

**Representative Jeff Alexander** proposes to substitute the following bill:

**REDEVELOPMENT AGENCY AMENDMENT**

2000 GENERAL SESSION

STATE OF UTAH

**Sponsor: John L. Valentine**

AN ACT RELATING TO SPECIAL DISTRICTS; DEFINING EDUCATION HOUSING DEVELOPMENT; AUTHORIZING REDEVELOPMENT AGENCIES TO ENGAGE IN EDUCATION HOUSING DEVELOPMENT; MODIFYING THE MAKEUP OF THE TAXING AGENCY COMMITTEE UNDER CERTAIN CIRCUMSTANCES; ALLOWING SCHOOL DISTRICTS TO CHOOSE NOT TO LOSE TAX INCREMENT FUNDS UNDER CERTAIN CIRCUMSTANCES; AND MAKING TECHNICAL CHANGES.

This act affects sections of Utah Code Annotated 1953 as follows:

AMENDS:

**17A-2-1202**, as last amended by Chapter 320, Laws of Utah 1995

**17A-2-1203**, as last amended by Chapter 50, Laws of Utah 1993

**17A-2-1204**, as repealed and reenacted by Chapter 50, Laws of Utah 1993

**17A-2-1205**, as last amended by Chapter 50, Laws of Utah 1993

**17A-2-1206**, as last amended by Chapter 249, Laws of Utah 1996

**17A-2-1207**, as repealed and reenacted by Chapter 50, Laws of Utah 1993

**17A-2-1209**, as repealed and reenacted by Chapter 50, Laws of Utah 1993

**17A-2-1220**, as last amended by Chapter 50, Laws of Utah 1993

**17A-2-1222**, as last amended by Chapter 249, Laws of Utah 1996

**17A-2-1225**, as last amended by Chapter 249, Laws of Utah 1996

**17A-2-1230**, as last amended by Chapter 50, Laws of Utah 1993

**17A-2-1236**, as last amended by Chapter 50, Laws of Utah 1993

**17A-2-1247.5**, as last amended by Chapters 21 and 194, Laws of Utah 1999

26           **17A-2-1263**, as enacted by Chapter 50, Laws of Utah 1993

27           **17A-2-1264**, as enacted by Chapter 279, Laws of Utah 1998

28 *Be it enacted by the Legislature of the state of Utah:*

29           Section 1. Section **17A-2-1202** is amended to read:

30           **17A-2-1202. Definitions.**

31           As used in this part:

32           (1) "Agency" means the legislative body of a community when designated by the  
33 legislative body itself to act as a redevelopment agency.

34           (2) "Base tax amount" means that portion of taxes that would be produced by the rate upon  
35 which the tax is levied each year by or for all taxing agencies upon the total sum of the taxable  
36 value of the taxable property in a redevelopment project area as shown upon the assessment roll  
37 used in connection with the taxation of the property by the taxing agencies, last equalized before  
38 the effective date of the:

39           (a) ordinance approving the plan for projects for which a preliminary plan has been  
40 prepared prior to April 1, 1993, and for which all of the following have occurred prior to July 1,  
41 1993: the agency blight study has been completed, and a hearing under Section 17A-2-1221 has  
42 in good faith been commenced by the agency; or

43           (b) the first approved project area budget for projects for which a preliminary plan has  
44 been prepared after April 1, 1993, and for which any of the following have occurred after July 1,  
45 1993: the completion of the agency blight study, and the good faith commencement of the hearing  
46 by the agency under Section 17A-2-1221; and

47           (c) as adjusted by Sections 17A-2-1250.5, 17A-2-1251, 17A-2-1252, and 17A-2-1253.

48           (3) "Blighted area" or "blight" means:

49           (a) for projects for which a preliminary plan has been prepared prior to April 1, 1993, and  
50 for which all of the following have occurred prior to July 1, 1993: the agency blight study has been  
51 completed, and a hearing under Section 17A-2-1221 has in good faith been commenced by the  
52 agency, an area used or intended to be used for residential, commercial, industrial, or other  
53 purposes or any combination of such uses which is characterized by two or more of the following  
54 factors:

55           (i) defective design and character of physical construction;

56           (ii) faulty interior arrangement and exterior spacing;

- 57 (iii) high density of population and overcrowding;
- 58 (iv) inadequate provision for ventilation, light, sanitation, open spaces, and recreation
- 59 facilities;
- 60 (v) age, obsolescence, deterioration, dilapidation, mixed character, or shifting of uses;
- 61 (vi) economic dislocation, deterioration, or disuse, resulting from faulty planning;
- 62 (vii) subdividing and sale of lots of irregular form and shape and inadequate size for proper
- 63 usefulness and development;
- 64 (viii) laying out of lots in disregard of the contours and other physical characteristics of
- 65 the ground and surrounding conditions;
- 66 (ix) existence of inadequate streets, open spaces, and utilities; and
- 67 (x) existence of lots or other areas which are subject to being submerged by water.
- 68 (b) For projects for which a preliminary plan has been prepared after April 1, 1993, and
- 69 for which any of the following have occurred after July 1, 1993: the completion of the agency
- 70 blight study, and the good faith commencement of the hearing by the agency under Section
- 71 17A-2-1221, when a finding of blight is required, an area with buildings or improvements, used
- 72 or intended to be used for residential, commercial, industrial, or other urban purposes or any
- 73 combination of these uses, which:
  - 74 (i) contains buildings and improvements, not including out-buildings, on at least 50% of
  - 75 the number of parcels and the area of those parcels is at least 50% of the project area; and
  - 76 (ii) is unfit or unsafe to occupy or may be conducive to ill health, transmission of disease,
  - 77 infant mortality, juvenile delinquency, or crime because of any three or more of the following
  - 78 factors:
    - 79 (A) defective character of physical construction;
    - 80 (B) high density of population and overcrowding;
    - 81 (C) inadequate provision for ventilation, light, sanitation, and open spaces;
    - 82 (D) mixed character and shifting of uses which results in obsolescence, deterioration, or
    - 83 dilapidation;
    - 84 (E) economic deterioration or continued disuse;
    - 85 (F) lots of irregular form and shape and inadequate size for proper usefulness and
    - 86 development, or laying out of lots in disregard of the contours and other physical characteristics
    - 87 of the ground and surrounding conditions;

88 (G) existence of inadequate streets, open spaces, and utilities;

89 (H) existence of lots or other areas which are subject to being submerged by water; and

90 (I) existence of any hazardous or solid waste defined as any substance defined, regulated,  
91 or listed as "hazardous substances," "hazardous materials," "hazardous wastes," "toxic waste,"  
92 "pollutant," "contaminant," or "toxic substances," or identified as hazardous to human health or  
93 the environment under state or federal law or regulation.

