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Infrastructure Alert

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USDOT proposes new TIFIA, RRIF loan sizing methodology for TOD projects

By Roderick N. Devlin

The landmark proposal outlines new preferred maximum TIFIA and RRIF loan sizing methodology for transit-oriented development (TOD) projects.



What's the impact?

- The first quantitative framework for sizing TIFIA/RRIF TOD loans, which aims to ensure that these federal resources are deployed strategically on projects that maximize transportation benefits.
- Requires project sponsors to demonstrate transportation benefits to maximize federal TOD TIFIA/RRIF assistance.
- The most straightforward way for project sponsors to meet the new thresholds would be to increase the amount of public transit improvements included in the project.
- Gives public transit authorities a more central role, as it will be hard for a private developer to satisfy the thresholds without the active involvement of a public transit authority partner.

On April 23, 2026, the US Department of Transportation's Build America Bureau (Bureau) published a [Federal Register notice](#) (91 Fed. Reg. 21871, FR Doc. 2026-07981) announcing

proposed guidance that would establish a new Preferred Maximum Loan Size policy for transit-oriented development (TOD) projects financed under the Railroad Rehabilitation and Improvement Financing (RRIF) and Transportation Infrastructure Finance and Innovation Act (TIFIA) funding programs.

The Bureau has published the proposed guidance “to ensure that RRIF and TIFIA resources are deployed strategically to TOD projects that **maximize transportation benefits.**” The guidance, published in the form of new FAQs on the Bureau’s website, **introduces a formulaic methodology linking the maximum loan the Bureau will extend to the dollar value of a project’s demonstrated transportation benefits.** Public comments are due by May 18, 2026.

This is a landmark development. For the first time, the Bureau has articulated a quantitative framework for sizing TOD loans, one that will **require project sponsors to demonstrate and monetize the transportation value of their projects as a condition of maximizing federal funding assistance.**

The Preferred Maximum Loan Size Formula

The core of the new guidance is a dual-threshold formula:

- / Preferred Maximum Loan Size should not exceed 4 times the Total Transportation Benefit Value (Total TBV)
- and
- / Preferred Maximum Loan Size should not exceed 20 times the Anchor Station/Service Benefit (ASB)

In practical terms, a project’s Total TBV must equal at least **25% of the requested loan amount**, and the ASB must equal at least **5% of the requested loan amount.**

These new dual-threshold formulae would apply equally to TIFIA and RRIF loans.

Understanding Total Transportation Benefit Value (TBV)

TBV is the monetary value of either (1) capital contributed by a sponsor or public entity or (2) revenue generated by a project, in each case specifically dedicated to the enhancement of transportation infrastructure or services. It can be demonstrated through two avenues:

IMPROVEMENTS TO TRANSPORTATION INFRASTRUCTURE

This encompasses both (i) direct improvements (transportation capital improvements included in the total eligible project costs under the TIFIA/RRIF loan, such as a pedestrian bridge to a rail

station) and (ii) indirect improvements not included in the loan's eligible project costs but that (x) are financially related to the TOD project and (y) if publicly funded, would not have occurred but for the TOD project.

REVENUE DEDICATED TO TRANSPORTATION

This includes two subcategories.

- / **Revenue to a transportation authority:** One-time or ongoing payments or contributions to, or revenues generated for and received directly by, a transportation authority either within the same Metropolitan Statistical Area (MSA) as the TOD project or, if not located within an MSA, tied to a transportation service that is **functionally related** to the TOD project. The Bureau would expect to see such payment obligations evidenced by a contractual commitment, such as a ground lease or a profit-sharing agreement.
- / **Revenue dedicated to transportation:** Tax revenues generated by the TOD project that are committed to be reinvested in capital or operating expenses that are tied to a transportation service either within the same MSA as the TOD project or, if not located within an MSA, that is **functionally related** to the TOD project.

It is worth noting that the TIFIA TOD program (unlike the RRIF TOD program) did not historically require a ground lease, profit-sharing agreement, JV, MOU, or any other contractual relationship with a public transportation authority. Under the new TBV/ASB framework, it would be extremely difficult for a private developer to maximize its access to a TIFIA TOD loan without such a contractual project relationship with a public transportation authority, especially with respect to the TBV threshold.

