Transit Projects

		Program Overview	Funding Status	Eligibility
	FEDERAL GOVERNMENT PROGRAMS			
A	Federal Transit Administration (FTA)			
A.1.	Transportation Equity Act (TEA-21)	On June 9, 1998, the President signed into law PL 105-178, the Transportation Equity Actr for the 21st Century (TEA-21) authorizing highway, highway safety, transit and other surface transportation programs for the next 6 years. This portion of the matrix is focused only on transit related programs. TEA-21 builds on the initiatives in ISTEA (1991).	The Senate-House Conference Committee considering the reauthorization of the Transportation Equity Act for the 21st Century adjourned for the 5-week Congressional summer recess on July 23, 2004 without reaching an agreement on overall funding levels for the six-year renewal period.	
		TEA-21 builds on the innovative financing iniiatives begun under ISTEA (1991) to leverage Federal resources by encouraging PRIVATE participation in the delivery of surface transportation infrastructure.	TEA-21 provides $41 billion over the 6 years for transit programs	
a	State Infrastructure Bank (SIB)	States are authorized to enter into cooperative agreements		
		with the Secretary to set up infrastructure revolving funds to be capitalized with Federal transportation funds authorized for FY 1998-2003.		Highway and transit capital projects
		SIBs are in addition to the traditional reimbursable grant.		
		SIBs provide assistance in the following forms: 1) below-market rate subordinate loans; 2)interest rate buy-downs on third-party loans; 3) guarantees; and 4) other forms of credit-enhancement. In addition, SIB Assistance can include: A) Loans: 1) Loans at subsidized rates and/or with flexible repayment provisions; 2) Grant Anticipation Notes (GANs); 3) Short-term construction or long-term debt financing; 4) COPs. B) Credit Enhancement: 1) Capital reserves and other security for bond or debt financing; 2) Letters of Credit (direct pay or stand by); 3) Lines of credit; 4) Bond insurance and loan guarantees. C) Other Forms of Assistance: 1) Other forms of proposed assistance should be submitted to the Secretary in writing for approval.		
		SIBs can provide assistance to public or private entity building public transportation infrastructure. These entities may include 1) Transportation Districts at the county and local levels; 2) Transportation Authorities; 3) Private project sponsors; and 4) State DOTs.		
		Transit systems may have access to : 1) Benefit Assessment Districts; 2) Special appropriations; 3) Dedicated Tax Increments; 4) Joint development Revenues		

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b	Transportation Infrastructure Finance and Innovation Act (TIFIA)	TEA-21 established TIFIA, a new program through which US DOT can provide credit assistance on flexible terms directly to public-private sponsors of major surface transportation projects to assist them in gaining access to the capital markets.		highway and capital transit projects
		TIFIA provides a total of $530 million of contract authority over FYs 1999-2003, and authorizes the Secretary to collect fees from borrowers, to fund up to $10.6 billion of direct loans, loan guarantees, and lines of credit to support up to 33% of project costs.	$530 million in FY 1999-2003	Projects must cost at least $100 million or 50% of a state's annual apportionments and be supported by user charges or other dedicated revenue streams, or other non-Federal dedicated funding sources and included in the state's Transportation Plan. The project is subject to all Federal requirements and at the time of application must have circulated a Draft EIS or received either a Finding of No Significant Impact (FONSI) or Categorical Exclusion.
		Three types of financial assistance: 1) Direct Federal Loans with flexible repayment terms. Combined construction and permanent financing of capital costs. (Rate is 30 year Treasury plus 5 bp--can use sales or propoerty tax increment to repay loan); 2) Loan guarantees with full faith and credit of federal government to institutional investors; 3) Standby Lines-of- Credit that represent secondary sources of funding in the form of contingent Federal loans. These loans may be drawn upon to supplement project revenues, if needed, during the first 10 years of project operations.	$2.2 Billion funding in 2001	Funds can be used for: 1) Transportation Related improvements within 1500 feet of station; 2) Station improvements; 3) Commuter parking; 4) Landscaping, lighting and security; 5) Top platform of a garage that becomes the platform for the new development; 6) Public buildings required by local government; 7) Pedestrian plaza above the parking structure, including plaza improvements such as a fountain; 8) Transfer facilities for buses; 9) Underground connection to station; 10) Community service activities (daycare, healthcare and police)
		Unlike other innovative financing instruments, TIFIA assistance involves a competitive Federal application process.		
c	Surface Transportation Program (STP)	The STP provides funding that may be used by states and localities for projects on any Federal-aid highway, including the NHS, bridge projects on any public road, transit capital projects, and public bus terminals and facilities.	$33.3 billion over 6 years	
d	Urbanized Area Formula Grant Program	Under this program, 91.23% of the funding is made available to all urbanized areas with a population of 50,000 or more. For urbanized areas with populations less than 200,000, funding may be used for either capital or operating costs at local option and without limitation.		
