Help Incentivize Private Investment Near Transit: Support the Bennet-Warner Amendment

~Amendment will help build public infrastructure with private funds~

Transit Oriented Development (TOD) brings numerous benefits such as increased business activity, more efficient use of existing infrastructure, and increased self-sufficiency of transit service. The Senate Banking Committee established goals for the federal transit program that include encouraging transit-oriented development and promoting private sector investment.

The Bennet-Warner amendment would build on this goal by authorizing the Secretary of Transportation to provide local governments and others financing instruments – similar to TIFIA loans – for public infrastructure near transit stations. These projects will stimulate economic development and provide jobs and opportunity for millions of Americans.

Why is the Amendment Needed?

Demand for living near transit is projected to double over the next 20 years to over 15 million households. To meet this demand, significant new development near transit stations will be needed. The challenges associated with financing these much-needed infrastructure improvements often present barriers to the successful implementation of TOD. In many cases local communities recognize the economic benefits associated with TOD, but lack the technical or financial capacity to overcome these hurdles.

The private sector stands ready to partner with local communities to help develop TOD and meet market demand. However, we need to establish mechanisms to allow local governments and others to successfully partner with the private sector. Without this mechanism it will remain difficult to utilize the public investment in the transit infrastructure to attract significant private-sector investment in infrastructure near transit stations.

What Does the Amendment Do?

The Bennet-Warner amendment would help local communities better capitalize on their transit systems to catalyze economic development by providing financing support in the form of loans or loan guarantees. Financing would be used to construct or improve infrastructure in a transit station area to support development. Eligible borrowers, which could include states, local governments or public-private partnerships, would have to demonstrate a reliable, dedicated revenue source to repay the loan.

Because communities have to repay the loan at a modest interest rate, the cost to the federal government is very low. Additionally, local communities, states and the federal government will benefit from new economic development and more resilient communities that will result from these projects.