94 (c) For purposes of Subsection (3)(b), if a developer involved in the project area  
95 redevelopment [or], economic, or education housing development causes any of the factors of  
96 blight listed in Subsection (3)(b)(ii), the developer-caused blight may not be used as one of the  
97 three required elements of blight. Notwithstanding the provisions of this section, any blight caused  
98 by owners or tenants who may become developers under the provisions of Section 17A-2-1214  
99 shall not be subject to this Subsection (3)(c).

100 (4) "Bond" means any bonds, notes, interim certificates, debentures, or other obligations  
101 issued by an agency.

102 (5) "Community" means a city, county, town, or any combination of these.

103 (6) "Economic development" means the planning or replanning, design or redesign,  
104 development or redevelopment, construction or reconstruction, rehabilitation, business relocation  
105 or any combination of these, within all or part of a project area and the provision of office,  
106 industrial, manufacturing, warehousing, distribution, parking, public or other facilities, or  
107 improvements as may benefit the state or the community in order for a public or private employer  
108 to create additional jobs within the state.

109 (7) "Education housing development" means to provide high density housing adjacent to  
110 a public or private institution of higher education.

111 [(7)] (8) "Federal government" means the United States or any of its agencies or  
112 instrumentalities.

113 [(8)] (9) "Legislative body" means the city council, city commission, county legislative  
114 body, or other legislative body of the community.

115 [(9)] (10) "Planning commission" means a city, town, or county planning commission  
116 established pursuant to law or charter.

117 [(10)] (11) "Project area" or "redevelopment project area" means an area of a community  
118 within a designated redevelopment survey area, the redevelopment of which is necessary to

119 eliminate blight or provide economic or education housing development and which is selected by  
120 the redevelopment agency pursuant to this part.

121 [(11)] (12) "Project area budget" means, for projects for which a preliminary plan has been  
122 prepared after April 1, 1993, and for which any of the following have occurred after July 1, 1993:  
123 the completion of the agency blight study, and the good faith commencement of the hearing by the  
124 agency under Section 17A-2-1221, a multiyear budget for the redevelopment plan prepared by the  
125 redevelopment agency showing:

126 (a) the base year taxable value of the project area;

127 (b) the projected tax increment of the project area, including the amount of any tax  
128 increment shared with other taxing districts which shall include:

129 (i) the tax increment expected to be used to implement the redevelopment plan including  
130 the estimated amount of tax increment to be used for land acquisition, public, and infrastructure  
131 improvements, and loans, grants, or tax incentives to private and public entities; and

132 (ii) the total principal amount of bonds expected to be issued by the redevelopment agency  
133 to finance the project;

134 (c) the tax increment expected to be used to cover the cost of administering the project area  
135 plan;

136 (d) a legal description for the portion of the project area from which tax increment will be  
137 collected pursuant to Section 17A-2-1247.5, if the area from which tax increment is to be collected  
138 is less than the entire project area; and

139 (e) for properties to be sold, the expected total cost of the property to the agency and the  
140 expected sales price to be paid by the purchaser.

141 [(12)] (13) "Public body" means the state, or any city, county, district, authority, or any  
142 other subdivision or public body of the state, their agencies, instrumentalities, or political  
143 subdivisions.

144 [(13)] (14) (a) "Redevelopment" means the planning, development, replanning, redesign,  
145 clearance, reconstruction, or rehabilitation, or any combination of these, of all or part of a project  
146 area, and the provision of residential, commercial, industrial, public, or other structures or spaces  
147 that are appropriate or necessary to eliminate blight in the interest of the general welfare, including  
148 recreational and other facilities incidental or appurtenant to them.

149 (b) "Redevelopment" includes:

150 (i) the alteration, improvement, modernization, reconstruction, or rehabilitation, or any  
151 combination of these, of existing structures in a project area;

152 (ii) provision for open space types of use, such as streets and other public grounds and  
153 space around buildings, and public or private buildings, structures and improvements, and  
154 improvements of public or private recreation areas and other public grounds; and

155 (iii) the replanning or redesign or original development of undeveloped areas as to which  
156 either of the following conditions exist:

157 (A) the areas are stagnant or improperly utilized because of defective or inadequate street  
158 layout, faulty lot layout in relation to size, shape, accessibility, or usefulness, or for other causes;  
159 or

160 (B) the areas require replanning and land assembly for reclamation or development in the  
161 interest of the general welfare.

162 [~~(14)~~] (15) "Redevelopment plan" means a plan developed by the agency and adopted by  
163 ordinance of the governing body of a community to guide and control redevelopment [~~and~~],  
164 economic development, and education housing development undertakings in a specific project  
165 area.

166 [~~(15)~~] (16) "Redevelopment survey area" or "survey area" means an area of a community  
167 designated by resolution of the legislative body or the governing body of the agency for study by  
168 the agency to determine if blight exists if redevelopment is planned, and if a redevelopment [~~or~~],  
169 economic development, or education housing development project or projects within the area are  
170 feasible.

171 [~~(16)~~] (17) "Taxes" include all levies on an ad valorem basis upon land, real property,  
172 personal property, or any other property, tangible or intangible.

173 [~~(17)~~] (18) "Taxing agencies" mean the public entities, including the state, any city, county,  
174 city and county, any school district, special district, or other public corporation, which levy  
175 property taxes within the project area.

176 [~~(18)~~] (19) "Tax increment" means that portion of the levied taxes each year in excess of  
177 the base tax amount which excess amount is to be paid into a special fund of an agency.

178 Section 2. Section 17A-2-1203 is amended to read:

179 **17A-2-1203. Creation of redevelopment agencies -- Governing body -- Powers --**  
180 **Contiguous communities.**

181 (1) Any community may, by ordinance, create a redevelopment agency and shall designate  
182 the legislative body of the community as the governing body of the agency.

183 (2) Any agency may:

184 (a) enter into contracts generally;

185 (b) provide for redevelopment and economic development as provided in this part;

186 (c) transact other business and exercise all other powers provided for in this part;

187 (d) accept financial or other assistance from any public or private source for the agency's  
188 activities, powers, and duties, and expend any funds so received for any of the purposes of this  
189 part; and

190 (e) borrow money or accept financial or other assistance from the state or the federal  
191 government for any of the purposes of this part and comply with any conditions of such loan or  
192 grant.

193 (3) (a) By ordinance the legislative body of a community may authorize redevelopment  
194 [or], economic development, or education housing development activities in a project area within  
195 its territorial limits by another community if the project area is contiguous to the other community.

196 (b) The ordinance shall designate which community shall undertake the redevelopment  
197 [or], economic development, or education housing development.

198 (c) The community authorized to undertake the redevelopment [or], economic  
199 development, or education housing development may act in all respects as if the project area were  
200 within its territorial limits and its legislative body, agency, and planning commission shall have  
201 all the rights, powers, privileges, and tax increment with respect to the project area as if it were  
202 within the territorial limits of the community so authorized.