		For urbanized areas with populations of 200,000 or more, the definition of "capital" has been revised to include preventive maintenance.		
		Operating assistance for these larger areas is no longer an eligible expense. Also, for these larger areas, at least 1% of the funding apportioned to each area must be used for transit enhancement activities such as historic preservation, landscaping, public art, pedestrian access, bicycle access, and enhanced access for persons with disabilities.		

e	Grant Anticipation Revenue Vehicle - GARVEE Bonds	A GARVEE is a designation applied to a debt financing inst[illegible]ent that has a pledge of future Federal-aid for debt service and is authorized for federal reimbursement of debt service and related financing costs.		The issuer may be a state, politcal subdivision, or a public authority
		This funding mechanism generates up-front capital for major highway projects that the state may be unable to construct in the near term using traditional pay as-you-go funding approaches. The 1995 NHS Act was a significant enabler for GARVEEs, expanding the eligibility of debt financing costs for Federal-aid reimbursements.	Five states have issued nearly $1 billion of GARVEEs to supplement traditional "pay-as-you-go" financing methods.	As of June 2001, 5 states (Michigan,California, Ohio, New Mexico and Mississippi) had authorized GARVEE Bonds. Three states: Texas, Georgia and Alaska had pending legislation for GARVEEs. It was reported in the Sept. 17,2001 issue of ENR that Arizona has already issued $200 million in GARVEE bonds to help finance 3 projects.
		This mechanism is also being used by transit agencies to borrow against future Federal-aid funding.		
		The GARVEE bond technique enables a state to accelerate construction timelines and spread the cost of a transportation facility over its useful life rather than just the construction period.		
	Housing and Other Projects			
A	Federal Transit Administration			
A.1.	Livable Communities Initiative (LCI)	The FTA LCI is demonstrating ways to improve the link between transit and communities.		Under LCI, FTA has awarded funding ($55.1 M) to 21 projects($118.1 M) that demonstrate the characteristics of community-sensitive transit.
		In accordance with the Federal Transit Act, FTA grantees may use FTA financial assistance for joint development projects that are physically or functionally related to transit or that increase transit ridership in a corridor.		Eligible recipients: transit operators, MPOs, city and county governments, states, planning agencies and other public bodies with the authority to plan or construct transit projects.
		Contact: FTA - Region IV: 1720 Peachtree Road, NW, Suite 400, Atlanta, GA 30309. Telephone: 404.347.3948.		Eligible project planning activities: 1) preparation of implementation plans and designs; 2) assessment of environmental, social, economic, land use and urban design impacts of projects; 3) feasibility studies and technical assistance; 4) participation by community organizations; 5) evaluation of best practices; and 6) development of innovative urban design, land use and zoning practices.
				Eligible capital activities or capital project enhancemets: 1) property acquisition, site preparation, utilites, walkways and open space that are physically and functionally related to transportation facilities; 2) the purchase of buses, enhancements to transit stations, park-and-ride lots and transfer facilities incorporating community services such as day care, heallth care and public safety; 3) safety elements such as lighting, surveillance and community police and security services; 4) site design improvements; 5) operational enhancements.

B	U.S. Department of the Treasury Community Development Financial Institutions Fund			
B.1.	New Markets Tax Credits (NMTC)	The NMTC is anew tax credit established to stimulate economic and community development and job creation in the nation"s low-income communities. In March 2003, the US Dept. of the Treasury announced the selection of 66 organizations to receive the frist tax credit allocations.	These 66 entities are authorized to issue to their investors, on the aggregate, $2.5 billion in equity.	The NMTC program permits individual and corporate taxpayers to receive a credit against federal income taxes for making "qualified equity investmentds" in privately managed investment vehicles known as Community Development Entities (CDEs).
		Through the sale of stock or equity interests in qualified CDEs, individual and institutional investors will be able to make tax-favored equity investments to the CDE for re-investment in the form of loans or direct equity investments in "qualified active low-income community businesses". The definition of a qualified active low-income community business is quite expansive and may include commercial real estate projects, daycare centers, retail and wholesale businesses, etc.	Under the NMTC program, the CDFI Fund will allocate, through a competitive process,, up to $15 billion of tax credit allocations over six years (through 2007) to CDEs..	The credit provided to the investor totlas 39% of the cost of the investment and is claimed over a 7-year allowance period.
