Quicken Loans
Engineered to Amaze

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April 14th, 2017

Dear Chairman Crapo and Ranking Member Brown:

Thank you for the opportunity to respond to the U.S. Senate Committee on Banking, Housing and Urban Affairs with proposals we believe will foster economic growth.

Quicken Loans and its Family of Companies respectfully submits several proposals we believe support sustainable job creation and economic growth across the Unites States. These proposals, borne from our strong company culture and experience, address many of the pressing needs our country faces today.

In 2010, Quicken Loans and its affiliated companies moved their headquarters to downtown Detroit with roughly 3,500 team members. Since that time, we have created more than 8,000 new jobs in Detroit and acquired a development portfolio of more than 90 properties totaling more than 15 million square feet. These efforts, along with a dedication to public/private partnerships, have helped spur what is arguably the largest urban revitalization effort in the nation's history.

In addition, we have contributed significantly to Cleveland with over 4,000 team members, created more than 2,500 new jobs and a growing development portfolio currently totaling more than 3.4 million square feet.

Through our commitments to both Detroit and Cleveland, we have witnessed firsthand the benefits of being rooted in growing, thriving urban cores. The energy our team members experience every day, the connectedness that is created and the unmistakable pride of being part of the growth of two great American cities drives commitment and spirit that can never be adequately measured on a spreadsheet.

From mortgage innovation to blight elimination, Quicken Loans and the Family of Companies truly values the role Congress and the federal government has played, and must continue to play, as partners in growing the economy and creating jobs. We strongly believe the proposals we are submitting support that path, and will accelerate the critical partnership between the public and private sectors. We also know that these proposals and their implementation will be critical to our continued ability to create jobs and economic prosperity.

Attached you will find proposals that will help improve and innovate markets to make them more efficient. These proposals include FHA reform and modifications to the Dodd-Frank mortgage regulations - bringing mortgage lending into the 21st century with technology.

In addition, we have prepared proposals that are important to support our ongoing commitment to revitalizing and transforming cities through public/private partnerships to stimulate economic growth and job creation. These proposals include Low Income Housing Tax Credit reform, Social Impact Bond (SIB) investing and Mass Transit innovation.

We look forward to your feedback and would welcome the opportunity to meet with you and your respective teams to go deeper on any of the proposals that you think merit further discussion.

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Thank you for your leadership and for this opportunity,

William Emerson
Vice Chairman, Quicken Loans

EQUAL HOUSING LENDER

SECTION 1: PROPOSALS THAT WILL HELP IMPROVE AND INNOVATE MARKETS TO MAKE THEM MORE EFFICIENT

The housing market drives the American economy and GDP growth

Access to responsible and sustainable homeownership remains one of the most proliferate and truly American ways to participate in our economy, contribute to its growth, and build and maintain generational wealth. The enduring resilience of Americans' demand for homeownership through, and after, the financial crisis makes clear that healthy, functioning mortgage markets are absolutely necessary to facilitate access to homeownership.

It is in this spirit of supporting housing and homeownership that Quicken Loans, the second largest retail mortgage lender in the United States, reflects on the necessary regulatory and legislative response following the financial crisis. The uneven recovery in mortgage markets, resulting in fewer loans to middle-class Americans, higher costs for all consumers, and a slow housing recovery across nearly all communities, begs a careful review and tailoring of those regulatory reactions. While much attention has been given to the conservatorship of Fannie Mae and Freddie Mac, the creation of the Consumer Financial Protection Bureau ("CFPB"), and the authorization of (and sunset of) various market interventions such as HAMP and HARP, there are common sense changes to underlying market dynamics that can be made to provide homeownership access to Americans who have been left behind in the recovery — including first-time, self-employed, retired, and lower- and moderate-income homebuyers.

Taking a scalpel, not a sledgehammer, to Dodd-Frank will level the playing field

The Dodd-Frank Act was created and passed in response to the devastating financial crisis that led to the Great Recession of the American economy in 2008. And like most other large pieces of legislation, the bill included some provisions that are working for markets and consumers while including other sections that need to be either improved over time or rethought altogether. Companies have already spent billions of dollars implementing the new mortgage rules. Instead of dedicating these resources to innovation, lenders have focused almost exclusively on compliance. Eliminating the new rules in full would create another round of unnecessary compliance spending. This would also create another uneven market where some companies return to the practices pre-crisis while responsible lenders stick with the spirit of the post-crisis regulations. It is therefore our view that rather than taking a sledgehammer to the Dodd-Frank Act, we believe there is an approach using a scalpel that will fix many of the lingering issues with the legislation while maintaining many of the core principles, including the CFPB.

