

SB0023S01 compared with SB0023

{Omitted text} shows text that was in SB0023 but was omitted in SB0023S01

inserted text shows text that was not in SB0023 but was inserted into SB0023S01

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1 First Home Investment Zone Amendments

. 2025 GENERAL SESSION

. STATE OF UTAH

. **Chief Sponsor: Wayne A. Harper**

. House Sponsor: Stephen L. Whyte

2 LONG TITLE

3 **General Description:**

4 This bill modifies provisions affecting first home investment zones.

5 **Highlighted Provisions:**

6 This bill:

- 7 ▶ modifies definitions;
- 8 ▶ clarifies owner-occupancy requirements in a first home investment zone;
- 9 ▶ clarifies how extraterritorial homes may be included in density and owner-occupancy requirements for a first home investment zone; and
- 10 ▶ makes technical changes.

11 **Money Appropriated in this Bill:**

12 None

13 None

14 **AMENDS:**

15 **63N-3-1601** , as enacted by Laws of Utah 2024, Chapter 537 , as enacted by Laws of Utah 2024,
16 Chapter 537

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20 **63N-3-1602** , as enacted by Laws of Utah 2024, Chapter 537 , as enacted by Laws of Utah 2024,
Chapter 537

21

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

23 Section 1. Section **63N-3-1601** is amended to read:

24 **63N-3-1601. Definitions.**

29 (1) "Affordable housing" means:

30 (a) for homes that are not owner occupied, housing occupied or reserved for occupancy by households
with a gross household income equal to or less than 80% of the county median gross income [~~of the
applicable municipal statistical area~~]for households of the same size; or

34 (b)

. (i) for homes that are owner occupied, housing that is priced at 80% of the county median home
price[-] ; or

36 (ii) for homes that are owner occupied, housing that is priced at 80% of the zip code median home price
if:

38 (A) the proposal described in Section 63N-3-1603 demonstrates that a deviation from the county
median home price will achieve the objectives described in Subsection 63N-3-1602(1); and

41 (B) the zip code median home price is based upon county property tax assessment data.

43 (2) "Agency" means the same as that term is defined in Section 17C-1-102.

44 (3) "Base taxable value" means the same as that term is defined in Section 63N-3-602.

45 (4) "Base year" means~~[the same as that term is defined in Section 63N-3-602.]~~ , for each tax increment
collection period triggered within a proposed first home {reinvestment} investment zone area, the
calendar year prior to the calendar year the tax increment begins to be collected for those parcels
triggered for that collection period.

49 (5)

. (a) "Developable area" means {f} ~~[the same as that term is defined in Section 63N-3-602.]~~ the portion
of land within a first home {reinvestment} investment zone available for development and
construction of business and residential uses.

52 (b) "Developable area" does not include portions of land within a first home {reinvestment} investment
zone that are allocated to:

54 (i) parks;

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- 55 (ii) recreation facilities;
56 (iii) open spaces;
57 (iv) trails;
54 (v) parking;
58 ~~{(v)}~~ (vi) ~~{publicly-owned}~~ roadway facilities; or
59 ~~{(vi)}~~ (vii) other public facilities.
- 60 (6) "Dwelling unit" means the same as that term is defined in Section 63N-3-602.
- 61 (7) "Extraterritorial home" means a dwelling unit that is included as part of the first home investment zone proposal that:
- 63 (a) is located within the municipality proposing the first home investment zone but outside the boundary of the first home investment zone;
- 65 (b) is part of a development with a density of at least six units per acre;
- 66 (c) is not located within an existing housing and transit reinvestment zone or an area that could be included in a housing and transit reinvestment zone;
- 68 (d) has not been issued a building permit by the municipality as of the date of the approval of the first home investment zone; and
- 70 (e) is required to be owner occupied for no less than 25 years.
- 71 (8) "First home investment zone" means a first home investment zone created in accordance with this part.
- 73 (9) "Home" means a dwelling unit.
- 74 (10) "Housing and transit reinvestment zone" means the same as that term is defined in Section 63N-3-602.
- 76 (11) "Housing and transit reinvestment zone committee" means the housing and transit reinvestment zone committee described in Section 63N-3-605.
- 78 (12) "Metropolitan planning organization" means the same as that term is defined in Section 72-1-208.5.
- 80 (13) "Mixed use development" means the same as that term is defined in Section 63N-3-603.
- 81 (14) "Moderate income housing plan" means the same as that term is defined in Section 11-41-102.
- 83 (15) "Municipality" means the same as that term is defined in Section 10-1-104.
- 84 (16) "Owner occupied" means private real property that is:
- 85 (a) used for a single-family residential purpose; and

