



LOCUS Federal Advocacy May 2011

In conjunction with Transportation for America and Smart Growth America, LOCUS has developed the following set of policy recommendations in advance of the reauthorization of the Safe Accountable Flexible Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU), which expired on September 30, 2003.

1. Increase Overall Transit Funding through Value Capture

LOCUS supports the President's FY12 Budget request to increase the current transit funding from \$50 billion to \$120 billion, but recommends the creation of a value capture provision. Such a provision would create a credit facility in the transportation bill to leverage public and private sector fund to support transportation infrastructure, specifically transit infrastructure. A value capture provision would also:

- Lower the federal match of capital construction from 80% to 50% in urbanized areas with over 200,000 residents; and
- Allow states to leverage 10-15% of their Surface Transportation Program dollars to create a credit facility to support transportation infrastructure.

2. Incentivize Transit-oriented Development through credit enhancement and tax incentives

According to a 2009 Reconnecting America report, demand for housing near transit in walkable, mixed-use communities – what's called “transit-oriented development” – is projected to double over the next 20 years to 15.2 million households by 2030. Many of the capital costs for transit-oriented development – such as parking garages, sidewalks and utilities – are front-loaded in infrastructure needs which must be put in place during the initial phase of the development.

LOCUS recommends the creation of a federal credit enhancement program modeled after the Transportation Infrastructure Finance and Innovation Act (TIFIA) which will provide much needed financing to advance new transit-oriented development projects. Under the federal credit enhancement program local governments and other governmental authorities would be able to request loans or loan guarantees for:

- Property enhancement, including conducting environmental remediation, park development, and open space acquisition;
- Improvement of mobility and parking, including rehabilitating, or providing for additional streets, transit stations, structured parking, walkways, and bikeways; or

- Utility development, including rehabilitating existing, or providing for new drinking water, wastewater, electric, and gas utilities.

NOTE: These credit enhancements will be available for transit-oriented development that provides at least 15% of housing units for lower-income households and is a part of the community based planning initiative.

LOCUS also recommends the modification of current legislative and regulatory provisions in real estate-related tax credits, such as the New Markets Tax Credit (NMTC) to allow transit-oriented development eligible in non-targeted populations that can create equitable social benefits.

3. Require strategic planning among metropolitan planning organizations and state Departments of Transportation

Today states and regions are required to develop 20-year plans to help guide transportation investments to meet future development needs. Predictions are made about how and where development will take place, however, the location and type of development frequently changes over time due to market demands. This practice leads to the selection and construction of projects that do not provide states and regions with the “best bang for their buck” and results in plans that are not fiscally constrained or tied to achievable goals – costing taxpayers millions of dollars. LOCUS recommends modifying the current planning provision in the next transportation bill to require state DOTs and MPOs to conduct strategic planning, which will review several scenarios for future travel demand, land use and transportation investments; and then after public deliberations, select a scenario based on what best meets the needs of the community.

About LOCUS

LOCUS serves as a vital voice for real estate developers to align federal policy with emerging trends in the real estate market that are more economically, socially and environmentally sustainable for America’s future. LOCUS members use their hands-on experience and expertise of the real estate sector to advocate for development policy that creates more jobs, increases property values and provides sustainable economic growth. LOCUS is a project of Smart Growth America.