				CDEs are required to invest in low-income communities, defined as those census tracts with poverty rates of greater than 20% and/or median family incomes that are less than or equal to 80% of the area median family income.
	Fannie Mae www.efanniemae.com			
C		Between 1994 and 2003, Fannie Mae committed $3 trillion to help serve the housing needs of 28 million families in America.		Fannie Mae invests in the new construction, preservation, and rehabilitation of America's rental housing, by providing loans, tking equity positions, purchasing bonds, and offering credit enhancements of bonds and securities.
		Fannie Mae guarantees the timely payment of principal and interest on tax-exempt and taxable bonds issued to finance multifamily housing developments. FM provides credit enhancement during both construction and permanent loan phases for new or rehab properties.		Example: Supporting the preservation of affordable housing by keeping rents below market, FM provided credit enhancement for a non-profit 501©3 bond issue. Together with lending partnersthey created the largest ever 501©3 housing revenue bond in AZ for a non-profit
				Example: CH Apts.-The $25 million loan for this 766-unit apt. FM offered a creative loan strucutre that included a senior loan of $21M and a subordinate loan of $4M, with the latter collateralized by a LOC.
C.1.	American Communities Fund (ACF)	Fannie Mae will invest $2 trillion over 10 years to close homeownership gaps and strengthen communities. Fannie Mae will invest up to $3 billion through ACF, spark $30 billion in leveraged public and private community development investments, and make a positive impact in 300 communities through this effort.	In 2001, ACF invested $150 million in 78 transactions in 48 cities supporting more than 6,000 housing units.	ACF's community development and investment professionals, located across the country, work closeley with Fannie Mae's Partnership Offices to identify investment opportunities that support communities' housing strategies.
	North Carolina is located in the Southeastern Office: 404.398.6690	Established in 1996 as a commmunity development equity investment fund, today ACF has committed to provide up to $3 billion in equity and non-mortgage debt products over the next 10 years for investment in neighborhoods that lack adequate access to traditional capital or where housing needs are underserved.		Eligible transactions: 1) rental housing;2) For-sale housing; 3) mixed-use properties; 4) retail, historic, and other properties directly supporting residential areas

		ACF is one of America's leading private capital community development investment funds. By the end of 1999, ACF had invested almost $300 million in tangible, high impact residential and neighborhood developments.		ACF looks for clear evidence of strong community support, such as the investment of state or city funds, tax abatements, TIF, etc.
		ACF works closely with their partners to leverage the resources of: 1) financial services industry; 2) for-profit and non-profit developers; 3) the federal government; and 4) state and local governments		
		Fannie Mae expects a reasonable return on its investment. They look for partners experienced in the type of development being proposed, as well as developers with strong financial resources.		
C.2.	**America's Living Communities Plan**	The America's Living Communities Plan commits Fannie Mae to being the antion's premier private sector source of housing investment in targeted communities.		ALCP works closely with local partners, including lenders, developers, government entities, and nonprofit organizations to help then achieve their affordable housing goals and invest in their communities.
C.3.	Smart Commute Initiative (SCI)	The SCI program increases a homebuyers' purchasing power in exchange for abandoning their cars and using mass transit. Homebuyers are provided with larger loans than they normally would qualify for and lower downpayments.		In return for larger loans and reduced downpayments, Fannie Mae and a city(?) will request that participants own one car or less per household and live within a quarter mile of a bus line or half a mile from a train or light rail transit system.
		On March 11, 2004, Fannie Mae launched 50 SCI programs nationwide to provide financing for infill or transit-oriented residential development as part of a major "workforce housing" initiative.		This program supports 50 neighborhood-based pilots to promote the rehabilitation of existing housing or provide financing for infill or transit-oriented residential development projects for a variety of populations including first-time home buyers.
C.3.a.	Triangle Smart Commute Initiative	Home buyers in Durham, Ornage and Wake counties can save money by purchasing a home within a quarter-mile of a public bus stop are eligible. Participating lenders can add part of the buyers' potential transportation savings to their qualifying income. That credit could increase their home-buying power and help them afford more house.		
		Partners include the greater Triangle Regional Council, Chapel Hill Transit, Triangle Transit Authority, Chapel Hill Board of Realtors, local lenders and Fannie Mae (FNM/NYSE).		
		Particpating lenders: RBC Centura, Allied Home Mortgage Capital Corp., Central Carolina Bank, Country Home Loans and State Employees' Credit Union.		To determine eligibility and apply for a mortgage loan through the Smart Commute Initiative, consumers may contact participating lenders.
