Build America Bureau

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About the Bureau

• US DOT’s “one-stop-shop” for federal transportation finance programs and technical assistance

• **Delivering More Good Projects Faster:** The Bureau advances investment in America’s transportation infrastructure by:
  
  – Providing low-interest, long-term loans for urban, suburban, and rural projects;
  – Clearing roadblocks for credit worthy projects;
  – Encouraging best practices in project planning, financing, and delivery; and
  – Fully using available lending capacity while protecting taxpayer resources.
Build America Bureau Lending

Fiscal Years 2016 to 2021

Number of Loans

Value of Loans ($ billion)

- 2016
- 2017
- 2018
- 2019
- 2020
- 2021
Major Programs

**TIFIA**
Transportation Infrastructure Finance & Innovation Act of 1998
- Surface transportation and public infrastructure
- Finance up to 33%* of eligible project costs

**Key Features**
- Long-term repayment period
  - Up to 35 years
  - Can be deferred for five years following substantial completion
  - No pre-payment penalty
- Highly customizable to meet borrower needs
- Also offer loan guarantees and lines of credit

**RRIF**
Railroad Rehabilitation & Improvement Financing
- Passenger, freight, and commuter rail and transit-oriented development (TOD)
- Finance up to 100%* of eligible project costs

**Private Activity Bonds**
- State/local governments issue tax-exempt bonds
- Private entity responsible for debt service
- Can be used in combination with TIFIA and RRIF

Low Interest Rate
1.85% for 35-year loan as of 12/14/21
TIFIA Rural Project Initiative (RPI)

- Rural: Outside a Census-defined urbanized area of population greater than 150,000
- Project costs between $10 million and $100 million
- TIFIA can finance up to **49 percent** of eligible project costs
- Fixed rate at \( \frac{1}{2} \) Treasury rate
- DOT can cover borrower fees

\( \frac{1}{2} \) the U.S. Treasury rate
0.925% as of 12/14/2021

Webinar recording available:
https://www.transportation.gov/office-policy/rural/routes-webinar-tifia-rpi
Other Recently Implemented Programs

- **RRIF Express**
  - Streamlined application process and reduced fees for smaller rail projects (including short-line)
  - 10 letters of interest received
  - First 2 loans expected to close this winter

- **TIFIA Lite**
  - Streamlined application process for experienced borrowers
  - Loans up to $100 million
**Bipartisan Infrastructure Law Changes**

**TIFIA**

- Loans for new types of projects including airports
- Expands transit-oriented development eligibility
- Relaxes the requirements for investment-grade ratings
- Expands loan terms from 35 years to up to 75 years for projects with an estimated life of 50+ years
  - Lowering payments
  - More than doubling loan length
- Streamlines processing and increases transparency

**RRIF**

- Credit Risk Premium to be repaid to the borrower with interest when the loan is repaid
- Discretionary credit assistance $50 million per year for each fiscal year 2022 through 2026
  - $70 million for the return of credit risk premiums. This change is subject to Appropriations.
- Up to 75-year loans for projects anticipated to last 50+ years
  - Lowering payments
  - More than doubling the length of the loan
Bipartisan Infrastructure Law Changes

- **Private Activity Bonds (PABs)** additional authorization of $15 Billion
- Previous PABs cap reached in 2021 ($15 billion authorized in SAFETEA-LU, 2005)
New Grant Programs

Rural & Tribal Assistance Pilot Program

- A $12 million, 5-year pilot program to provide rural state, local and tribal governments with:
  - technical, legal, and financial advisory assistance
  - evaluate potential projects to be delivered through alternative delivery methods
  - help pay for early development activities such as:
    ◦ feasibility studies
    ◦ revenue forecasting
    ◦ preliminary engineering
    ◦ environmental review

Technical Assistance Grants for Asset Monetization Projects

- Total of $100 million over 5 years
- Fund state and local government technical, financial, and legal advisory service costs for alternative project delivery
- Covers pre-implementation costs, including:
  - identifying appropriate assets or projects for asset concessions,
  - developing and issuing requests for proposals,
  - risk analysis, and other activities
Value for Money (VfM) Requirements

• Detailed VfM analysis and assessment required
  ➢ Major Highway Projects (costing more than $500 million) that are P3s
  ➢ P3 projects costing more than $100 million seeking TIFIA financing
  ➢ ANY project costing more than $750 million seeking TIFIA or RRIF financing

• Review and certification of private partner compliance with the P3 agreement within three years after opening to traffic
Bureau Implementation of BIL

• Immediately implement some changes, such as the additional capacity to approve private activity bonds.

• Engage with partners and stakeholders on implementing such provisions as new TOD eligibilities and longer repayment terms.

• Work with the Office of the Secretary (General Counsel, Policy, Budget, and others) and Operating Administrations on comprehensive interpretations of and implementation plans for new provisions and revisions.

• Roll out fact sheets and guidance materials early in CY 2022
Thank You!

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