203 (d) Any redevelopment plan for the project area shall be approved by ordinance enacted  
204 by the legislative body of the authorizing community.

205 Section 3. Section **17A-2-1204** is amended to read:

206 **17A-2-1204. Redevelopment survey areas.**

207 (1) Redevelopment survey areas shall be designated by resolution of the governing body  
208 of the agency.

209 (2) Any person, a group, association, or corporation may in writing request the legislative  
210 body or the agency to designate a redevelopment survey area or areas for project study purposes  
211 and may submit with their request plans showing the proposed redevelopment [or], economic

212 development, or education housing development of the areas or any part or parts thereof.

213 (3) The resolution designating a redevelopment survey area or areas shall contain the  
214 following:

215 (a) a finding that the area requires study to determine if a project or projects within the area  
216 are feasible; and

217 (b) a description or a map of the boundaries of the area designated.

218 Section 4. Section **17A-2-1205** is amended to read:

219 **17A-2-1205. Preconditions for designating a project area.**

220 Before any area is designated for redevelopment [σ], economic development, or education  
221 housing development, the community authorized to undertake the development shall:

222 (1) have a planning commission; and

223 (2) have a general plan as required by law.

224 Section 5. Section **17A-2-1206** is amended to read:

225 **17A-2-1206. Selection of project areas -- Blight hearing.**

226 (1) On the agency's own motion, at the direction of the legislative body, or upon the  
227 written petition of a majority of the owners in fee of any proposed redevelopment survey area,  
228 excluding publicly owned areas or areas dedicated to a public use, the agency may select one or  
229 more project areas comprising all or part of the proposed survey area and formulate a preliminary  
230 plan for the redevelopment [σ], economic development, or education housing development of  
231 each project area in cooperation with the planning commission of the community.

232 (2) (a) For redevelopment plans required to find blight under Subsection  
233 17A-2-1202(3)(b), the agency shall conduct a public hearing for the purpose of making a finding  
234 of blight.

235 (b) The property owner shall be given a reasonable opportunity to prepare for the blight  
236 hearing.

237 (c) For purposes of this section "reasonable opportunity to prepare" shall include the  
238 opportunity to review the agency's evidence of blight, including any expert reports or expected  
239 expert testimony. Property owners shall be given at least 30 days to prepare for the hearing.

240 (3) During the blight hearing required by this section, the agency shall:

241 (a) present evidence of the elements of blight listed in Section 17A-2-1202;

242 (b) permit examination and cross-examination by the property owner or the property



243 owner's representative of the agency's evidence or experts; and

244 (c) hear and consider evidence and expert testimony concerning the elements of blight  
245 presented by the property owners or their representative.

246 (4) For redevelopment plans required to find blight under Subsection 17A-2-1202(3)(b)  
247 for which a preliminary plan has been prepared after April 1, 1993, and for which any of the  
248 following have occurred after July 1, 1993: the completion of the agency blight study, and the good  
249 faith commencement of the hearing by the agency under Section 17A-2-1221, the agency shall  
250 hold at least one public hearing within 45 days after designation of a project area to inform the  
251 public about the proposed project area and to allow public input into the agency deliberations on  
252 designating a project area.

253 (5) The hearings required in Subsections (2) and (4) may be combined. If they are not  
254 combined the agency shall give the property owners notice of the blight study and the possibility  
255 that the area will be declared blighted in accordance with Subsection 17A-2-1222(2)(e).

256 Section 6. Section **17A-2-1207** is amended to read:

257 **17A-2-1207. Contents of preliminary plan.**

258 Each preliminary plan shall:

259 (1) describe the boundaries of the project area;

260 (2) contain a general statement of the land uses, layout of principal streets, population  
261 densities, and building intensities and standards proposed as the basis for the redevelopment [or],  
262 economic development, or education housing development of the project area;

263 (3) show how the purposes of this part would be attained by the redevelopment [or],  
264 economic development, or education housing development;

265 (4) show that the proposed redevelopment [or], economic development, or education  
266 housing development conforms to the master or general community plan;

267 (5) for redevelopment projects that conduct a blight study and are subject to the definition  
268 of blight under Subsection 17A-2-1202(3)(b), contain a description of the way in which the  
269 redevelopment will reduce or eliminate any finding of blight in the project area;

270 (6) for projects for which a preliminary plan has been prepared after April 1, 1993, and for  
271 which any of the following have occurred after July 1, 1993: the completion of the agency blight  
272 study, and the good faith commencement of the hearing by the agency under Section 17A-2-1221,  
273 contain a description of the specific project or projects that are the object of the proposed

274 redevelopment [or], economic development, or education housing development, if any; and

275 (7) for projects for which a preliminary plan has been prepared after April 1, 1993, and for  
276 which any of the following have occurred after July 1, 1993: the completion of the agency blight  
277 study, and the good faith commencement of the hearing by the agency under Section 17A-2-1221,  
278 identify the way in which private developers, if any, will be selected to undertake the  
279 redevelopment [or], economic development, or education housing development and identify any  
280 developers who are currently involved in the proposed redevelopment [or], economic development,  
281 or education housing development.

282 Section 7. Section **17A-2-1209** is amended to read:

283 **17A-2-1209. Use of eminent domain.**

284 (1) Except when acquiring property from an officer or member pursuant to Section  
285 17A-2-1239, eminent domain may not be used by an agency in a project area where one of the  
286 purposes of the plan is economic development or education housing development and the project  
287 area has not been found to be blighted as defined in Sections 17A-2-1202 and 17A-2-1208.

288 (2) Before any agency may exercise the power of eminent domain, the agency shall:

289 (a) negotiate with the affected property owner in good faith and provide evidence of those  
290 negotiations;

291 (b) explain to the affected property owner and occupant in writing the eminent domain  
292 power and the procedures and reasons for exercising it;

293 (c) explain to the affected property owner and occupant his right to just compensation and  
294 how he may obtain it; and

295 (d) explain to the affected property owner and occupant his right to receive aid to relocate  
296 as provided in Title 57, Chapter 12.

297 Section 8. Section **17A-2-1220** is amended to read:

298 **17A-2-1220. Report to accompany plan.**

299 (1) Each project area redevelopment plan shall be accompanied by a report containing:

300 (a) the reasons for the selection of the project area;

301 (b) a description of the physical, social, and economic conditions existing in the area;

302 (c) a financial analysis of the proposed redevelopment describing the proposed method of  
303 financing the redevelopment of the project area in sufficient detail so that the legislative body may  
304 determine the economic feasibility of the plan. The report shall contain to the extent known, the

305 items specified for a "project area budget" in Section 17A-2-1202 and a description of any tax  
306 incentives offered private entities for facilities located in the project area;

307 (d) a method or plan for the relocation of families and persons to be temporarily or  
308 permanently displaced from housing facilities, if any, in the project area;

309 (e) an analysis of the preliminary plan;

310 (f) whenever a finding of blight is required under this part for projects for which a  
311 preliminary plan has been prepared after April 1, 1993, and for which any of the following have  
312 occurred after July 1, 1993: the completion of the agency blight study, and the good faith  
313 commencement of the hearing by the agency under Section 17A-2-1221, an analysis in accordance  
314 with Subsection (2) showing that the adoption of the plan is necessary and appropriate to reduce  
315 or eliminate the blight, or if blight is not found, is beneficial under a benefit analysis to provide  
316 economic development or education housing development; and

317 (g) the report and recommendations of the planning commission.