C.4.	American Dream Commitment		In 2000, Fannie Mae announced that the American Dream Commitment will provide $2 trillion in private capital for 18 million people.	

	Phase 1 o. ..e ADC Program	Particular emphsis on increasing minoirty homeownership.		
	Phase 2 of the ADC Program	Focuses on increasing the ability of new and long-time homeowners to stay in their homes and preserving our nation's stock of affordable rental housing.		
	Phase 3 of the ADC Program	In January 2004, Fannie Mae joined with the National Association of home Builders (NAHB) in the initiaitive to help revitalize 1,000 communities across Amercia by expanding the stock of affordable housing for working families. This is the third phase of Fannie Mae's American Dream Commitment designed to tackle the roughest housing problems facing America.	Loan amount 2000-2003: 1) Community Reinvestment Act: $23.6billion; 2) Reverse Mortgages: $6.5 billion; 3) Mortgage Revenue Bonds: $19.4 billion; 4) All rental units/multifamily renter households: $80.3 billion.	
		North Carolina is the Southeastern Regional Office of the ADC Program, which is located in Atlanta at 404.380.6000.	The North Carolina Partnership Office: 704.344.6960.	
C.4.a	Community Development Financial Institutions (CDFI)	Fannie Mae's CDFI Initiative iis part of the American Dream Commitment. The CDFI Initiative helps build strong communities by providing investment capital - equity, debt and equity equivalent investments, and depositis - to community-based financial institutions and intermediaries that directly support affordable housing development.	Under the ADC, Fannie Mae's CDFI Initiative has committed to increase its investment to $150 million by the end of the decade.	
C.5.	Fannie Mae Multifamily Investments	Fannie Mae's multifamily financing solutions include debt financing provided through lender partners and investments in Low Income Housing Tax Credits (LIHTC) through syndication partners.	On February 2004, FM announced that the company's 2003 multifamily investments totaled approximately $36 billion.	
C.6.	Mortgage-Backed Securities (MBS)	Fannie Mae creates FM MBS supported by multifamily residential property mortgages. A pool of one or more multifamily mortgages, which can be either adjustable-rate (ARM) or fixed-rate, backs a multifamily Fannie Mae MBS.		
D	U.S. Housing and Urban Development (HUD)			
D.1.	Economic Development Initiative (EDI)	EDI grants to local governments that can be used to enhance both the security of loans guaranteed through the Economic Development Loan Fund and the feasibility of the large economic development and revitalization projects they finance.	Submit to: Processing and Control Branch,Room 7251; Attn: Fy2003 EDI-Special projects, CPD; HUD, 451 7th st. SW, Washington DC 20410	States and CDBG entitlement and non- entitlement communities can apply for EDI/loan fund assistance.
		HUD awards EDI funds as competitive project grants, in conjunction with 108 loan commitments. EDI grant program offers communities a way to decrease the level of risk to their CDBG funds: 1) the grant can provide additional security for the loan; and 2) use the grant to simply make the project more feasible by paying some of the project costs with grant funds or by reducing the interest rate to be paid for loans from a revolving fund.		EDI grant funds can only be used with projects assisted through Section 108 Economic Development Loan Fund, which may involve such activites as: acquisition; rehabilitation of publicly owned proerty; housing rehabilitation; econmic development activities; acquistion, construction, reconstruction and installation of public facilities; and for colonias, public works and other improvements.

D.2.	Section 108 Loan Guarantee Program	Section 108 enables states and local governments participating in the CDBG program to obtain federally guaranteed loans that can help fuel large economic development projects and other revitalization activities. This program is part of the CDBG program.		
		HUD guarantees repayment of notes issued by local governments to raise funds for approval projects. The guarantee represents the full faith and credit of the US government, providing private investors with enough security that the participating local governments can borrow funds at lower interest rates comparable to those that the Government commands when borrowing through the US Treasury.		CDBG entitlement communities are eligible to apply for a guarantee from Section 108 Loan Guarantee program. Except in New York and Hawaii (HUD administers the CDBG Small Cities Program), CDBG non-entitlement communities also may apply, provided that their State agrees to pledge funds necessary to secure the loan.
		The guaranteed amount must not exceed 5 times the community's (or State's) most recent CDBG allocation. The maximum loan term is 20 years. Loan commitments are often paired with EDI grants, which can be used for predevelopment costs of a section 108-funded project, as a loan loss reserve (in lieu of CDBG funds), to write-down interest rates, or establish a debt service reserve.		Like other CDBG assistance, Section 108 loan guarantees must be used for activities that meet national CDBG objectives. They must: 1) benefit low and moderate-income families; 2) prevent or eliminate blight; or 3) meet other urgent community development needs.
