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IN FOCUS

Department of Transportation (DOT) and Transit-Oriented Development: Options for Congress

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Recent policy debates in Congress on the relationship between public transit and land use have often involved the Department of Transportation's (DOT's) role in transit-oriented development (TOD). While there is no statutory definition of TOD, DOT's Federal Transit Administration (FTA) considers it to be "real property development that includes a mix of commercial, residential, office and entertainment uses centered around, or located near, a transit station that is served by reliable public transit with a mix of other transportation options." In addition to transit (subways, light rail, and commuter rail) stations, TOD could include intercity passenger rail stations (e.g., Amtrak) and, perhaps to a lesser extent, bus rapid transit (BRT) stops, local and intercity bus terminals, and ferry terminals.

Among the potential transportation benefits of TOD are improved public transit access to homes, jobs, and services; increased transit ridership; improvements for bicycling and walking; and reduced traffic congestion. Other benefits may include more housing, an increased property tax base, and opportunities to create "a sense of place." Disadvantages may include local traffic congestion (despite the potential for less regional congestion) and the displacement of existing residents and businesses.

Researchers have identified several barriers to implementing TOD. Some barriers concern local land use regulations that preference single purpose, low rise, and low density uses incorporating wide streets and abundant parking. Non-land use regulation barriers include lack of project financing, especially for low-income housing; rigid loan underwriting standards; problems with land availability and land assembly; and lack of coordination and collaboration among stakeholders.

Because TOD relies on private property development and local government land use regulation, the federal role in TOD may be limited. Nevertheless, since at least the 1990s, DOT has advocated for and supported TOD. For example, FTA has proposed TOD as an option to help pay for the construction of new transit systems through "value capture" and as part of a "livable communities" initiative. Additionally, several existing federal transportation laws and regulations support TOD. This includes authority for joint development projects, project evaluation in the Capital Investment Grant (CIG) Program, the Pilot Program for Transit-Oriented Development Planning (TOD Planning Pilot), DOT credit assistance for TOD projects, and the disposition of land acquired for transit purposes to local government and nonprofit housing agencies.

This In Focus discusses existing federal support of TOD from a transportation perspective and options Congress may review if it were to modify this aspect of the federal role. Some proposals included here may be considered in discussions on the possible reauthorization of surface transportation programs. In May 2026, one such reauthorization bill—the Building Unrivaled Infrastructure and Long-term Development for America's 250th Act (BUILD America 250 Act; H.R. 8870)—was introduced in the House, marked up in committee, and ordered to be reported.

Transit Joint Development Projects

Joint development projects—which could be considered a limited form of TOD—are included in the definition of a "capital project" eligible for federal transit funding (49 U.S.C. §5302(4)(G)). A joint development project is a commercial, residential, or mixed-use project involving a private partner in which the transit agency contributes either property or funding. For example, the Washington Metropolitan Area Transit Authority (WMATA) partnered with developers in 2025 to build a mixed-use development on WMATA-owned parking lots near a subway station in Fairfax County, VA. Such projects have provided limited revenue for transit and contributed to ridership. Since joint development was added to the definition of a capital project in 2005 by the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users (SAFETEA-LU; P.L. 109-59), the policy debate has shifted to other TOD-related options in which a transit agency might be an interested stakeholder in a project but not a partner.

FTA's Capital Investment Grant Program

The CIG program, FTA's discretionary funding program for new fixed-guideway public transportation systems (transit rail, BRT), includes TOD in the evaluation criteria through regulation and guidance. For example, one element of project evaluation is economic development, which FTA evaluates

> by considering the extent to which a proposed project is likely to induce additional, transit-supportive development in the future based on a qualitative examination of the existing local plans and policies to support economic development proximate to the project. FTA evaluates … 1) supportive zoning in station areas; 2) performance and impacts of transit-supportive plans and policies; and 3) tools to maintain or increase the share of affordable housing in station areas.

The Build More Housing Near Transit Act of 2025 (H.R. 4576/S. 2363, 119th Congress) proposes changes to CIG project evaluation that would incentivize "pro-housing" policies (e.g., changes that would eliminate or raise residential property height limits or increase the number of dwelling units permitted to be constructed under a by-right approval process). Section 3007 of the BUILD America 250 Act would increase the score on the economic development evaluation criteria with "evidence that enacted local policies promote housing development for areas accessible to transit facilities along the project route."

FTA's TOD Planning Pilot

The TOD Planning Pilot, established by the Moving Ahead for the 21st Century Act (MAP-21; P.L. 112-141), provides grants for land use planning associated with certain CIG projects. In the Infrastructure Investment and Jobs Act (P.L. 117-58), Congress provided an average of $14 million annually for FY2022-FY2026 from the mass transit account of the Highway Trust Fund for these grants. The BUILD America 250 Act would provide an average of $15 million annually for the TOD Planning Pilot. The BUILD America 250 Act would also drop "pilot" from the program's title. Conversely, the NO TOD Act (H.R. 8230, 119th Congress) proposes to eliminate funding for the TOD Planning Pilot.