318 (2) The analysis of necessary and appropriate in the case of blight, or the benefit analysis  
319 in the event of economic development or education housing development shall consider the  
320 following factors:

321 (a) a description of the benefit of financial assistance or other public subsidy, if any,  
322 proposed to be provided by the agency including:

323 (i) an evaluation of the reasonableness of economic development, education housing  
324 development, or redevelopment costs;

325 (ii) efforts to maximize private investment;

326 (iii) rationale for use of tax increment financing including an analysis of whether the  
327 proposed development might reasonably be expected to occur in the foreseeable future solely  
328 through private investment; and

329 (iv) an estimate of the total amount and length of time that tax increment financing will  
330 be expended in undertaking economic development, education housing development, or  
331 redevelopment;

332 (b) a description of the anticipated public benefit to be derived from the economic  
333 development, education housing development, or redevelopment project including:

334 (i) the number of jobs or employment anticipated as a result of the economic development,  
335 education housing development, or redevelopment project;

336 (ii) associated business and economic activity likely to be stimulated by the economic  
337 development, education housing development, or redevelopment project; and

338 (iii) the beneficial influences upon the tax base of the community as a result of the  
339 economic development, education housing development, or redevelopment project; and

340 (c) other factors approved by the agency.

341 (3) The agency shall make the report available to the general public at its offices during  
342 normal business hours and shall publish a notice pursuant to Section 17A-2-1222 in a newspaper  
343 of general circulation in the county that the report is available for inspection at its offices.

344 Section 9. Section **17A-2-1222** is amended to read:

345 **17A-2-1222. Notices of hearing required.**

346 (1) (a) Notice of the public hearing on a project area redevelopment plan shall be given  
347 by publication not less than once a week for four successive weeks in a newspaper of general  
348 circulation published in the county in which the land lies.

349 (b) The published notice shall:

350 (i) describe specifically the boundaries of the proposed redevelopment, education housing  
351 development, or economic development project area; and

352 (ii) state the day, hour, and place in which persons objecting to the proposed project area  
353 redevelopment plan, denying the findings or existence of blight in the proposed project area, or  
354 denying the regularity of any of the proceedings, may appear before the legislative body and show  
355 cause why the proposed plan should not be adopted.

356 (2) (a) For redevelopment plans for which a redevelopment plan has been adopted on or  
357 after January 1, 1997, the agency shall publish notice of the hearing on the proposed project area  
358 budget one or more times.

359 (b) The notice under Subsection (2)(a) shall be published at least seven days before the  
360 public hearing date.

361 (c) The agency shall place an advertisement for the public hearing on the proposed project  
362 area budget in a newspaper that:

363 (i) is of the general circulation in the community; and

364 (ii) to the extent practicable, is of general interest and readership in the community and not  
365 of limited subject matter.

366 (d) The notice shall not be placed in the portion of the newspaper where legal notices and

367 classified advertisements appear.

368 (e) The notice shall be a display advertisement and, except as provided in Subsection  
369 17A-2-1247.5(3)(c), shall include the following statement:

370 "NOTICE OF BUDGET HEARING FOR (NAME OF PROJECT AREA)

371 The (name of redevelopment agency) has requested \$\_\_\_\_\_ in property tax revenues  
372 that will be generated by development within the (name of redevelopment project area) to fund a  
373 portion of project costs within the (name of redevelopment project area). These property tax  
374 revenues will be used for the following: (list major budget categories and amounts). These  
375 property taxes will be taxes levied by the following governmental entities, and, assuming current  
376 tax rates, the taxes collected and allocated to this project area from each taxing entity will be as  
377 follows: (list governmental entities levying taxes and the amount of total budget that would be  
378 based on the current tax levy of each governmental entity). All of the property taxes to be  
379 allocated to the project area are taxes that will be generated only if the project area is developed.

380 All concerned citizens are invited to attend the project area budget hearing scheduled for  
381 (date, time, and place of hearing). A copy of the (name of redevelopment project area) project area  
382 budget is available at the offices of (name of redevelopment agency and office address)."

383 (f) Other information may be provided in the notice including public purpose and future  
384 taxing benefits.

385 (3) The agency shall notify the last-known assessee of each parcel of land in the project  
386 area of any public hearing required by this part at least 30 days before the date of the public hearing  
387 to the last-known address of the property owner as shown on the last equalized assessment roll.  
388 The notice to the property owner shall:

389 (a) be mailed by certified mail for projects for which a preliminary plan has been adopted  
390 after July 1, 1993;

391 (b) include the summary of property owners rights in accordance with Section  
392 17A-2-1211, for projects for which a preliminary plan has been prepared after April 1, 1993, and  
393 for which any of the following have occurred after July 1, 1993: the completion of the agency  
394 blight study, and the good faith commencement of the hearing by the agency under Section  
395 17A-2-1221;

396 (c) describe specifically the boundaries of the proposed project area;

397 (d) state the day, hour, and place in which persons objecting to the proposed project area

398 or redevelopment plan, denying the existence of blight in the proposed redevelopment project area,  
399 if applicable, or denying the regularity of any of the proceedings, may appear before the legislative  
400 body and show cause why the proposed project area should not be designated as a project area or  
401 why the proposed plan should not be adopted; and

402 (e) for plans required to make a finding of blight under Subsection 17A-2-1202(3)(b), and  
403 requiring the use of eminent domain, for the public hearings required by Section 17A-2-1206, the  
404 agency shall include in the notice to property owners a statement that:

405 (i) the area is being proposed for possible redevelopment;

406 (ii) the area may be declared blighted; and

407 (iii) the property owner will be notified of each additional public hearing held by the  
408 agency on the project area prior to the adoption of the plan.

409 (4) (a) For projects for which a preliminary plan has been prepared after April 1, 1993, and  
410 for which any of the following have occurred after July 1, 1993: the completion of the agency  
411 blight study, and the good faith commencement of the hearing by the agency under Section  
412 17A-2-1221, the agency shall notify the last known assessee of each parcel of land contiguous to  
413 the project area of each public hearing at least 30 days before the date of the public hearing to the  
414 last-known address of the property owner as shown on the last equalized assessment roll by  
415 certified mail.

416 (b) For purposes of this part, "contiguous property" means property with a boundary that  
417 touches the boundaries of the project area, or with a boundary within 300 feet of the project area's  
418 boundaries.