While the CFPB has played an important role in reforming the financial services market post-recession, reforms are nevertheless needed to create an agency that is flexible and fosters open and liquid access to credit that is safe for both consumers and the mortgage market. We believe the CFPB should retain dedicated policy making staff, a group of market experts and regulations attorneys that will keep tabs on the impact certain "extraordinary magnitude" mortgage regulations have on markets and consumers. This dedicated group should be directed to promulgate regulation amendments/revisions, as needed, to ensure that these "extraordinary magnitude" mortgage regulations are contributing to an appropriate balance between consumer protection and access to credit. Specifically these regulations include the Ability to Repay/Qualified Mortgage ("ATR"/"QM"), Servicing, and TILA/RESPA Integrated Disclosure rules. Moreover, in the case of all CFPB

regulations, including these "extraordinary magnitude" mortgage regulations, when the need for more pointed clarifications with the new regulations invariably arise, the CFPB should provide formal, written guidance to market lenders and other stakeholders.

These modest requirements will ensure that every company is adhering to the same rulebook and is not interpreting webinars or, worse still, oral guidance differently. Lastly, the CFPB should remove enforcement uncertainty, especially in defining the term "Abusive" in the "Unfair, Deceptive, and Abusive Acts and Practices" ("UDAAP") statute within Dodd-Frank. These reforms will all create a level playing field for lenders of all sizes and business models.

Specific Dodd-Frank Title XIV mortgage rules need to be improved

With regards to specific rules implemented by the CFPB, we again believe a targeted reform effort to modify existing rules is the right path. We believe modest changes to the ATR/QM rules will empower more active markets and increase responsible access to credit without compromising important consumer protections.

The ATR rule creates a compliance "safe harbor" for QM loans only if the Annual Percentage Rate of the loan does not exceed the average prime offer rate ("APOR") for that mortgage by 150 basis points or more. Loans that are made that exceed the APOR by more than 150 basis points receive a "rebuttable presumption" of compliance if the loans otherwise qualify as QMs.

Because loans with a rebuttable presumption of compliance expose lenders and their assignees (i.e., investors) to consumer litigation, they are simply not being made today. The Federal Reserve Board last modified the safe harbor threshold in a 2008 rulemaking as a means of delineating prime vs. subprime loans. The Federal Reserve Board itself acknowledged in its rulemaking commentary that the threshold was designed to be over inclusive of subprime borrowers given the severity of the still unfolding financial crisis and the systemic degradation in underwriting standards. Therefore we believe it is appropriate, fair and responsible to update this threshold to reflect current market conditions, which are characterized by perhaps the strictest underwriting standards in market history. By updating the APOR threshold to at least 200 but preferably 250 basis points, we will go a long way to correcting the imbalance in the definition of subprime lending, thereby opening up responsible mortgage credit access to those who are craving it.

The QM rule also includes a provision that the points and fees of a loan may not exceed three points for loans in excess of $102,894. We believe an amendment is necessary that will permit the correction of errors to the calculation of the three points and that this protection for cures be extended to other technical errors. In addition, we believe the Senate should support the bipartisan Mortgage Choice Act (H.R. 1153), which would exclude the title insurance fees paid to lender-affiliated businesses from the calculation of points and fees. Currently, fees paid to non-affiliated businesses are not included in the points and fees calculation. Greater competition in this market would create more options for the consumer. There is also ample empirical evidence demonstrating that affiliate pricing is not materially different from non-affiliates. Lastly, the current points and fees cap on small dollar loans, those less than $102,894, is currently too restrictive. Therefore, we propose that the points and fees cap should be increased to $200,000, with a sliding scale that permits progressively higher points and fees caps for smaller loans. This change would increase QM lending to lower- and moderate-income borrowers who have smaller loan balances.

Another consideration for meaningful and responsible expansion of credit access is to allow other federally-accepted, standard underwriting guidelines to be utilized, such as those created by the Federal Housing Finance Agency for Fannie Mae and Freddie Mac, instead of, or in addition to, the current Appendix Q guidelines. Appendix Q is unfortunately a static and outdated underwriting standard that doesn't offer flexibility the same way other safe, dynamic federal standards do. Additionally, the "QM patch," which allows loans approved by the GSEs' underwriting systems to qualify as QM, is currently a temporary measure that expires in January of 2021 or if the GSE conservatorship ends earlier. We believe the CFPB should work collaboratively with industry stakeholders to create a permanent QM definition that will continue to ensure the safer QM loan construct is broadly available to consumers.