DOT Credit Assistance Programs

DOT administers two credit assistance programs that can be used to make loans, loan guarantees, and lines of credit for transportation projects: the Transportation Infrastructure Finance and Innovation Act program (TIFIA); and the Railroad Rehabilitation and Improvement Financing Program (RRIF). Both programs can be used to finance TOD projects. To date, TIFIA has made one TOD loan, and RRIF has made no TOD loans. The $27 million TIFIA loan was for a project in Mount Vernon, WA, to build a public library near a multimodal transportation hub that includes an Amtrak station.

Some legislative proposals would modify DOT's loan programs to make them more attractive for housing development. The Equitable Transit Oriented Development Support Act (H.R. 8607, 119th Congress), for example, would authorize using a TIFIA loan to capitalize an account of a community development financial institution that could be used to make loans to sponsors of TOD projects.

The Build Housing, Unlock Benefits and Services Act (Build HUBS Act; H.R. 7062, 119th Congress) would add affordable housing as part of TOD to be an eligible project for TIFIA and RRIF. The act would also create an alternative way of demonstrating creditworthiness for TOD projects, such as a joint liability agreement between a housing developer and a local government for shared repayment responsibility of a TIFIA or RRIF loan. TOD projects would not require an investment grade to be eligible for credit assistance as is currently the case. For affordable housing projects, the Build HUBS Act would also increase the maximum TIFIA share of a project's costs from 49% to 75% and allow the interest rate to be half the Treasury rate. Currently, only rural transportation projects in certain circumstances are eligible for a TIFIA interest rate at this level.

The Build HUBS Act would require the Secretary of Transportation to establish a delegated underwriting process to allow qualified lenders to assume certain DOT responsibilities related to originating and servicing TIFIA and RRIF credit assistance for TOD projects. The proposed program "shall be based on the lender approval, quality control, and baseline creditworthiness standards established under the Multifamily Accelerated Processing system established by the Department of Housing and Urban Development [HUD]," which are used for multifamily mortgage loans guaranteed by HUD's Federal Housing Administration.

The Build HUBS Act would exempt land acquisition by a private entity for a TOD project being financed by TIFIA or RRIF from environmental evaluation as part of the National Environmental Policy Act of 1969, as amended (NEPA; 42 U.S.C. §§4321 et seq.). Sections 2001 and 10506 of the BUILD America 250 Act include this provision for TIFIA and RRIF, respectively. The Build America 250 Act also proposes to add NEPA categorical exclusions to RRIF for the rehabilitation of an office building, conversion of an office building to housing, and new construction of buildings on or near land already disturbed for transportation.

Section 10506(b) of the BUILD America 250 Act includes a definition of TOD for RRIF to include private investment

> for which the project sponsor demonstrates the ability to generate new revenue for the relevant passenger rail station, facility, or service, including by increasing ridership, increasing tenant lease payments, providing a fair share of revenue that will be used for passenger rail transportation.

Section 10506(c) would add TOD with housing to the list of RRIF credit assistance priorities.

There have also been proposals to modify DOT loan programs to make TOD projects impermissible, preserving lending authority for other types of projects. For example, the NO TOD Act (H.R. 8230) would remove the eligibility in both TIFIA and RRIF for TOD projects.

Transit Agency Real Property Disposition

Section 6609 of the National Defense Authorization Act for Fiscal Year 2022 (P.L. 117-81) amended Title 49, Section 5334(h)(1), of the *U.S. Code* to add a disposition option for real property assets acquired or improved with federal assistance. This authority allows transit agencies to transfer an asset to a local governmental authority, nonprofit organization, or other third-party entity if, among other factors, it will be used for TOD and includes affordable housing. To date, there is little systematic evidence of the effect of this authority on the amount of property transferred and the subsequent use of the property.

Technical Assistance and Cooperation

The 21st Century ROAD to Housing Act (P.L. 119-101) includes a provision for HUD to coordinate with FTA in the administration of grants for planning and implementation activities associated with affordable housing. Some legislative proposals would have DOT provide more technical assistance to communities interested in implementing TOD and would encourage or require more interagency cooperation. For example, the Thriving Communities Act of 2025 (H.R. 2088, 119th Congress) would authorize $100 million annually, subject to appropriation, for DOT to establish a TOD technical assistance program in cooperation with HUD for "underserved communities." The bill proposes to authorize $5.5 million annually for HUD to facilitate this cooperation. The BUILD America 250 Act would require greater consultation between DOT and HUD on housing in the CIG program and RRIF.

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