What does not count as TBV

The Bureau's examples make clear that improvements to the TOD building itself are not transportation improvements. Standard property taxes that flow to a general fund and are not legally dedicated to transportation do not qualify.

Further, increased farebox revenues from ridership (while they may satisfy the core TIFIA/RRIF statutory eligibility criteria) are "generally excluded" from TBV for the purpose of calculating loan size.

TBV is therefore broader than "public infrastructure" in the TIFIA statutory sense: a project can generate TBV through revenue commitments alone, without constructing any physical infrastructure. But as a practical matter, the revenue path is narrow (as it requires legally dedicated or contractually committed transportation revenue streams) and it may be difficult for

projects to reach the 25% TBV threshold on revenue alone. The most reliable and scalable path to generating meaningful TBV would likely require investing in transportation infrastructure.

Understanding Anchor Station/Service Benefit (ASB)

The ASB includes the value of benefits accruing to the anchor station itself or to a transportation service provided at that facility, provided that the service is of a type that specifically grants the project its statutory eligibility (such as passenger rail under RRIF TOD and TIFIA, “economic development” TOD or fixed guideway transit under TIFIA).

These service-level benefits do not need to accrue solely to the qualifying station to be included in the ASB calculation. Benefits to non-qualifying services at the same location (such as bus service at a RRIF-qualifying Amtrak station) do not contribute to the ASB, although they may contribute to the Total TBV.

The Bureau’s illustrative examples clarify what qualifies for ASB: a dedicated bus layover facility directly behind the TOD building, or a dedicated transit rider waiting area and digital signage in the TOD building for the anchor service, would likely satisfy ASB. A parking garage that does not include reserved spaces for the anchor station’s park-and-ride users, or improving a pedestrian facility several miles away from the anchor station, would likely not qualify.

ASB functions as a targeted test to ensure that the project delivers meaningful value to the specific transit asset that makes it eligible for federal funding in the first place, not just transportation value in general.

Important caveat: Preferred maximum is a ceiling, not a guarantee

The Bureau makes clear that even if a project meets the TBV/ASB thresholds, the loan size is not guaranteed. The methodology describes the Bureau’s *preferred maximum* loan size and the Bureau would consider this amount to be a *ceiling*. The actual maximum loan size remains subject to the Bureau’s creditworthiness and other reviews, and the loan (if any) could well be less than the preferred maximum based on the project’s profile.

Public infrastructure requirements: How the old and new frameworks compare

Understanding the interplay between the existing statutory eligibility requirements and the new loan-sizing guidance requires close attention to how each program treats “public infrastructure,” particularly from the perspective of private developers.

THE EXISTING STATUTORY FRAMEWORK

Under TIFIA, every eligible TOD project must, as a threshold legal matter, be “a project to improve or construct public infrastructure.” As the Bureau’s FAQs state, a project that otherwise meets the TIFIA TOD “eligibility criteria is only eligible for TIFIA if it also includes a project to improve or construct public infrastructure.”

RRIF TOD, by contrast, imposes no such requirement. A purely private real estate project (an apartment tower, office building, or mixed-use complex) could qualify for RRIF TOD financing on the strength of its economic development character alone, provided it meets the RRIF TOD’s statutory criteria.

WHAT THE NEW LOAN-SIZING GUIDANCE CHANGES IN PRACTICE

The April 23 guidance does not alter these statutory eligibility frameworks. A private real estate project can still *qualify* for a RRIF TOD loan without any public infrastructure component.

However, the new Preferred Maximum Loan Size methodology makes it very difficult to *maximize* a TIFIA or RRIF TOD loan without delivering substantial transportation value: while TBV can technically be generated through dedicated revenue commitments rather than physical infrastructure, the revenue path is narrow and difficult to scale. Standard property taxes do not count. Farebox revenue from increased ridership is generally excluded. Only revenue that is legally dedicated or contractually committed to transportation qualifies.

A purely private TOD development that builds no station access improvements, funds no transit facilities, and commits no dedicated transportation revenue would produce minimal or zero TBV and ASB, and would therefore be limited to a correspondingly minimal loan regardless of its creditworthiness or project cost.

