

GAO@100 Highlights

Highlights of [GAO-22-104536](#), a report to congressional requesters

Why GAO Did This Study

U.S. transit agencies face fiscal challenges and rely heavily on local, state, and federal funding to operate rail and bus systems. Transit-oriented development projects could help transit agencies increase ridership and revenues, and Congress has sought ways to support these projects. A 2012 statute established a pilot program for FTA to provide grants to communities to plan for transit-oriented development, and a 2015 statute expanded eligibility under the Transportation Infrastructure Finance and Innovation Act program and the Railroad Rehabilitation Improvement and Financing program to include transit-oriented development projects.

GAO was asked to review DOT's transit-oriented development efforts. This report, among other things, examines: (1) the status of the Bureau's reviews of transit-oriented development projects since 2016 and the extent to which it documented decisions, and (2) how FTA has evaluated the pilot program for transit-oriented development planning. GAO reviewed Bureau documents, surveyed applicants for the Bureau's financing, and interviewed transit agencies in the pilot program selected by ridership, location, and other factors.

What GAO Recommends

GAO is recommending: (1) that the Bureau document its rationale for decisions and follow its procedures in reviewing transit-oriented development projects, and (2) that FTA develop a plan to evaluate its pilot program. DOT concurred with the recommendations.

View [GAO-22-104536](#). For more information, contact Andrew Von Ah at (202) 512-2834 or VonAhA@gao.gov.

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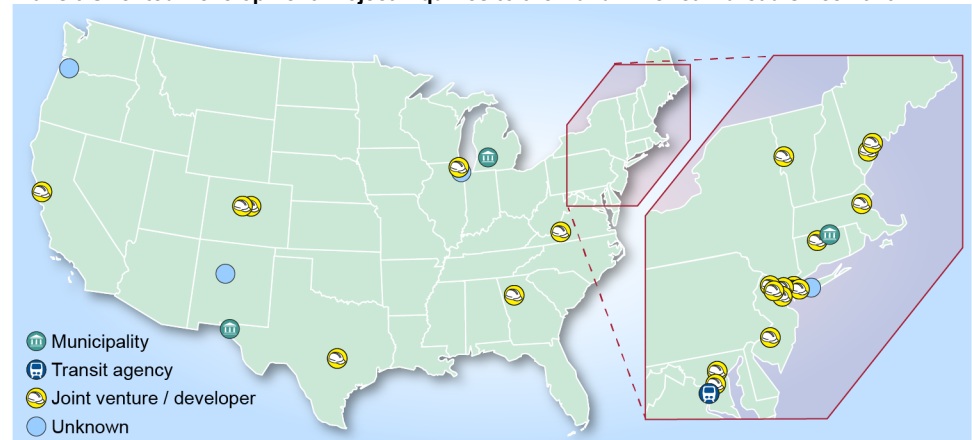
TRANSIT-ORIENTED DEVELOPMENT

DOT Should Better Document Its Rationale for Financing Decisions and Evaluate Its Pilot Program

What GAO Found

Transit agencies and local governments have looked to increase transit ridership and revenues by encouraging growth along transit corridors with transit-oriented development. Such projects generally comprise mixed-use residential and commercial real estate near transit. In 2015, the Fixing America's Surface Transportation Act expanded eligibility under two federal financing programs administered by the Department of Transportation's (DOT) Build America Bureau (Bureau) to transit-oriented development projects. While the Bureau has provided information on these programs to many potential project sponsors, it has not approved financing for any transit-oriented development projects since 2016 or clearly documented all project eligibility decisions. Specifically, the Bureau received 29 inquiries from project sponsors—mostly joint ventures by developers and local agencies—about financing such projects. All but seven inquiries were in early stages of development and not ready for the Bureau to assess their eligibility for financial assistance. Of the seven more developed projects, the Bureau determined that six were ineligible for financing and that one project is preliminarily eligible. However, we found the Bureau did not clearly document its rationale for five of the six declared ineligible, in part because it did not follow its procedures for conducting these reviews and implemented new procedures without documenting the changes. Without a clearly documented rationale for eligibility decisions and procedures for making decisions, sponsors lack reasonable assurance that the Bureau is reviewing projects consistently.

Transit-Oriented Development Project Inquiries to the Build America Bureau since 2016



Sources: Map Resources and Build America Bureau. | GAO-22-104536

The Federal Transit Administration (FTA) awards grants through a pilot program to help transit agencies and communities plan for transit-oriented development. While FTA has invested almost \$80 million through this pilot program since FTA made its first awards in 2015, it has not documented a plan to evaluate the pilot or identify lessons learned in line with leading practices. Without such an evaluation, FTA will not be able to understand whether the pilot program is fulfilling its goals to help communities develop strategies to facilitate transit-oriented development. Further, FTA will lack information to inform congressional decisions about the pilot program's future.