		Although funded projects generate enough cash flow to support loan payments, the 20-year term means that projects do NOT necessarily need to support repayment immediately. Statutory amendments in 1994 expanded the list of eligible activities to include public facilities, which generally do not yield cash flow.		The Office of Community and Economic Development Finance in HUD's Office of Community Planning and Development (CPD) administers the program.
		Local governments borrowing funds guaranteed by Section 108 must pledge their current and future CDBG allocations (up to the loan amount) as security for the loan.		
D.3.	**Home Investment Partnerships Program (HOME)**	HOME provides formula grants to States and localities that communities use-often in partnership with local nonprofit entities to fund a wide range of activities that build, buy, and/or rehabilitate affordable housing for rent or homeownership or provide direct rental assistance to low (moderate?) income people.	HOME funds are awarded annually as formula grants to participating jurisdictions.	States are automatically eligible for HOME funds and receive either their formula allocation or $3 million, whichever is greater.
	HUD in North Carolina: Greensboro: Asheville Building 1500 Pinecroft Road, Suite 401 Greensboro, NC 27407. Telephone: 336.547.4000.	HOME is the largest Federal block grant to State and local governments exclusively to create affordable housing for low-income households. Each year it allocates approximately $2 billion among the states and hundreds of localities nationwide.		Participating jurisdictions may choose among a broad range of eligible activities, using HOME funds to provide home purchase or rehabilitation financing assistance to eligible homeowners and new homeowners; build or rehab housing for rent or ownership; or for "other reasonable and neccessary expenses related to the development of non-luxury housing.
		HUD establishes Home Investment Trust Funds for each grantee, providing lines of credit that the jurisdiction may draw upon as needed. The program's funds allows States and local governments to use HOME funds for grants, direct loan guarantees, or other forms of credit enhancement, or rental assistance and security deposits.		For rental housing and rental assistance, at least 90% of benefiting families must have incomes that are no more than 60% of the HUD-adjusted median family income for the area.

D.4.	American Dream Downpayment Initiative (ADDI)	The American Dream Downpayment Initiative (ADDI) was signed into law on December 16, 2003. The ADDI authorizes up to $200 million annually for fiscal years 2004-2007. ADDI will provide funds to all fifty states and to local participating jurisdictions that have a population of at least 150,000 or will receive an allocation of at least $50,000 under the ADDI formula.	ADDI will be administered as a part of the HOME Investment Partnerships Program, a formula grant program.	To be eligible, individuals must be first-time homebuyers interested in purchasing SF housing. ADDI funds may be used to purchase 1to4 family housing, condominimum unit, cooperative unit or manufactured housing.
			In FY 2003, the ADDI appropriation was $74.5 million. The FY 2004 appropriation is pending.as of June 2004.	Individuals who qualify for ADDI assistance must have incomes not exceeding 80% of area median income.
	LOCAL INITIATIVES SUPPORT CORP. (LISC)			
E		LISC helps resident-led, community-based development corporations (CDCs) transform distressed communities and neighborhoods into healthy ones. LISC provides capital, technical expertise, training and information.	In 2002, LISC invested over $500 million in equity, loans, and grants through 762 CDCs .	Eligible projects: affordable housing, new industrial and commercial space, schools, daycare centers, health clinics and playing fields.
		LISC is an intermediary - a pipeline through which corporations, foundations,individual investors and government deliver capital and technical expertise to CDCs and their communities.		
		LISC operates on three levels:		
		1. Providing direct assistance to individual CDCs. LISC acts as an intermediary for over 900 corporations and foundations, providing technical and financial resources to help CDCs become strong and stable neighborhood institutions.		
		2. Improving Local Community Development Environments. LISC, through local programs it establishes in selected cities and regions works to build environments in which CDCs can be successful-environments charaterized by partnerships among local LISC programs, community organizations, local foundations,private industry, and state and local governments.		
		3. Strengthening National Supprot for Community Development. LISC brings national resources to local programs and promotes the exchange in adaptation of effective, creative community development strategies among these localities.		
		LISC provides grants, below-market capital and equity investments to CDCs for neighborhood redevelopment. When LISC begins a new program, National LISC matches locally-raised funds and gives that much more to the community for renovation. The CDC then designates the funds to a variety of projects that will best suit the neighborhood.		
	Prepared by Stainback Public/Private Real Estate (SPPRE)			