A well-functioning FHA is the foundation of a healthy mortgage market

It is clear that following the financial crisis, the stable, countercyclical access to credit FHA provided the national mortgage market acted as an essential lifeline for homeownership at the very same time private capital fled and other institutions collapsed. Even today, FHA insures a sizeable portion of the mortgage market, and no market signals have indicated FHA's footprint will substantively decline in the near future. This is especially true for first-time homebuyers, who account for approximately 80% of FHA's purchase originations, and lower- and moderate-income homebuyers, who benefit from the national risk-pooling nature of FHA's mutual insurance fund.

It is our view that a dysfunctional FHA provides no economic growth, no benefit, and no opportunity to anyone —homebuyers, taxpayers, lenders or the economy. Congress can help. FHA's lack of resources means they're unable to implement program guidelines (referred to at FHA as a "defect taxonomy") that clarify for lenders the various categories of origination and servicing errors (ranging from minor to severe) that result in specific types of lender remedies (ranging from small fines to lender indemnification or loan repurchase).

Moreover encouraging FHA to right size their loan-level certification to protect lenders from minor errors (while preserving FHA's tools to take action against material errors and fraud) will take FHA even closer to their mission. The defect taxonomy and loan-level certification are critical deliverables that will enable lenders to reasonably manage both their counterparty risks vis-à-vis FHA as well as accusations of fraud stemming from Department of Justice False Claims Act lawsuits. To be sure, lender inability to manage these enforcement risks will result in FHA's inability to provide credit access to homebuyers who fit squarely in their mission.

Resources dedicated to technology that permit FHA staff to operationalize the defect taxonomy (along with other essential but outmoded business functions) will go a long way toward spurring economic growth at the very foundation of the housing market.

The FHA's resource strain is not confined to just loan originations. As we mentioned, and it's worth rearticulating, every origination is accompanied with a servicing relationship. The FHA program in particular requires extensive lender resources to service, in no small part because, unlike the conventional mortgage market, FHA does not carry the loan during default and distress —lenders do. Combining onerous lender requirements discussed above with outsourced resource management means the FHA lacks total control of what may be best for the taxpayer, the lender, the homeowner, and the housing ecosystem. Providing FHA the resources to buy loans out of pools and produce better outcomes, especially in a rising interest rate environment, would go a long way toward spurring economic growth.

Inefficient mortgage servicing requirements are constraining access

Hand-in-hand with every mortgage loan made is the formation of a relationship between the homebuyer and the mortgage servicer. Unprecedented complexities have been added to that relationship by new federal and state regulatory, investor, and guarantor rules that have placed a strain on the relationship. This is especially true for loans that default (when a homeowner falls behind on payments). While mortgage companies can, and do, respond by avoiding mortgages that have a higher risk of default, the result is tight credit access that contributes to an uneven recovery and a disruption in the housing life cycle.

Having organically grown to one of the largest servicers in the nation after the financial crisis, Quicken Loans believes there are truly best practices in servicing defaulted mortgages that can be adopted across the entire federal mortgage market, including through CFPB rules, Fannie Mae and Freddie Mac guides, FHA, VA, and USDA policies. These standards would not only simplify servicing (resulting in a reduction in cost, which passes along to future homebuyers) but would give every struggling homeowner a viable path to keeping their home. They also serve as best practices for private markets (e.g., whole loan trading and private-labeled securitization) to use, where desired, to help restore trust with MBS investors.

Practically, the sunset of HAMP provided an opportunity for the servicing market to carefully review the role of loan modifications; Fannie Mae and Freddie Mac, under the direction of their regulator FHFA, moved to incorporate lessons from HAMP into their new permanent modification. Empowering FHA, VA, and the USDA to follow suit will result in thousands of modifications that reduce taxpayer exposure to ultimate foreclosure, simplify servicer engagement, and —most importantly —give struggling homeowners the best shot to keep their homes. The lessons from modifications, though, are just one part of the servicing market. A review of conveyance processes (the act of transferring title to FHA/VA/USDA and obtaining claim reimbursement), foreclosure timelines, MBS pooling and splitting policies (which facilitate modifications for loans within, re-securitization of, and liquidity of Ginnie Mae MBS), and the Telephone Consumer Protection Act's (TCPA's) impact on foreclosures would be a good start for standardization.