419 (5) Not less than 30 days prior to the date set for each hearing required by this part, the  
420 agency shall give notice by mail to the State Tax Commission, county assessor, county auditor, any  
421 taxing agency committee required under Section 17A-2-1247.5, and the governing body of each  
422 of the taxing entities of which taxable property is included in the project area if a taxing agency  
423 committee is not yet formed under Section 17A-2-1247.5. The notice shall include:

424 (a) a description of the boundaries of the proposed project area;

425 (b) a map showing the boundaries of the proposed project area;

426 (c) a statement that a plan for the redevelopment, education housing development, or  
427 economic development of the proposed project area is being prepared; and

428 (d) a statement that if the redevelopment plan is adopted and, for projects for which a

429 preliminary plan has been prepared after April 1, 1993, and for which any of the following have  
430 occurred after July 1, 1993: the completion of the agency blight study, and the good faith  
431 commencement of the hearing by the agency under Section 17A-2-1221, if the agency obtains the  
432 majority consent of the taxing agency committee to the project area budget, and if the plan  
433 provides for a division of tax revenues, then property taxes resulting from increases in valuation  
434 above the taxable value as shown on the last equalized assessment roll could be allocated to the  
435 agency for redevelopment, education housing development, or economic development purposes,  
436 rather than being paid into the treasury of the taxing agency;

437 (e) for projects for which a preliminary plan has been prepared after April 1, 1993, and for  
438 which any of the following have occurred after July 1, 1993: the completion of the agency blight  
439 study, and the good faith commencement of the hearing by the agency under Section 17A-2-1221,  
440 state the day, hour, and place for the public hearing at which the approval of the designation of a  
441 project area or the redevelopment plan will be considered; and

442 (f) invite each taxing agency to submit comments to the redevelopment agency concerning  
443 the subject matter of the hearing prior to the date of the hearing.

444 Section 10. Section **17A-2-1225** is amended to read:

445 **17A-2-1225. Adoption, rejection, or modification of plan -- Plan submitted to voters**  
446 **-- When rejection required -- Petition for alternative plan.**

447 (1) Once the hearings have been held, the legislative body may proceed to adopt, reject,  
448 or modify the project area redevelopment plan. The project area redevelopment plan may not be  
449 modified so as to add any real property to the project area without the legislative body holding a  
450 new hearing to consider the matter, notice of which shall be given in the same manner as provided  
451 in Section 17A-2-1222.

452 (2) (a) If the owners of 40% of the area of the property included within the project area  
453 proposed in the redevelopment plan, excluding property owned by public agencies or dedicated  
454 to public use, make objections in writing prior to or at the hearing and the objections are not  
455 withdrawn at or prior to the hearing, the plan may not be adopted until the proposition to so adopt  
456 the plan has been approved by a majority of the registered voters of the community voting thereon  
457 at an election called for this purpose.

458 (b) This election may be held on the same day and with the same election officials as any  
459 primary or general election held in the community and shall be held as nearly as practicable in

460 conformity with the general election laws of the state.

461 (c) Upon the approval by the voters as set forth in Subsection (2)(a), the project area  
462 redevelopment plan shall be deemed adopted and the legislative body shall confirm the adoption  
463 by ordinance.

464 (3) If the owners of two-thirds of the area of the property included within any project area  
465 proposed in the redevelopment plan, excluding property owned by public agencies or dedicated  
466 to public use, make objections in writing at or prior to the hearing, the legislative body may not  
467 adopt the project, and the proposed project may not be reconsidered by the legislative body for a  
468 period of three years.

469 (4) (a) Projects for which a preliminary plan has been prepared after April 1, 1993, and for  
470 which any of the following have occurred after July 1, 1993: the completion of the agency blight  
471 study, and the good faith commencement of the hearing by the agency under Section 17A-2-1221,  
472 must adopt a plan within one year after a project area is designated under Section 17A-2-1206 for  
473 a redevelopment plan where the purpose is the elimination of blight, and within one year after a  
474 preliminary plan is prepared for a redevelopment plan where the purpose is economic development  
475 or education housing development.

476 (b) If the plan will be submitted to an election for approval by the registered voters of a  
477 community, the time limit for the plan adoption shall be increased by the time between the close  
478 of the public hearing held pursuant to Section 17A-2-1221 and the date of the next general election  
479 within the community.

480 (5) A majority of the owners of the area of the property included within the project area,  
481 excluding property owned by public agencies or dedicated to public use, may file a written petition  
482 requesting an alternative preliminary plan be formulated pursuant to Section 17A-2-1211.

483 Section 11. Section **17A-2-1230** is amended to read:

484 **17A-2-1230. Powers of public body aiding and cooperating in redevelopment**  
485 **projects -- Notice requirement.**

486 For the purpose of aiding and cooperating in the planning, undertaking, construction, or  
487 operation of redevelopment, education housing development, and economic development projects  
488 located within the area in which it is authorized to act, any public body, after 15 days' public  
489 notice, may:

490 (1) dedicate, sell, convey, grant, or otherwise dispose or lease any of its property to a



491 redevelopment agency;

492 (2) cause parks, playgrounds, recreational, community, educational, water, sewer or  
493 drainage facilities, or any other works which it is otherwise empowered to undertake, to be  
494 furnished adjacent to or in connection with redevelopment, education housing development, or  
495 economic development projects;

496 (3) furnish, dedicate, close, vacate, pave, install, grade, regrade, plan, or replan streets,  
497 roads, roadways, alleys, sidewalks, or other places which it is otherwise empowered to undertake;

498 (4) plan or replan, zone or rezone any part of the area and make any legal exceptions from  
499 building regulations and ordinances;

500 (5) enter into agreements with the federal government, the state, an agency, or any other  
501 public body respecting action to be taken pursuant to any of the powers granted by this part or any  
502 other law, which agreements may extend over any period, notwithstanding any law to the contrary;

503 (6) purchase or legally invest in any of the bonds of an agency and exercise all of the rights  
504 of any holder of such bonds;

505 (7) lend, grant, or contribute funds to an agency for a redevelopment, education housing  
506 development, or economic development project;

507 (8) purchase, buy, sell, lease, or otherwise acquire or dispose of land in a project area from  
508 an agency for redevelopment, education housing development, or economic development in  
509 accordance with the plan, and in connection with it, to become obligated to the extent that it is  
510 authorized and funds have been made available to make the redevelopment improvements or  
511 structures required; and

512 (9) do any and all things necessary to aid or cooperate in the planning or carrying out of  
513 a redevelopment, education housing development, or economic development project.

514 Section 12. Section **17A-2-1236** is amended to read:

515 **17A-2-1236. Actions on validity or enforceability of bonds -- Time for bringing**  
516 **action.**

517 (1) In any suit, action, or proceeding involving the validity or enforceability of any bond  
518 issued under this part or the security for them, any such bond reciting in substance that it has been  
519 issued by the agency in connection with an area redevelopment, education housing development,  
520 or economic development project shall be conclusively deemed to have been issued for that  
521 purpose and the project shall be conclusively deemed to have been planned, located, and carried

522 out in accordance with the provisions of this part.

