit project receiving a RRIF loans must comply with all FTA (Ch. 53) grant requirements



Transit-Oriented Development (TOD) Eligibilities



*Transit (TIFIA) &
Railroad (RRIF)*

*Joint Development
(TIFIA)*

*Public Infrastructure
(TIFIA)*

*Economic
Development (RRIF)*

Transit / Railroad Infrastructure

- **TIFIA**: Projects eligible under U.S. Code: Title 49, Chapter 53 (FTA grant programs), including but not limited to:
 - Station/facility for *fixed guideway transit**
 - Station/facility for *intercity bus***
 - Station/facility for *intercity passenger rail****
 - Intermodal station/facility including at least one of the above modes
- **RRIF**: Commuter and intercity passenger rail stations



Joint Development (TIFIA)

- Joint development is an eligible “capital project” under all FTA (Title 49, Chapter 53) grant programs
- Joint development projects must satisfy certain eligibility criteria:
 - Project must **benefit the economy** or **incorporate private investment**
 - Project must **benefit the public transportation system**
 - Partners must **provide a fair share of project revenue** for transit
 - Partners must **pay a fair share of costs** to operate/maintain space they occupy
 - Sponsor must **collect fees for use of ZEV fueling equipment**, if installed
- Joint development projects that satisfy these criteria are eligible for TIFIA credit assistance, per 23 U.S.C. § 601(a)(12)(E)



Public Infrastructure (TIFIA)

“Public” means:

- owned, occupied, developed, or operated/maintained by the public sector; or
- open to the public, supports a public service, or serves a public purpose.

“Infrastructure” means:

- “*Horizontal*” elements of projects, 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.
- “*Vertical*” development of public buildings and facilities, such as government buildings, civic centers, schools, hospitals, etc.

Must be located within walking distance of, and accessible to (i.e., no more than ½-mile from), a fixed guideway transit, intercity passenger rail, intercity bus, or intermodal station or facility.



Economic Development (RRIF)

Projects for “**economic development**, including commercial and residential development, and related infrastructure that”



Incorporate private investment > 20% of project costs and federal share < 75%



Are within ½-mile of a commuter or intercity passenger rail station



Can begin the construction contracting process < 90 days after loan closing



Generate revenue for the related passenger rail station or service

TIFIA 49 Initiative for Transit & 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



TIFIA Rural Project Initiative (RPI)

- **Requirements:**

- **Rural** = outside of urbanized area with a population > 150,000
- **Max. Project Cost** = < \$100 million

- **Benefits:**

- Max. loan to value = **49% of costs**
- Fixed interest rate = **½ Treasury rate**
- **Borrower advisor fees waived**



½ U.S. Treasury rate:
2.02% on 7/29/23
for 35-year loan



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



RURAL INTEREST RATE

2.02%

for 35-year loan (7/28/23)



Affordable Housing: Considerations

- **TIFIA: Joint Development**

- All housing: Yes. If the project meets all the eligibility criteria.

- **TIFIA: Public Infrastructure**

- Public housing: Yes.
- Market rate housing: No, for now. There's evidence Congress may want to expand our TIFIA authorities to include economic development in the future. TBD.
- Affordable housing: Probably. *We should* be able to get to yes if there is some form of public subsidy. It may require some more policy development and potentially revised guidance, but we have socialized the idea internally and there is broad support.

- **RRIF: Economic Development**

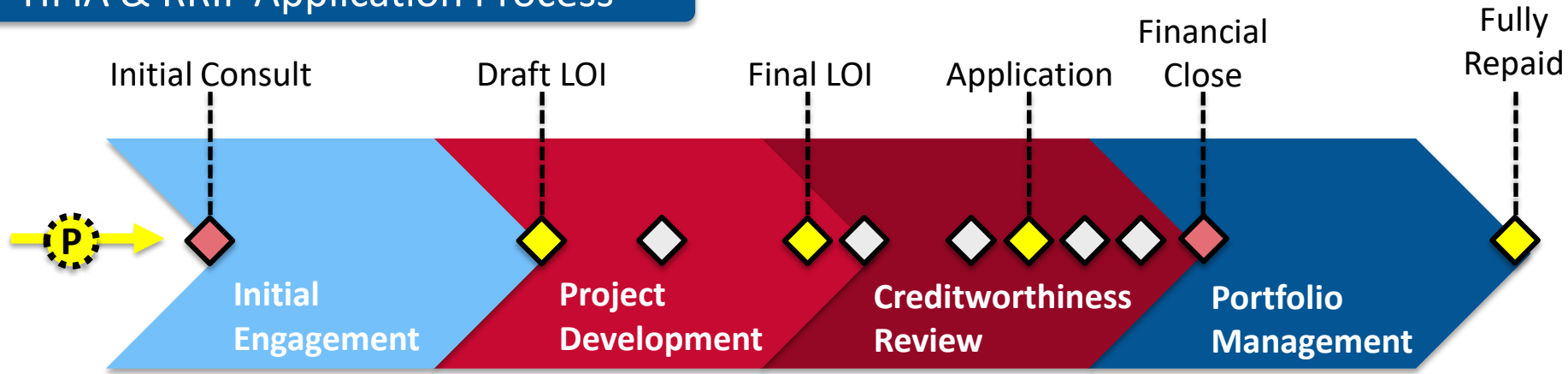
- All housing: Yes. If the project meets all the eligibility criteria. However, recall that an eligibility criterion is that the project incorporates > 20% private investment. LIHTC investor's equity contributions qualify as private investment.



Working with the Bureau

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

TIFIA & RRIF Application Process*

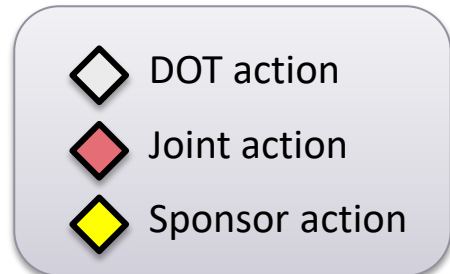


- Bureau provides information about credit programs
- Sponsor describes project and address key gating questions:
 - Project + borrower
 - Schedule + readiness
 - Federal requirements
 - Plan of finance

- **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



Technical Assistance

Grant funding, Bureau and DOT staff, and other resources are available to help you explore solutions to community issues or hire advisors to help you explore innovative funding-financing tools and alternative project delivery options and develop/accelerate projects.

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



Technical Assistance Programs/Resources

Build America Center

- \$5 M FHWA/Bureau partnership
- University of Maryland and four other universities provide TA
- Web - BAC.UMD.EDU

Thriving Communities

- 6 capacity builders / 64 communities
- \$25 M through end of 2024
- Supporting disadvantaged communities

Rural & Tribal Assistance

- 5-year pilot program (\$10 M total)
- \$3.4 M available in the first round
- Applications accepted mid-August thru Sept. 28

Out Now!

Regional Infrastructure Accelerators

- \$10 M awarded to 10 RIAs in the first two rounds
- \$24 M available in third round
- 21 applications under review

DOT Navigator

- New resource to help communities identify grant and TA opportunities
- Transportation.gov/DOT-Navigator

Innovative Finance

- 5-year program (\$100 M total)
- \$40 M will be available in the first round - **NOFO coming soon!**

Coming Soon!

Transportation.gov/BuildAmerica/TechnicalAssistance



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QUESTIONS?



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