Technology and open data will drive the mortgage market forward

Technology and open data are both vitally important to creating a mortgage ecosystem that works best for businesses and the consumers we serve. Developments such as digital signatures and mobile banking and lending make life easier for all consumers. These developments would not have occurred without an acknowledgment that technology and open data could be leveraged to create a better homebuying process.

New technologies are already being developed that will take lending into the 21st century, where consumers are constantly seeking a safer and easier lending experience. For example, consumers have a right to control their financial data and data records and should be able to control that has access to this data and how it is used. Lenders are already leveraging this technology and consumers are allowing lenders to access bank account data without having to fax needless documents or mail forms to prove something as routine as income and assets. This makes the mortgage process easier for clients and creates a safer and more accurate underwriting environment for lenders. Access to this data should be maintained.

Additionally, further advancements are being made in electronic closings, creating a seamless online mortgage process that consumers and market participants both desire. One such example is the development of remote electronic notarizations, which allows a consumer to sign and notarize documents electronically all without leaving their home or work. The convenience of a remote loan closing serves all participants and the remote electronic notarizations can happen under the same identity standards that are used today. Similar to other online transactions today, a consumer would be able to ask questions and schedule a notarization time that makes the most sense for them. This creates a new world of clarity and security without affecting any notarizations that are already occurring today.

We believe this process is focused on the client experience but is based on the same standards of safety and security. The technology here is still growing but breakthroughs, including forensic analysis on IDs and video confirmation technologies, are already providing a layer of safety and security not even present in today's notarization standards in the physical world. There are many ways to foster the growth of this exciting new technology, both through state legislative options as well as federal standards. Any efforts to encourage growth in technology should be embraced and supported to nurture the creation of a clearer and safer lending process that works for everyone.

SECTION 2: PROPOSALS THAT SUPPORT OUR COMMITMENT TO REVITALIZING AND TRANSFORMING CITIES THROUGH PUBLIC/PRIVATE PARTNERSHIPS TO STIMULATE GROWTH AND JOB CREATION

LOW-INCOME HOUSING TAX CREDIT (LIHTC) PROGRAM

I. Description of Proposal

We believe concepts like those included in the Senate Finance Committee Chairman Orrin Hatch and Senator Maria Cantwell's ***Affordable Housing Credit Improvement Act of 2017*** (S. 548), are worth exploring further. A few examples are:

- **LIHTC Expansion by 50%.** The bill would increase the annual LIHTC allocation authority by 50 percent, to be phased in over five years, and raise the small state minimum by 50 percent, also phased in over five years.
  - Senator Cantwell estimated the bill would help create or preserve approximately 1.3 million affordable homes over 10 years, an increase of 400,000 units from the current program. Housing advocates applauded this provision as a way to better assist the more than 11.4 million low-income renter households who spend over half of their income on rent.

- **Establish a permanent minimum 4 percent LIHTC rate.** In 2015, Congress permanently enacted a minimum 9 percent credit rate to combat the reduced LIHTC equity available due to historically low federal borrowing rates. This bill establishes a corresponding permanent minimum 4 percent rate for credits used to finance acquisitions and Housing Bond financed developments.

- **Increase the Amount of LIHTC that Developments Serving Extremely Low-Income Tenants Can Receive.** To serve the lowest-income tenants, developers often need to eliminate the need for debt on a property so that they are less reliant on rental income from tenants. To address this issue, this bill raises the basis boost from 30 to 50 percent for developments serving extremely low-income and homeless households in at least 20 percent of its apartments.

We also want to share some additional concepts that could be explored, and that would be especially beneficial to hard-hit urban areas like Detroit and Cleveland, for example:

- **Recognize Demolition Costs Towards LIHTC Eligible Basis.** Currently, the cost of demolishing an old building cannot be included in the eligible basis for a new LIHTC building built on the same site. Demolition activities are considered land preparation activities necessary to build any new building, resulting in the IRS not allowing developers to include demolition costs in eligible basis.
  - By enabling developers to claim demolition costs under eligible basis, the size of their potential tax credit could increase, which could incentivize development in areas with blighted housing stock.

- **Add a "Neighborhood Investment" Carve Out to Concentrate LIHTC Development.** A University of Michigan study found that Detroit LIHTCs had the greatest socio-economic benefit when clustered

closely together, it could make sense to consider a carve-out within the LIHTC to be pushed into micro-targeted "zones" (i.e. specific blighted neighborhoods within a city instead of the whole city or neighborhoods scheduled to receive development boost outside of LIHTCs).

