

Finance, Budget and Audit Committee

April 15, 2015

Motion by Directors Butts and Dubois

Congressional Bill Would Create New TOD Financing Option near Railroad Stations

A new bill introduced in Congress on March 19, 2015, known as the Railroad Infrastructure Financing Improvement Act (RIFIA) (S. 797), would help make it easier to finance Transit Oriented Development (TOD) projects near railroad stations by expanding the scope of the little used Railroad Rehabilitation and Improvement Financing (RRIF) program.

With the addition of TOD projects into RRIF and other streamlining provisions that would make RIFIA loans easier to execute, communities will have an additional tool to utilize existing infrastructure for economic revitalization.

In addition to providing financing for TOD, the new program would invest loan repayments back into [Metro] rail infrastructure to help fund capital and operations expenses. This presents a unique opportunity for private-public partnerships between real estate developers, passenger rail agencies and, potentially, local jurisdictions.

The federal government would make available \$100 million per year between 2015 and 2025 for agreements to make one or more direct loans or loan guarantees at future dates for a program of related projects secured by a common security pledge on terms acceptable to the Secretary. The funds made available each year will remain available until expended.

Transportation Secretary Anthony Foxx has set a goal of spending down the Railroad Rehabilitation and Improvement Financing Program by the end of his time in office. Acting FRA Administrator Sarah Feinberg recently told an APTA conference. 'He would like that account to be at zero, which means we have about \$35 billion to dole out,' she said. Feinberg also said the administration had previously been 'a little narrow' in their view of previous applicants but is now looking at train station improvement projects..."

The funds can be used to finance economic development, including commercial and residential development, and related infrastructure and activities that incorporates private investment; is physically or functionally related to a passenger rail station or multimodal station; and is likely to increase ridership at that station. The proceeds of a direct loan under this title may be used for any non-Federal share of project costs required under chapter 244 of title 49, United States Code, if the loan is repayable from non-Federal funds.

WE, THEREFORE, MOVE that the Metro Board instruct our Metro legislative advocacy staff and advisors to include the Metro support of this Bill among the Metro federal legislative priorities and report back to the Board on this issue on a regular basis.