523 (2) For a period of 30 days after the publication of the resolution authorizing the bonds,  
524 or a notice of bonds to be issued by the agency containing those items described in Subsection  
525 11-14-21(3) in a newspaper having general circulation in the area of operation, any person may  
526 contest the legality of the resolution authorizing any bonds or any provisions made for the security  
527 and payment of the bonds. After the 30-day period no one has any cause of action to contest the  
528 regularity, formality, or legality of the bonds for any cause whatsoever.

529 Section 13. Section **17A-2-1247.5** is amended to read:

530 **17A-2-1247.5. Tax increment financing -- Project area budget approval -- Payment**  
531 **of additional tax increment.**

532 (1) This section applies to projects for which a preliminary plan has been adopted on or  
533 after July 1, 1993.

534 (2) (a) (i) A taxing agency committee shall be created for each redevelopment, education  
535 housing development, or economic development project. The committee membership shall be  
536 selected as follows:

537 [(i)] (A) unless a school district board votes not to appoint representatives under Subsection  
538 (2)(a)(ii)(A), two representatives appointed by the school district in the project area;

539 [(ii)] (B) two representatives appointed by resolution of the county commission or county  
540 council for the county in which the project area is located;

541 [(iii)] (C) two representatives appointed by resolution of the city or town's legislative body  
542 in which the project area is located if the project is located within a city or town;

543 [(iv)] (D) unless a school district board votes not to appoint representatives under  
544 Subsection (2)(a)(ii)(A), a representative approved by the State School Board; and

545 [(v)] (E) one representative who shall represent all of the remaining governing bodies of  
546 the other local taxing agencies that levy taxes upon the property within the proposed project area.  
547 The representative shall be selected by resolution of each of the governing bodies of those taxing  
548 agencies within 30 days after the notice provided in Subsection 17A-2-1256(3).

549 (ii) (A) A school district that levies a tax on property located within a project area may  
550 choose not to appoint representatives to the taxing agency committee under Subsection (2)(a)(i)(A)  
551 if:

552 (I) the project area is established under an education housing development project; and

553 (II) the project area budget of the project area under Subsection (2)(a)(ii)(A)(I) is adopted  
554 on or after May 1, 2000.

555 (B) If a school district board votes not to appoint representatives to the taxing agency  
556 committee under Subsection (2)(a)(ii)(A), the State School Board may not appoint a representative  
557 to the taxing agency committee.

558 (b) (i) If the project is located within a city or town, a quorum of a taxing agency  
559 committee consists of:

560 (A) if a school district board votes not to appoint representatives to the taxing agency  
561 committee under Subsection (2)(a)(ii)(A), three members; or

562 (B) in all other cases, five members.

563 (ii) If the project is not located within a city or town, a quorum consists of:

564 (A) if a school district board votes not to appoint representatives to the taxing agency  
565 committee under Subsection (2)(a)(ii)(A), two members; or

566 (B) in all other cases, four members.

567 (c) A taxing agency committee formed in accordance with this section has the authority  
568 to:

569 (i) (A) represent all taxing entities in a project area, except a school district whose board  
570 has voted under Subsection (2)(a)(ii)(A) not to appoint representatives to the taxing agency  
571 committee; and

572 (B) cast votes that will be binding on the governing boards of all taxing entities in a project  
573 area that the taxing agency committee represents under Subsection (2)(c)(i)(A);

574 (ii) negotiate with the agency concerning the redevelopment plan;

575 (iii) approve or disapprove project area budgets under Subsection (3); and

576 (iv) approve an exception to the limits on the value and size of project areas imposed by  
577 Section 17A-2-1210, or the time and amount of tax increment financing under this section.

578 (3) (a)(i) If the project area budget does not allocate 20% of the tax increment for housing  
579 as provided in Subsection 17A-2-1264(2)(a):

580 (A) an agency may not collect any tax increment for a project area until after the agency  
581 obtains the majority consent of a quorum of the taxing agency committee for the project area  
582 budget; and

583 (B) a project area budget adopted under Subsection (3)(a)(i)(A) may be amended if the

584 agency obtains the majority consent of a quorum of the taxing agency committee.

585 (ii) If the project area budget allocates 20% of the tax increment for housing as provided  
586 in Subsection 17A-2-1264(2)(a):

587 (A) an agency may not collect tax increment from all or part of a project area until after:

588 (I) the Olene Walker Housing Trust Fund Board, established under Title 9, Chapter 4, Part  
589 7, Olene Walker Housing Trust Fund, has certified the project area budget as complying with the  
590 requirements of Section 17A-2-1264; and

591 (II) the agency's governing body has approved and adopted the project area budget by a  
592 two-thirds vote; and

593 (B) a project area budget adopted under Subsection (3)(a)(ii)(A) may be amended if:

594 (I) the Olene Walker Housing Trust Fund Board, established under Title 9, Chapter 4, Part  
595 7, Olene Walker Housing Trust Fund, certifies the amendment as complying with the requirements  
596 of Section 17A-2-1264; and

597 (II) the agency's governing body approves and adopts the amendment by a two-thirds vote.

598 (b) Within 30 days after the approval and adoption of a project area budget, each agency  
599 shall file a copy of the budget with the county auditor, the State Tax Commission, the state auditor,  
600 and each property taxing entity affected by the agency's collection of tax increment under the  
601 project area budget.

602 (c) (i) Beginning on January 1, 1997, before an amendment to a project area budget is  
603 approved, the agency shall advertise and hold one public hearing on the proposed change in the  
604 project area budget.

605 (ii) The public hearing under Subsection (3)(c)(i) shall be conducted according to the  
606 procedures and requirements of Subsection 17A-2-1222(2), except that if the amended budget  
607 allocates a greater proportion of tax increment to a project area than was allocated to the project  
608 area under the previous budget, the advertisement shall state the percentage allocated under the  
609 previous budget and the percentage allocated under the amended budget.

610 (d) If an amendment is not approved, the agency shall continue to operate under the  
611 previously approved, unamended project area budget.

612 (4) (a) [An] Except as provided in Subsections (6) and (8), an agency may collect tax  
613 increment from all or a part of a project area. The tax increment shall be paid to the agency in the  
614 same manner and at the same time as payments of taxes to other taxing agencies to pay the

615 principal of and interest on loans, moneys advanced to, or indebtedness, whether funded, refunded,  
616 assumed, or otherwise, to finance or refinance, in whole or in part, the redevelopment, education  
617 housing development, or economic development project and the housing projects and programs  
618 under Sections 17A-2-1263 and 17A-2-1264.

