

Congress of the United States
House of Representatives
Washington, DC 20515

March 14, 2024

The Honorable Pete Buttigieg
Secretary
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, D.C. 20590

Dear Secretary Buttigieg,

Thank you for your work, and the work of the entire Department of Transportation (DOT) to support President Biden's plan to accelerate the conversion of surplus commercial real estate into much-needed urban residential housing. Your decision to make Railroad Rehabilitation and Improvement Financing (RRIF) loans and loan guarantees available for these projects can be enormously helpful for the health of America's cities. However, recent reporting has alerted me to concerns regarding the ability of the stakeholders to access these funds or to leverage them successfully to complete projects. I commend the agency's creativity and attention to this critical issue, and hope to partner with you to continue to address these goals.

As you know, office vacancy rates in transit-rich downtown neighborhoods across the United States are at or near record highs, while our country has a housing deficit of more than 3 million units. This housing shortage has led to years of rising costs for American families, with a disproportionate share of the burden falling on low-income renters. These issues have serious downstream consequences—from epidemic homelessness to the economic, environmental, and quality-of-life strain associated with workers forced to commute for hours each day because of housing costs near major job centers.

Further, I share your concern that shifting demand for commercial office properties located in dense urban cores in the aftermath of the COVID-19 pandemic poses a serious economic threat both to the economic and social health of cities and to the stability of financial institutions exposed to the sector.

I share your belief that when feasible, commercial to residential conversions offer solutions to both of these issues and represent a tremendous investment in our nation's economic centers, mass transportation ridership, and climate goals. I note that that downtown neighborhoods where these efforts are focused have carbon footprints well below the national average and up to four times less than their surrounding suburbs and exurbs.

While I know these conversion projects come with substantial challenges both in their financing and implementation, I remain incredibly hopeful that—with support and resources from the

Biden Administration—they will play an integral part in addressing the biggest challenges facing our cities.

In the interest of supporting these objectives from my position in Congress, I request that you provide my office with responses to the following questions. The information requested will assist in developing legislation to promote affordable housing, transit oriented development, and the economic well-being of our communities.

- I am encouraged that your department has expressed confidence that DOT will be able to reduce lag time and to improve the performance of the RRIF program. What measures is DOT taking to streamline the process for RRIF loans to be approved and distributed for commercial to residential conversion?
- How is DOT engaging with stakeholders in the private sector to address concerns about the accessibility of the fund? How can Congress support these efforts?
- Has the RRIF program's authorized focus on intercity and commuter rail blocked access to funding for commercial to residential conversion projects located near important local intracity transportation networks like regional metro, light rail, and bus rapid transit (BRT) stations? If so, what statutory or regulatory barriers are responsible?
- Are there other federal or local statutory or regulatory processes which DOT has identified as linked to project delays?
- Would DOT benefit from further integration with other interested agencies, including financial regulators, to prioritize projects of greater systemic economic significance?
- Is DOT actively evaluating other programs which may be leveraged to support commercial to residential conversions? If so, would the agency benefit from statutory changes to advance these goals?

Thank you again for your Department's strong support of safe, sustainable transportation for every American—and especially for the Biden Administration's commitment to investing in commercial to residential building conversions. These are a critical tool for local communities to help address some of their most serious challenges and additional federal assistance has the potential to be transformative for downtowns across the country.

I eagerly await your response and look forward to continuing work together.

Sincerely,

A handwritten signature in blue ink, appearing to read "Robert Garcia", with a stylized flourish at the end.

Robert Garcia
Member of Congress