

USDOT Expands Financing for Certain Transit Projects

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The U.S. Department of Transportation (USDOT) recently announced that it will offer more low-cost flexible financing for both transit and Transit Oriented Development projects under the Transportation Infrastructure Finance and Innovation Act (TIFIA). The TIFIA program is intended to help project sponsors reduce costs and speed up the delivery of transit projects. More applicants will now be eligible for low-cost flexible financing for up to 49 percent of eligible project costs for projects that meet certain eligibility requirements. Previously, most TIFIA loans were capped at 33 percent of eligible project costs. Each project must cost at least \$10 million and comply with applicable federal regulations and policies associated with federal funding programs.

For transit projects, sponsors of projects may apply for loans up to 49 percent of project costs that are eligible for assistance under Chapter 53 of Title 49 of the U.S. Code. This Chapter covers transportation projects that construct or improve public transportation systems, including any capital project or associated improvement eligible for Federal Transit Administration funding, such as infrastructure and vehicles for bus, subway, light rail, commuter rail, trolley, or ferry systems.

For Transit Oriented Development, eligibility for such loans extends to projects that are eligible for assistance under 23 U.S.C.A 601(a)(12)(E), which includes projects located within walking distance of, and accessible to, a fixed guideway transit facility, passenger rail station, intercity bus station or intermodal facility, as well as projects for economic development, including commercial and residential development, and related infrastructure and activities. Such projects must also have a high probability of commencing the contracting process for construction within 90 days after a loan is provided and a high probability of reducing the need for financial assistance under any other federal program for the relevant passenger rail station or service by increasing ridership, tenant lease payments, or other activities that generate revenue exceeding costs.

To achieve its goal of better connecting people to housing, jobs, schools, and public transportation, the USDOT is prepared to provide technical assistance on innovative transit-related concepts and to support project sponsors through the loan approval process. Additional information can be found at buildamerica@dot.gov.

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