Atlanta Beltline Rail: A Blueprint for Transit Funding

FUNDING SUMMARY

The BeltLine was launched in 2001 as an ambitious public infrastructure project, defined by a 22-mile loop of trails, greenspace and light rail. The rail component of the project is critical to affordability and equity issues - yet MARTA has slated its completion for 2050. Atlanta's displacement and gentrification issues will only accelerate as rail on the BeltLine is delayed - while rail construction becomes increasingly unlikely over time.

In response to MARTA's claims of insufficient funding, BeltLine Rail Now released a white paper in January 2021 outlining how to fund BeltLine rail's capital costs and accelerate the timeline to completion. This is a summary of proposed funding sources.

Cost estimates for building BeltLine rail range from $1B to $2.3B. We assume a cost of $2.5B to be inclusive of all professional opinions. Half of the total is used for foundational connections such as bridge expansions and infill stations; the rest is for the light rail infrastructure of tracks, trains, and traction power.

There are numerous paths to secure needed funds. The table below outlines the most viable path to securing funds, and relies on sources likely to raise the greatest sums. These funding solutions are used in other cities such as Portland, Los Angeles and Washington DC and are options available for Atlanta as well.

Proposed Sources of $2.5 Billion for BeltLine Rail Construction Funding	Short Term Loans & Cash	TIFIA Loan Principal
1 40%: Federal Grants ($1B)		
Federal Transit Administration New Starts Award (30%) Threefold Increase from $257 million in RTP of 2020	**$750M**	
FHWA Surface Transportation Program (10%) New Source - Flexible Use of Federal Gas Tax Funds	**$250M**	
2 20%: Loans Backed by Special Assessments ($500M)		
BeltLine Transportation Improvement District TID (16%) New Source - Debt Service Repayment ca. $620M		**$400M**
Station Area Land Value Assessment Districts SALADs (4%) New Source - Debt Service Repayment ca. $155M		**$100M**
3 30%: Sales Tax and Sales Tax-Backed Loans ($750M)		
More MARTA Atlanta Increase to 37% of Program (24%) Earlier Access - Debt Service Repayent ca. $930M		**$600M**
City of Atlanta T-SPLOST Sales Tax (6%) Continued Support	**$150M**	
4 10%: BeltLine Tax Allocation District ($250M)		
Property Tax Increment Set Aside through 2030 (10%) Commitment to Transit Element of 2005 BeltLine Plan	**$250M**	
35-Year TIFIA Loans Borrowed Principal		**$1.1B**
Estimated Lifetime Debt Servicing Costs		**$1.7B**

This is a companion piece. Please visit www.beltlinerailnow.com to obtain the full white paper.

Proposed Funding Sources: The Details

1. Federal Grants (40%)

Federal Transit Administration (FTA) §5309 New Starts Awards: $750MM

Major US transit projects have traditionally relied on the Federal Transit Administration (FTA) discretionary capital investment grant programs such as "New Starts" appropriations by Congress from the general fund. Awarded on a nationally competitive basis, these funds historically provided 50% federal funding for selected projects; that share has fallen to 35% in recent years.

Flexible Federal Highway Administration (FHWA) Surface Transportation Program: $250MM

The 18.4 cents per gallon federal gas tax is returned to the states via the Highway Trust Fund. Congress allows states to "flex" Surface Transportation Program (STP) highway funds to fixed guideway transit projects and retain the 80% federal funding share, with 20% local match requirements typical of roadway projects.

2. Infrastructure Loans Backed By Special Assessments (20%)

BeltLine Transportation Improvement District (TID): $400MM

In a Special Assessment District (SAD) property owners agree to pay additional taxes as a shared investment in transit infrastructure that will in turn increase their property values and support higher density development. This is a complete reversal of the developer-friendly tax abatements that are frequently issued for projects along the BeltLine and indeed, throughout metro Atlanta that repeatedly result in public outrage.

Station Area Land Value Assessment Districts (SALADs): $100MM

The areas within walking distance of infill stations would pay an additional Station Area Land-value Assessment District (SALAD) fee dedicated to repayment of construction financing debt. This amount is a very small fraction of the land value growth that would follow from increased zoning density supported by transit access. This would also eliminate the unending and inappropriate requests for tax abatements for these types of properties.

3. Sales Tax & Sales Tax-Backed Loans (30%)

TIFIA Loans Backed by More MARTA Sales Taxes: $600MM

A TIFIA loan would allow a 5-year window for construction before starting a 30-year repayment period - effectively accessing More MARTA funds decades in advance of sales tax collection. We recommend drawing upon the More MARTA budget allocations for the BeltLine ($570MM), Southeast/Southwest ($600MM), the Clifton Corridor ($350MM) and the Downtown Streetcar ($553MM) that were adopted in 2018 in order to secure upfront construction financing.

Securing a $600MM TIFIA loan with More MARTA Atlanta sales tax revenue will require increasing the BeltLine Rail allocation from $570MM to $930MM. This is in line with what Atlanta citizens expected for BeltLine rail transit from the way the More MARTA sales tax increase was pitched to voters.

City of Atlanta 2021 T-SPLOST Sales Tax: $150MM

Approved in 2016, Atlanta's five-year 0.4 cents T-SPLOST allocated $65MM for the BeltLine out of a total program of $260MM for improvements including streetscapes, trails, resurfacing, and traffic signals. Assuming voters renew the T-SPLOST in 2021 and 2026, it could generate up to $600MM over the next decade. The 25% allocation to BeltLine projects could provide $150 million to help build connections that lay the foundation for BeltLine Transit, including wider bridges, right-of-way acquisitions, engineering studies, and infill MARTA stations.

4. BeltLine Tax Allocation District (10%)

Atlanta BeltLine TAD: $250MM

The Atlanta BeltLine Tax Allocation District (TAD) is a 6,500 acre redevelopment area created in 2005 to collect incremental revenue gains from increasing property values. As a result of the 2007-2009 recession and a legal battle with Atlanta Public Schools, estimated BeltLine TAD revenue to 2030 was cut in half, leaving slightly more than $500MM in projected revenues before the TAD expires in 10 years.

Nevertheless, the original purpose of the BeltLine TAD as matching funds for transit construction remains essential. It is time for Atlanta BeltLine Inc. to formally commit the greater of $250 million, or 50% of remaining BeltLine TAD revenue, to laying the groundwork for BeltLine Rail Transit by funding the engineering studies and infill MARTA stations necessary to make it work.

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