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- 86 (b) required to be occupied by the owner of the real property for no less than 25 years.
- 87 (17) "Project area" means the same as that term is defined in Section 17C-1-102.
- 88 (18)
- . (a) "Project improvements" means site improvements and facilities that are:
- 89 (i) planned and designed to provide service for development resulting from a development activity;
- 91 (ii) necessary for the use and convenience of the occupants or users of development resulting from
a development activity; and
- 93 (iii) not identified or reimbursed as a system improvement.
- 94 (b) "Project improvements" does not mean system improvements.
- 95 (19) "State Tax Commission" means the State Tax Commission created in Section 59-1-201.
- 96 (20)
- . (a) "System improvements" means existing and future public facilities that are designed to provide
services to service areas within the community at large.
- 98 (b) "System improvements" does not mean project improvements.
- 99 (21)
- . (a) "Tax increment" means the difference between:
- 100 (i) the amount of property tax revenue generated each tax year by a taxing entity from the area
within a first home investment zone designated in the first home investment zone proposal as
the area from which tax increment is to be collected, using the current assessed value and each
taxing entity's current certified tax rate as defined in Section 59-2-924; and
- 105 (ii) the amount of property tax revenue that would be generated from that same area using the base
taxable value and each taxing entity's current certified tax rate as defined in Section 59-2-924.
- 108 (b) "Tax increment" does not include property tax revenue from:
- 109 (i) a multicounty assessing and collecting levy described in Subsection 59-2-1602(2); or
- 111 (ii) a county additional property tax described in Subsection 59-2-1602(4).
- 112 (22) "Taxing entity" means the same as that term is defined in Section 17C-1-102.
- 113 (23) "Unencumbered annual community reinvestment agency revenue" means tax increment revenue
received by the agency for purposes identified in Title 17C, Limited Purpose Local Government
Entities - Community Reinvestment Agency Act, that:
- 116 (a) have not been designated or restricted for future qualified uses as approved by the agency board
related to a specific project area; and

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- 118 (b) do not have a date certain by which the tax increment revenues will be used.
- 116 Section 2. Section **63N-3-1602** is amended to read:
- 117 **63N-3-1602. Applicability, requirements, and limitations on a first home investment zone.**
- 122 (1) A first home investment zone created pursuant to this part shall promote the following objectives:
- 124 (a) encouraging efficient development and opportunities for home ownership by providing a variety of
housing options, including affordable housing and for sale, owner-occupied housing;
- 127 (b) improving availability of housing options;
- 128 (c) overcoming development impediments and market conditions that render a development cost
prohibitive absent the proposal and incentives;
- 130 (d) conserving water resources through efficient land use;
- 131 (e) improving air quality by reducing fuel consumption and motor vehicle trips;
- 132 (f) encouraging transformative mixed-use development;
- 133 (g) strategic land use and municipal planning in major transit investment corridors as described in
Subsection 10-9a-403(2);
- 135 (h) increasing access to employment and educational opportunities;
- 136 (i) increasing access to child care; and
- 137 (j) improving efficiencies in parking and transportation, including walkability of communities, street
and path interconnectivity within the proposed development and connections to surrounding
communities, and access to roadways, public transportation, and active transportation.
- 141 (2) In order to accomplish the objectives described in Subsection (1), a municipality or county that
initiates the process to create a first home investment zone as described in this part shall ensure that
the proposal for a first home investment zone includes:
- 144 (a) subject to Subsection (3), a minimum of 30 housing units per acre:
- 145 (i) ~~[]~~ in at least 51% of the developable area within the first home investment zone; and
- 146 (ii) of which 50% must be owner occupied;
- 147 (b) a mixed use development;
- 148 (c) a requirement that at least 25% of homes within the first home investment zone remain owner
occupied for at least 25 years from the date of original purchase;
- 150 (d) for homes inside the first home investment zone, a requirement that at least 12% of the owner
occupied homes and 12% of the homes that are not owner occupied are affordable housing; ~~[and]~~
- 153 (e) a requirement that at least 20% of the extraterritorial homes are affordable housing ~~[]~~; and