619 (b) (i) An agency may elect to be paid:

620 (A) if 20% of the project area budget is not allocated for housing as provided in Subsection  
621 17A-2-1264(2)(a):

622 (I) 100% of annual tax increment for 12 years; or

623 (II) 75% of annual tax increment for 20 years; or

624 (B) if 20% of the project area budget is allocated for housing as provided in Subsection  
625 17A-2-1264(2)(a):

626 (I) 100% of annual tax increment for 15 years; or

627 (II) 75% of annual tax increment for 24 years.

628 (ii) Tax increment paid to an agency under this Subsection (4)(b) shall be paid for the  
629 applicable length of time beginning the first tax year the agency accepts tax increment from a  
630 project area.

631 (c) An agency may receive a greater percentage of tax increment or receive tax increment  
632 for a longer period of time than that specified in Subsection (4)(b) if the agency obtains the  
633 majority consent of the taxing agency committee.

634 (5) (a) The redevelopment plan shall provide that the portion of the taxes, if any, due to  
635 an increase in the tax rate by a taxing agency after the date the project area budget is approved by  
636 the taxing agency committee may not be allocated to and when collected paid into a special fund  
637 of the redevelopment agency according to the provisions of Subsection (4) unless the taxing  
638 agency committee approves the inclusion of the increase in the tax rate at the time the project area  
639 budget is approved. If approval of the inclusion of the increase in the tax rate is not obtained, the  
640 portion of the taxes attributable to the increase in the rate shall be distributed by the county to the  
641 taxing agency imposing the tax rate increase in the same manner as other property taxes.

642 (b) The amount of the tax rate to be used in determining tax increment shall be increased  
643 or decreased by the amount of an increase or decrease as a result of:

644 (i) a statute enacted by the Legislature, a judicial decision, or an order from the State Tax  
645 Commission to a county to adjust or factor its assessment rate under Subsection 59-2-704(2);

646 (ii) a change in exemption provided in Utah Constitution Article XIII, Section 2, or Section  
647 59-2-103;

648 (iii) an increase or decrease in the percentage of fair market value, as defined under  
649 Section 59-2-102; or

650 (iv) a decrease in the certified tax rate under Subsection 59-2-924(2)(c) or (2)(d)(i).

651 (c) (i) Notwithstanding the increase or decrease resulting from Subsection (5)(b), the  
652 amount of money allocated to, and when collected paid to the agency each year for payment of  
653 bonds or other indebtedness may not be less than would have been allocated to and when collected  
654 paid to the agency each year if there had been no increase or decrease under Subsection (5)(b).

655 (ii) For a decrease resulting from Subsection (5)(b)(iv), the taxable value for the base year  
656 under Subsection 17A-2-1202(2) or 17A-2-1247(2)(a), as the case may be, shall be reduced for any  
657 year to the extent necessary, including below zero, to provide an agency with approximately the  
658 same amount of money the agency would have received without a reduction in the county's  
659 certified tax rate if:

660 (A) in that year there is a decrease in the certified tax rate under Subsection 59-2-924(2)(c)  
661 or (2)(d)(i);

662 (B) the amount of the decrease is more than 20% of the county's certified tax rate of the  
663 previous year; and

664 (C) the decrease results in a reduction of the amount to be paid to the agency under Section  
665 17A-2-1247 or 17A-2-1247.5.

666 (6) (a) For redevelopment plans first adopted before May 4, 1993, beginning January 1,  
667 1994, all of the taxes levied and collected upon the taxable property in the redevelopment project  
668 under Section 59-2-906.1 which are not pledged to support bond indebtedness and other  
669 contractual obligations are exempt from the provisions of Subsection (4).

670 (b) For redevelopment plans first adopted after May 3, 1993, beginning January 1, 1994,  
671 all of the taxes levied and collected upon the taxable property in the redevelopment project under  
672 Section 59-2-906.1 are exempt from the provisions of Subsection (4).

673 (7) (a) In addition to the amounts and periods that an agency may elect to be paid tax  
674 increment under Subsection (4)(b), an agency may elect to be paid 100% of annual tax increment  
675 for an additional period, as provided in Subsection (7)(b), beyond those periods provided under  
676 Subsection (4)(b), without the approval of the taxing agency committee, if the tax increment

677 funding for the additional period is used:

678 (i) for an agency in a city in which is located all or a portion of an interchange on I-15 or  
679 that would directly benefit from an interchange on I-15, to pay some or all of the cost of the  
680 installation, construction, or reconstruction of:

681 (A) an interchange on I-15; or

682 (B) frontage and other roads connecting to the interchange, as determined by the  
683 Department of Transportation created under Section 72-1-201 and the Transportation Commission  
684 created under Section 72-1-301; or

685 (ii) for an agency in a city of the first class, to pay some or all of the cost of the land for  
686 and installation and construction of a recreational facility, as defined in Subsection 59-12-702(3),  
687 or a cultural facility, including parking and infrastructure improvements related to the recreational  
688 or cultural facility.

689 (b) The additional period for which an agency may be paid 100% of annual tax increment  
690 under Subsection (7)(a) is an additional:

691 (i) 13 years, for an agency that initially elected to be paid under Subsection (4)(b)(i)(A)(I);

692 (ii) five years, for an agency that initially elected to be paid under Subsection  
693 (4)(b)(i)(A)(II);

694 (iii) ten years, for an agency that initially elected to be paid under Subsection  
695 (4)(b)(i)(B)(I); and

696 (iv) one year, for an agency that initially elected to be paid under Subsection  
697 (4)(b)(i)(B)(II).

698 (c) This Subsection (7) applies only to an agency established by a city in which:

699 (i) for an agency in a city in which is located all or a portion of an interchange on I-15 or  
700 that would directly benefit from an interchange on I-15, the installation, construction, or  
701 reconstruction of an interchange on I-15 or frontage or other roads connecting to the interchange  
702 has begun on or before June 30, 2000; and

703 (ii) for an agency in a city of the first class, the installation or construction of a recreational  
704 facility, as defined in Subsection 59-12-702(3), or a cultural facility has begun on or before June  
705 30, 2000.

706 (d) Notwithstanding any other provision of this Subsection (7), a school district may not  
707 receive less tax increment because of application of the other provisions of this Subsection (7) than

708 it would have received without those provisions.

709 (8) If a school district board votes not to appoint representatives to the taxing agency  
710 committee under Subsection (2)(a)(ii)(A), all of the taxes levied and collected upon taxable  
711 property in the redevelopment project by the school district are exempt from Subsection (4) and  
712 the agency may not collect tax increment from taxes levied by the school district in the project  
713 area.

714 Section 14. Section **17A-2-1263** is amended to read:

715 **17A-2-1263. Housing funds.**

716 (1) Tax increment paid to an agency under Section 17A-2-1247 or 17A-2-1247.5 from one  
717 project area may be used to pay all or part of the value of the land for and the cost of installation,  
718 construction, and rehabilitation of any building, facility, structure, or other housing improvement,  
719 including infrastructure improvements related to housing located in one or more project areas.

