

FTA

FEDERAL TRANSIT ADMINISTRATION

FTA Joint Development Update to Circular 7050.1B

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FTA Joint Development Circular Introduction and Background

- August 2014 - *FTA Guidance on Joint Development Circular 7050.1A* issued
- August 14, 2020 – Updated *FTA Guidance on Joint Development Circular 7050.1B* issued
- New Policy Focus: Ensure flexibility for project sponsors to pursue Joint Development

Reasons for changes to the JD Circular:

- **Increase flexibility** for project sponsors to pursue joint development projects,
- **Reduce FTA oversight of joint development agreements** negotiated between project sponsors and their partners,
- **Streamline FTA's project eligibility review process**, and
- **Clarify prior guidance** in FTA Circular 7050.1A: *FTA Guidance on Joint Development*.

What is Joint Development (JD)?



Benefits of JD



Generates revenue streams and reduces costs



Maximizes the utility of transit and FTA-funded projects



Creates many other benefits for transit and communities



Economic development tool controlled by transit agencies

What is FTA-Assisted JD?

FTA interest in a JD can be either:

- New FTA capital/planning grant funds, or
- Use of real property acquired with FTA funds

No JD-specific FTA grant programs:

- All FTA capital and planning funding is eligible
- New FTA funding for a JD is subject to the grant program(s) that fund it

FTA-Assisted JD Eligibility Criteria



I. Creates economic benefit



II. Enhances public transportation



III. Fair share of revenue



IV. Fair share of costs

i. Economic Benefit

(1) Enhances economic development

- Demonstrate that **the JD will contribute to privately or publicly funded economic development activity occurring in close proximity to the transit facility**

OR

(2) Incorporates private investment

- Does not need to be monetary; the amount and form of private investment is up to the project sponsor and its partners

ii. Public Transportation Benefit

- (I) Enhances the effectiveness of transit and is related physically or functionally to transit
- **Transit benefits:** increased ridership, travel-time savings, enhanced wayfinding, improved access, reduced operating costs, etc.
 - **Physical relationship:** a direct physical connection to a transit service or facility.
 - **Functional relationship:** no physical connection, but ordinarily within the distance most people can be expected to walk/bike to use a transit service.

ii. Public Transportation Benefit OR

- (2) Establishes new or enhanced coordination between transit and other kinds of transportation
- **Enhanced coordination:** shared terminals, ticket counters, or waiting areas, kiss-and-ride facilities, parking lots, walkways, etc.
 - **Other kinds of transportation:** intercity bus/rail, taxi facilities, etc.

iii. Fair Share of Revenue

- A **“fair share of revenue”** is the division of revenue generated from a joint development project that the project sponsor and its partners negotiate and agree that the project sponsor will receive. The revenue may be generated over the life of the project.
- **FTA will not define what amounts to a “fair share of revenue**, the project sponsor must report to FTA the source and expected amount of such fair share of revenue. 49 U.S.C. § 5302(3)(G)(iii). The determination of a fair share of revenue, and the form it should take, should be negotiated between the parties involved in the joint development improvement.
- Project sponsors are **no longer required to submit a baseline market analysis or a certificate of compliance.**

iv. Fair Share of Costs

- A joint development must provide that a person making an agreement to occupy space in a facility constructed with FTA assistance **must pay a fair share of the costs of the facility** to the project sponsor.
- **FTA will not attempt to define what amounts to a fair share of the costs** of the facility and will not impose a particular valuation methodology.
- The recipient should determine how to document its reasonable determination that the rental payment, or other means, is reasonable and fair to the recipient.

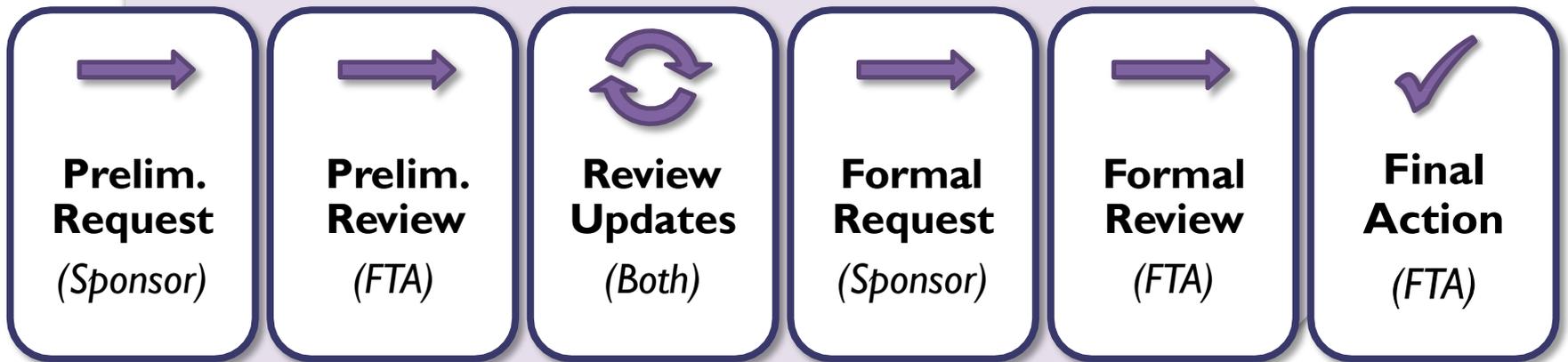
Other Revisions to the JD Circular

Includes **technical and conforming changes**, such as:

- Replaces references to FTA circulars with **references to underlying laws and regulations** (and adds a disclaimer that the circular is intended to provide clarity on underlying laws and regulations).
- **Updates defined terms** to reflect the final circular.
- Changes the term “program income” to “revenue” where appropriate.

Submitting Joint Development Projects Requests

Current Review Process Overview



Review Process Documentation

Preliminary Request

REQUIRED ELEMENTS

- ✓ Project Request Form

Formal Request

REQUIRED ELEMENTS

- ✓ Project Request Form
- ~~✓ Baseline Market Analysis~~
- ~~✓ Certificate of Compliance (or an alternative certificate)~~
- ✓ JD Agreement(s) (prior to final execution)
- ✓ Appraisal(s) and Review Appraisal(s)

Best Practices for Project Sponsors

- **Communicate early and often** with FTA regional staff
- Determine what is and is not joint development (i.e. disposition, incidental use, etc.)
- Identify the amount of FTA's original investment and calculate the fair share of revenue
- Understand how FTA requirements and project reviews fit into the development timeline
- Develop lease templates or model provisions

For More Information

- **FTA Webpage**
 - www.transit.dot.gov/JointDevelopment
- **Important Link for FTA Grantees:**
 - FTA Resources (Circular 7050.1B, and Project Request and Attachments Forms):
 - [Circular 7050.1B: FTA Guidance on Joint Development](#)
 - [Joint Development Project Request Form](#) (Updated August 2020)
 - [Other Documentation Form](#)

Contact Information

- **Contact Information**
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