II. Impact on Economic Growth

A number of studies have been completed in recent years on the economic impact of the existing LIHTC program and we offer those for consideration:

- A 2015 study by Stanford's Rebecca Diamond and Timothy McQuade examined the impacts of LIHTC developments on property values in 129 counties across 15 states, covering approximately 20 percent of all LIHTC developments:
  - For the subset of developments in the lowest income quartile tracts, they find significant increases to property values within close proximity to a tax credit development
    - Specifically, they find that housing values within 0.1 miles of a tax credit development increase by 6.5 percent after the development is placed in service
  - An LIHTC project in a low-income region was worth about $116 million to the immediate surrounding neighborhood

- A 2015 study by Texas A&M researchers Ayoung Woo, Kenneth Joh, and Shannon Van Zandt looked at trends in neighborhood housing prices before and after LIHTC developments by examining parcel-level housing sales data from 1996 to 2007:
  - Cleveland housing prices were 8.1 percent lower in areas before LIHTC housing were built
    - After LIHTC units were constructed, nearby housing prices were 7.3 percent higher than in control areas

- The Journal of Public Economics published a study in 2009 by Brown's Nathaniel Baum-Snow and UC Santa Cruz's Justin Marion that evaluates the impacts of LIHTC projects on the neighborhoods in which they are built:
  - On average, 100 additional LIHTC units causes a 5.9 percentage point increase in the fraction of owners moving to the neighborhood between 1995 and 2000
  - Every 100 additional LIHTC units leads to a 14.9 percent increase in the neighboring median home value
  - Each new LIHTC unit increases the number of recently built rental units by 0.8 units within one kilometer of the project site

BLIGHT ELIMINATION SOCIAL IMPACT BOND AUTHORIZATION

I. Description of Proposal

There are a number of federal grant programs that could be given new authority – *with no additional appropriations* – to utilize a portion of their funds for Social Impact Bond (SIB) financing for initiatives that specifically target urban revitalization and community blight. This authority would provide the opportunity to

leverage federal funds with private investment in a way that could make a significant impact. The SIB structure enables the federal government to focus funds on approaches that work—without paying a cent if the agreed-upon outcomes are not achieved. Under this model, government agencies define a social outcome they want to attain, and agree to pay an external organization – most often a group of investors -- a sum of money if those outcomes are met. The external organization is responsible for providing all of the up-front capital investment.

In cities like Flint, Baltimore, Cleveland, Detroit, and Youngstown, vacant homes depress property values, foster crime, and hollow out the tax base. In 2015, Richmond, CA became the first, and only, city to issue a SIB to tackle blight elimination. The $3 million municipal bond program initially will rehabilitate 10-15 blighted properties – at a cost of about $75,000 per house – with profits from the home sales then recycled for four years to rehab and sell additional homes. After five years, any profits will be cumulated to pay back the bondholders.

A national Blight SIB could aim to replicate components of Richmond's model across the country, but this would require legislation to give HUD the authority to re-utilize existing HUD grant funds to finance a blight elimination SIB. Three suggestions for legislative language to achieve that goal are as follows:

1. **Set aside a certain dollar amount from the overall grant program** to create a competitive grant to fund a pilot (perhaps between $5 - $15 million);

2. Utilize language similar to the existing energy-efficiency SIB pilot within HUD, authorizing HUD to implement a pilot that would **impact a set number of housing units** (perhaps 1,000 units); or

3. Broadly give authority for **grantees to have the option to utilize grant dollars for SIB financing** – but does not require any grant dollars to be utilized for this purpose

This authority could be used with several existing grant programs for a pilot, including:

- **HOME Investment Partnerships Program**
- **Community Development Block Grant** program
- **Section 202** of the Housing Act of 1959
- **Section 811(d)(2)** of the Cranston-Gonzalez National Affordable Housing Act.

Depending on the federal grant program(s) amended to fund a blight elimination SIB, the initiative may not be able to use the same outcome metric as the Richmond SIB (home sale price after renovation). This is because some federal grant programs have requirements in terms of home affordability (does the home need to be sold at a price that is affordable to low-income families) or whether a home needs to be rented, rather than sold. While changing the outcome metric could limit the upside for investors, it is possible to consider outcome metrics based on the positive impacts of limiting community blight (such as reduced neighborhood crime).