720 (2) Notwithstanding any provisions of this part, a maximum of 20% of tax increment  
721 under Sections 17A-2-1247 and 17A-2-1247.5 may be used by an agency outside of project areas  
722 for the purpose of replacing housing units lost by redevelopment, education housing development,  
723 and economic development, or increasing, improving, and preserving the community's supply of  
724 affordable housing generally.

725 (3) The funds allocated under this section shall be held by the agency in a separate account  
726 of the special fund of the redevelopment agency designated as the housing fund until used. The  
727 housing fund, together with any interest earned by the fund, and any payments or repayments made  
728 to the agency for loans, advances, or grants of any kind from the fund shall accrue to and be  
729 deposited in the housing fund to be used to increase, improve, and preserve the supply of housing  
730 within project areas and affordable housing within the boundaries of the community or used to  
731 effectuate any purposes of redevelopment, education housing development, or economic  
732 development in the project area from which the funds originated.

733 (4) Expenditures or obligations incurred by the agency under this section shall constitute  
734 an indebtedness incurred by an agency.

735 (5) An agency may lend, grant, or contribute funds from the housing fund to a person,  
736 public body, housing authority, private entity or business, or nonprofit corporation for housing  
737 purposes as defined in this section.

738 (6) For purposes of this section, "affordable housing" means housing to be owned or



739 occupied by persons and families of low or moderate income as determined by resolution of the  
740 agency.

741 Section 15. Section **17A-2-1264** is amended to read:

742 **17A-2-1264. Affordable housing funds under redevelopment plans adopted on or**  
743 **after July 1, 1998.**

744 (1) As used in this section:

745 (a) "Affordable housing" has the meaning as defined under Subsection 17A-2-1263(6).

746 (b) "Annual income" has the meaning as defined under regulations of the U.S. Department  
747 of Housing and Urban Development, 24 CFR, Part 813, as amended or as superseded by  
748 replacement regulations.

749 (c) "Board" means the Olene Walker Housing Trust Fund Board, established under Title  
750 9, Chapter 4, Part 7, Olene Walker Housing Trust Fund.

751 (d) "Fair share ratio" means the ratio derived by:

752 (i) for a city or town, comparing the percentage of all housing units within the city or town  
753 that are publicly subsidized income targeted housing units to the percentage of all housing units  
754 within the whole county that are publicly subsidized income targeted housing units; or

755 (ii) for the unincorporated part of a county, comparing the percentage of all housing units  
756 within the unincorporated county that are publicly subsidized income targeted housing units to the  
757 percentage of all housing units within the whole county that are publicly subsidized income  
758 targeted housing units.

759 (e) "Family" has the meaning as defined under regulations of the U.S. Department of  
760 Housing and Urban Development, 24 CFR, Part 813, as amended or as superseded by replacement  
761 regulations.

762 (f) "Housing funds" means the funds allocated in the project area budget under Subsection  
763 (2)(a) for the purposes provided in Subsection (3).

764 (g) "Income targeted housing" means housing to be owned or occupied by a family whose  
765 annual income is at or below 80% of the median annual income for the county in which the  
766 housing is located.

767 (h) "Unincorporated" means not within a city or town.

768 (2) (a) A project area budget for a redevelopment plan that is adopted on or after July 1,  
769 1998, may allocate 20% of the tax increment funds payable to the agency over the life of the

770 redevelopment plan for use as provided in Subsection (3).

771 (b) Before an agency may adopt a project area budget that allocates 20% of tax increment  
772 funds under Subsection (2)(a), the board shall certify the project area budget to be in compliance  
773 with the requirements of this section.

774 (c) (i) If an agency fails to provide housing funds in accordance with the certified project  
775 area budget, the board may bring legal action to compel the agency to provide the housing funds.

776 (ii) In an action under Subsection (2)(c)(i), the court:

777 (A) shall award the board a reasonable attorney's fee, unless the court finds that the action  
778 was frivolous; and

779 (B) may not award the agency its attorney's fees, unless the court finds that the action was  
780 frivolous.

781 (3) (a) Each agency shall use all housing funds allocated under Subsection (2)(a) to:

782 (i) pay part or all of the cost of land or construction of income targeted housing within the  
783 community that created the agency, if practicable in a mixed income development or area;

784 (ii) pay part or all of the cost of rehabilitation of income targeted housing within the  
785 community that created the agency;

786 (iii) pay part or all of the cost of land or installation, construction, or rehabilitation of any  
787 building, facility, structure, or other housing improvement, including infrastructure improvements,  
788 related to housing located in a redevelopment project area where blight has been found to exist;

789 (iv) replace housing units lost as a result of the redevelopment, education housing, or  
790 economic development;

791 (v) make payments on or establish a reserve fund for bonds:

792 (A) issued by the agency, the community, or the housing authority that provides income  
793 targeted housing within the community; and

794 (B) all or part of the proceeds of which are used within the community for the purposes  
795 stated in Subsections (3)(a)(i), (ii), (iii), or (iv); or

796 (vi) if the community's fair share ratio at the time of the first adoption of the project area  
797 budget is at least 1.1 to 1.0, make payments on bonds:

798 (A) that were previously issued by the agency, the community, or the housing authority  
799 that provides income targeted housing within the community; and

800 (B) all or part of the proceeds of which were used within the community for the purposes

801 stated in Subsections (3)(a)(i), (ii), (iii), or (iv).

802 (b) As an alternative to the requirements of Subsection (3)(a), an agency may pay all  
803 housing funds to:

804 (i) the community for use as provided under Subsection (3)(a);

805 (ii) the housing authority that provides income targeted housing within the community for  
806 use in providing income targeted housing within the community; or

807 (iii) the Olene Walker Housing Trust Fund, established under Title 9, Chapter 4, Part 7,  
808 Olene Walker Housing Trust Fund, for use in providing income targeted housing within the  
809 community.

810 (4) The agency or community shall hold the housing funds, together with all interest  
811 earned by the housing funds and all payments or repayments for loans, advances, or grants from  
812 the housing funds, in a separately designated account until the funds are used pursuant to this  
813 section.

814 (5) In using housing funds under Subsection (3)(a), an agency may lend, grant, or  
815 contribute housing funds to a person, public body, housing authority, private entity or business,  
816 or nonprofit organization for use as provided in Subsection (3)(a).

817 (6) An agency may:

818 (a) issue bonds from time to time to finance a housing undertaking under this section,  
819 including the payment of principal and interest upon advances for surveys and plans or preliminary  
820 loans; and

821 (b) issue refunding bonds for the payment or retirement of bonds under Subsection (6)(a)  
822 previously issued by the agency.

823 (7) Expenditures or obligations incurred by an agency under this section shall constitute  
824 an indebtedness incurred by the agency.