



NATIONAL
MULTIFAMILY
HOUSING
COUNCIL



REFORM TIFIA TO BOOST HOUSING SUPPLY

The Transportation Infrastructure Finance and Innovation Act (TIFIA) provides the Department of Transportation (DOT) \$70 billion in below-market lending authority for, among other things, transit-oriented development, including for housing near public transit stations. While TIFIA could be a significant tool to increase housing supply and, thereby, lower rents, the following legislative and regulatory hurdles impede TIFIA's use for housing:

- Inapplicable Underwriting Standards: The TIFIA statute applies transportation, rather than housing, underwriting standards, requiring an investment-grade rating from a nationally recognized credit agency. Unfortunately, transportation creditworthy ratings look to a sole source of a dedicated revenue stream in order to rate a project whereas a multifamily housing development borrows against the viability of the project. Only Congress can modify these statutory requirements.
- Misaligned and Onerous Regulatory Requirements: DOT National Environment Policy Act (NEPA) regulations and other regulations for transportation projects are different and more onerous than those typically applied to housing projects by the Department of Housing and Urban Development (HUD). DOT needs to establish new processes for housing developments to reduce barriers to development.
- High Application Fees: TIFIA application fees are high relative to smaller housing developments and thus discourage participation by some developers. DOT regulatory reforms could address this issue.

To address these hurdles, NMHC and NAA request Congress approve legislation that:

- Directs DOT to underwrite financing for multifamily development using creditworthiness standards that apply to HUD housing projects; and
- Applies regulatory requirements, such as those under NEPA, in manner that facilitates housing development.

It is essential that we build housing at all price points to meet the wide range of demand. While we are at historic levels of apartment completions, this uptick is temporary and will provide only short-term relief for a long-term problem. According to research conducted by Hoyt Advisory Services and Eigen10 Advisors, LLC, and commissioned by NMHC and NAA, the U.S. is facing a pressing need to build 4.3 million new apartment homes by 2035. Reforming TIFIA would help address this challenge.

NMHC/NAA Viewpoint

While TIFIA could be a significant tool to increase housing supply and, thereby, lower rents, legislative and regulatory hurdles impede TIFIA's use for housing. Congress should pass legislation addressing these deficiencies.

The recent uptick in apartment completions is expected to be short lived, requiring policymakers to use all available tools to boost housing production. With modifications, TIFIA could help address the nation's housing supply shortage and reduce rents.