II. Impact on Economic Growth

There is evidence of a clear economic impact to communities who experience blight elimination – especially in increasing surrounding home values, which in turn can increase household wealth.

- A 2016 study by Dynamo Metrics examined "home value impact rates" – the available value change from turning a distressed structure into an occupied structure from rehab -- from blight rehab efforts in Cuyahoga County, OH. The results were:
    - Turning tax-foreclosed homes into occupied homes has a 5.21% impact on all home values within 500 feet of it
        - *Lowest Value Submarket:* 4.55% impact on all home values within 500 feet of it
        - *Middle Value Submarket*: 10.65% impact on all home values within 500 feet of it
        - *Highest Value Submarket:* 15.87% impact on all home values within 500 feet of it
    - Turning mortgage-foreclosed homes into occupied homes has a 1.73% impact on all home values within 500 feet of it
        - *Middle Value Submarket:* 1.06% impact on all home values within 500 feet of it
    - Turning land-bank owned homes into occupied homes has a 7.79% impact on all home values within 500 feet of it
        - *Lowest Value Submarket:* 6.27% impact on all home values within 500 feet of it
        - *Middle Value Submarket*: 9% impact on all home values within 500 feet of it
        - *Highest Value Submarket:* 27.95% impact on all home values within 500 feet of it
    - Turning vacant homes into occupied homes has a 1.69% impact on all home values within 500 feet of it
        - *Lowest Value Submarket:* 1.09% impact on all home values within 500 feet of it
        - *Middle Value Submarket*: 1.71% impact on all home values within 500 feet of it
        - *Highest Value Submarket: 2.64%* impact on all home values within 500 feet of it

- Increased property values have been shown to have positive wealth effect. The Federal Reserve Bank of Dallas found that, in 2015, households would increase outlays by $1.70 if their homes gained in value by $100
    - A 2015 NBER study found that if a young person's (ages 20-30) home increases in value by $1,000, the owner will increase her spending by $600

- Potential Economic Impact of Eliminating Blight in One Property. If a distressed, land-bank home in a middle value submarket was rehabbed and turned into an occupied home:
    - The home value of a $250,000 property within 500 feet of the distressed property would *rise to $272,500 ($22,500 increase)*
        - *Dallas Fed Wealth Effect:* This would increase consumer spending for those neighboring homeowners by $382.50
        - *NBER Wealth Effect:* This would increase consumer spending for a neighboring young homeowner by $13,500

Supporting Innovative Public/Private Partnerships for Mass Transit

I. Description of proposal

Public private partnerships for mass transit projects are a critical way to leverage private investment to build critical infrastructure that is also a powerful catalyst for economic development. The M-1 RAIL project in Detroit, which leveraged over $100 million in private and philanthropic funding and is expected to catalyze $3.5 billion in new economic development, is a prime example.

Current federal transit regulations, however, create significant barriers to public-private partnerships like this. Because projects like this are delivered and operated by a non-profit consortium and not a traditional public transit grantee, they are ineligible to receive federal transit funding as a direct recipient or even sub-recipient. This requires the utilization of complex and cumbersome structures to allow federal transit funding to flow into the project. Moreover, it makes these projects ineligible for critically important federal funding to support ongoing maintenance and state of good repair.

This barrier can be addressed with a targeted, straightforward fix that amends the definition of "direct recipient" or "sub recipient" in federal transit regulations to include private non-profit entities for the purposes of carrying out eligible fixed guideway public transportation projects.

II. Impact on Economic Growth

Modern mass transit is a proven and powerful catalyst for economic growth. Light rail and bus rapid transit (BRT) projects across the country have been shown to stimulate extensive "transit oriented development" or new development around the transit line and stations. Mass transit also increases economic productivity through the creation of construction jobs and reductions in traffic congestion to facilitate the movement of people and goods.

While there is great interest in expanding the use of public private partnerships to leverage private investment in public infrastructure and achieve these positive economic outcomes, the applicable regulations have not been updated to account for the innovative delivery models that make these kind of projects possible.

III. Legislative Text

Legislative or report language in appropriations or authorizing legislation could provide that the definition of "direct recipient" or "sub recipient" under Sections 5307, 5309, and 5337 of Chapter 53 of the United States Code includes non-profit entities for the purposes of carrying out eligible fixed guideway public transportation projects.

Alternatively, the Federal Transit Administration could take administrative action to modify the definition through its circulars governing Sections 5307, 5309, and 5337 of Chapter 53 of the United States Code.