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- 153 (f) except for extraterritorial homes, the number of homes that result from multiplying the number of
housing units described in Subsection (2)(a) by the developable area described in Subsection (2)(a)
(i) may be intermingled with other mixed uses within the first home investment zone.
- 154 (3)
- . (a) Subject to Subsection (3)(b), to satisfy the requirements described in Subsection (2)(a), a first home investment zone may include an extraterritorial home to count toward the required density and owner-occupancy of the first home investment zone by:
- 158 (i)
- . [~~(A) taking~~] adding the total number of extraterritorial homes related to the first home investment zone to the total number of homes within the first home investment zone; and
- 161 [~~(B) adding the total number under Subsection (3)(a)(i)(A) to the number of homes within the first home investment zone; and~~]
- 163 (ii) dividing the [~~total~~] sum described in Subsection (3)(a)(i) by a number equal to 51% of the total number of developable acres [~~with~~] within the first home investment zone.
- 166 (b) Extraterritorial homes may account for no more than half of the total homes to calculate density within a first home investment zone.
- 168 (4)
- . (a) If a municipality proposes a first home investment zone, the proposal shall comply with the limitations described in this Subsection (4).
- 170 (b) A first home investment zone may not be less than 10 acres and no more than 100 acres of developable area in size.
- 172 (c)
- . (i) Except as provided in Subsection (4)(c)(ii), a first home investment zone is required to be one contiguous area.
- 174 (ii) While considering a first home investment zone proposal as described in Section 63N-3-1605, the housing and transit reinvestment zone committee may consider and approve a first home investment zone that is not one contiguous area if:
- 177 (A) the municipality provides evidence in the proposal showing that the deviation from the contiguity requirement will enhance the ability of the first home investment zone to achieve the objectives described in Subsection (1); and

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- (B) the housing and transit reinvestment zone committee determines that the deviation is reasonable and circumstances justify deviation from the contiguity requirement.
- 183 (iii) The first home investment zone area contiguity is not affected by roads or other rights-of-way.
- 185 (d)
- . (i) A first home investment zone proposal may propose the capture of a maximum of 60% of each taxing entity's tax increment above the base year for a term of no more than 25 consecutive years within a 45-year period not to exceed the tax increment amount approved in the first home investment zone proposal.
- 189 (ii) A first home investment zone proposal may not propose or include triggering more than three tax increment collection periods during the applicable 25-year period.
- 192 (iii) Subject to Subsection (4)(d)(iv), a municipality shall ensure that the required affordable housing units are included proportionally in each phase of the first home investment zone development.
- 195 (iv) A municipality may allow a first home investment zone to be phased and developed in a manner to provide more of the required affordable housing units in early phases of development.
- 198 (e) If a municipality proposes a first home investment zone, commencement of the collection of tax increment, for all or a portion of the first home investment zone, is triggered by providing notice as described in Subsection (5).
- 201 (f) A municipality may restrict homes within a first home investment zone and related extraterritorial homes from being used as a short-term rental.
- 203 (g) A municipality shall ensure that affordable housing within a first home investment zone and related extraterritorial homes that are reserved as affordable housing are spread throughout the overall development.
- 206 (h) A municipality shall ensure that at least 80% of extraterritorial homes included in a first home investment zone proposal are single-family detached homes.
- 208 (i) A municipality shall include in a first home investment zone proposal:
- 209 (i) an affordable housing plan, which may include deed restrictions, to ensure the affordable housing required in the proposal will continue to meet the definition of affordable housing at least throughout the entire term of the first home investment zone; and
- 213 (ii) an owner occupancy plan, which may include deed restrictions, to ensure the owner occupancy requirements in the proposal will continue to meet the definition of owner occupancy at least throughout the entire term of the first home investment zone.

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- 217 (j) A municipality shall include in the first home investment zone proposal evidence to demonstrate
how the first home investment zone proposal complies with the municipality's moderate income
housing plan and general plan.
- 220 (5) Notice of commencement of collection of tax increment shall be sent by mail or electronically to
the following entities no later than January 1 of the year for which the tax increment collection is
proposed to commence:
- 223 (a) the State Tax Commission;
- 224 (b) the State Board of Education;
- 225 (c) the state auditor;
- 226 (d) the auditor of the county in which the first home investment zone is located;
- 227 (e) each taxing entity affected by the collection of tax increment from the first home investment zone;
- 229 (f) the assessor of the county in which the first home investment zone is located; and
- 230 (g) the Governor's Office of Economic Opportunity.
- 231 (6) A first home investment zone proposal may not include a proposal to capture sales and use tax
increment.
- 233 (7) A municipality may not propose a first home investment zone in a county of the first class if the
limitation described in Subsection 63N-3-603(7)(c) has been reached.
- 235 (8) A municipality may not propose a first home investment zone in a location that is eligible for a
housing and transit reinvestment zone.
- 237 (9) A municipality may not propose a first home investment zone if the municipality's community
reinvestment agency, based on the most recent annual comprehensive financial report, retains cash
and cash equivalent assets of more than 20% of ongoing and unencumbered annual community
reinvestment agency revenue.

244 Section 3. **Effective date.**

This bill takes effect on May 7, 2025.

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