BOTTOM LINE FOR PRIVATE DEVELOPERS

The new guidance effectively closes much of the practical gap between TIFIA and RRIF on this point. TIFIA requires public infrastructure as a *legal* matter to get in the TOD door. RRIF does not, but the new loan-sizing policy now requires either transportation infrastructure investment or dedicated transportation revenue to access a meaningful loan. Now under either program, TOD projects that do not build transportation value into the project (through infrastructure, through binding revenue commitments to transit authorities, or both) can expect significantly constrained access to TIFIA and RRIF funding.

For private developers that had viewed RRIF TOD as a path to federal funding without infrastructure or transit revenue obligations, the calculus has fundamentally changed.

Scope of application: Phased approach

The interim guidance applies **only** to TOD projects that have:

- / submitted a Letter of Interest (LOI) to the Bureau **and** received a preliminary eligibility determination letter, **or**
- / initiated a USDOT-led NEPA process (i.e., USDOT has made an official class of action determination in writing).

All other TOD projects, including new applications, **must apply or reapply once a subsequent notice establishes a comprehensive application framework and discretionary criteria.**

The Bureau has specifically invited comment on whether it should instead adopt a unified implementation framework applying the methodology to the entire TOD pipeline and all future applicants.

Why it matters for public-sector entities and private developers

Transit agencies, municipalities, and public authorities that own or control land near transit stations should view this guidance as **significantly reshaping the economics of federal TODs.** The new loan-sizing methodology means that the transportation benefits a TOD project delivers, particularly benefits to the anchor station or service, **directly determine how much federal funding the project can access.** For privately developed TODs, transit agencies, municipalities, and public authorities are likely to see increased benefits, if the private developer is seeking to maximize the amount of its TIFIA/RRIF financing.

Private developers pursuing mixed-use, residential, or commercial TODs near qualifying transit stations now have a quantitative framework governing the potential size of TIFIA and RRIF funding for their projects. Such developers must now be prepared to articulate, quantify, and monetize the transportation benefits that their projects generate (through infrastructure improvements, dedicated revenue commitments, or both) to satisfy the TBV and ASB thresholds.

This favors projects that include direct station improvements or connections, dedicated revenue contributions to transit authorities (such as ground lease payments, profit-sharing, or in-kind operating cost reductions), multimodal access enhancements, or other features that deliver measurable value to transportation infrastructure and services.

For private developers, the new guidance creates a strong incentive to partner with public-sector transit agencies in ways that maximize demonstrable transportation value, to drive the highest TBV and ASB scores and, in turn, the largest available TIFIA/RRIF loans.

Recommended actions for infrastructure developers

SUBMIT COMMENTS BY MAY 18, 2026

The Bureau has specifically invited input on the phased vs. unified implementation approach, and on the guidance generally.

FOR PROJECTS IN THE PIPELINE

Assess immediately how the TBV and ASB formulas affect your financing assumptions. If your project's transportation benefits do not support your requested TIFIA or RRIF loan size, consider whether the project can be adjusted to generate greater station or service benefits, whether through infrastructure investment, binding revenue commitments, or both. If you have not already engaged with the relevant transit agency or other public authority, now would be a good time to do so.

FOR PROJECTS NOT YET IN THE PIPELINE

The Bureau has signaled that a subsequent notice establishing the full application framework and discretionary criteria for new projects is forthcoming. Begin preparing transportation benefit analyses now. Engage with the relevant transit agency or other public authority early, to discuss how to increase the transportation benefits to maximize your requested TIFIA or RRIF loan size.

Maximize TIFIA and RRIF loan eligibility

Under both TIFIA and RRIF, the size of the federal funding a project can access now turns directly on its demonstrated transportation benefits. Private developers should ideally incorporate station access improvements, transit facility upgrades, dedicated transportation revenue commitments, or other measurable transportation investments into their project designs from the outset. Projects relying solely on general economic development value without a dedicated transportation benefit strategy will likely face significantly constrained TIFIA/RRIF loan capacity. Nixon Peabody's [infrastructure lawyers](#) advise agencies and developers on structuring transportation and infrastructure projects to maximize federal financing opportunities, including TIFIA and RRIF programs.

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