

SB0026S01 compared with SB0026

{Omitted text} shows text that was in SB0026 but was omitted in SB0026S01

inserted text shows text that was not in SB0026 but was inserted into SB0026S01

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Housing and Transit Reinvestment Zone Amendments

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

House Sponsor: Stephen L. Whyte

LONG TITLE

General Description:

This bill modifies provisions regarding the Housing and Transit Reinvestment Zone Act.

Highlighted Provisions:

This bill:

- ▶ modifies definitions;
- ▶ amends the median gross income for a certain percentage of proposed dwelling units within the housing and transit reinvestment zone to the county median gross income for households of the same size;
- ▶ clarifies that the collection of a tax increment for a housing and transit reinvestment zone project may be triggered no more than three times per project; {and}
- ▶ modifies provisions related to transit reinvestment zones within certain transit stations or hubs;
- ▶ modifies the requirement that a proposal for a transit reinvestment zone includes a mix of dwelling units with at least 25% of the dwelling units having more than one bedroom;
- ▶

SB0026 compared with SB0026S01

amends the date by which a tax increment collection notice is sent to certain entities to no later than December 31 of the year before the year tax increment is to take place;

20 ▸ requires the base year to be updated in certain circumstances regarding existing community reinvestment projects; and

17 ▸ makes technical and conforming changes.

23 Money Appropriated in this Bill:

24 None

25 None

28 AMENDS:

29 **63N-3-602** , as last amended by Laws of Utah 2024, Chapters 521, 537 , as last amended by Laws of Utah 2024, Chapters 521, 537

30 **63N-3-603** , as last amended by Laws of Utah 2024, Chapters 521, 537 , as last amended by Laws of Utah 2024, Chapters 521, 537

31 **63N-3-608 , as enacted by Laws of Utah 2021, Chapter 411 , as enacted by Laws of Utah 2021, Chapter 411**

32

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

34 Section 1. Section **63N-3-602** is amended to read:

35 **63N-3-602. Definitions.**

As used in this part:

31 (1) "Affordable housing" means housing occupied or reserved for occupancy by households with a gross household income:

33 (a) equal to or less than 80% of the county median gross income~~[of the applicable municipal or county statistical area]~~ for households of the same size~~[-, in certain circumstances as provided in this part];~~
or

36 (b) equal to or less than 60% of the county median gross income~~[of the applicable municipal or county statistical area]~~ for households of the same size~~[-, in certain circumstances as provided in this part].~~

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

40 (3) "Base taxable value" means a property's taxable value as shown upon the assessment roll last equalized during the base year.

42

SB0026 compared with SB0026S01

- (4) "Base year" means, for each tax increment collection period triggered within a proposed housing and transit reinvestment zone area, the calendar year prior to the calendar year the tax increment begins to be collected for ~~[those]~~ the parcels that are in a project that is triggered for that collection period.
- 46 (5) "Bus rapid transit" means a high-quality bus-based transit system that delivers fast and efficient service that may include dedicated lanes, busways, traffic signal priority, off-board fare collection, elevated platforms, and enhanced stations.
- 49 (6) "Bus rapid transit station" means an existing station, stop, or terminal, or a proposed station, stop, or terminal that is specifically identified as needed in phase one of a metropolitan planning organization's adopted long-range transportation plan and in phase one of the relevant public transit district's adopted long-range transit plan:
- 53 (a) along an existing bus rapid transit line; or
- 54 (b) along an extension to an existing bus rapid transit line or new bus rapid transit line.
- 55 (7)
- . (a) "Commuter rail" means a ~~heavy-rail~~ regional passenger rail transit facility operated by a large public transit district.
- 57 (b) "Commuter rail" does not include a light-rail passenger rail facility of a large public transit district.
- 59 (8) "Commuter rail station" means an existing station, stop, or terminal, or a proposed station, stop, or terminal, which has been specifically identified as needed in phase one of a metropolitan planning organization's adopted long-range transportation plan and in phase one of the relevant public transit district's adopted long-range transit plan:
- 63 (a) along an existing commuter rail line;
- 64 (b) along an extension to an existing commuter rail line or new commuter rail line; or
- 65 (c) along a fixed guideway extension from an existing commuter rail line.
- 66 (9)
- . (a) "Developable area" means the portion of land within a housing and transit reinvestment zone available for development and construction of business and residential uses.
- 69 (b) "Developable area" does not include portions of land within a housing and transit reinvestment zone that are allocated to:
- 71 (i) parks;
- 72 (ii) recreation facilities;

SB0026 compared with SB0026S01

- 73 (iii) open space;
- 74 (iv) trails;
- 75 (v) publicly-owned roadway facilities; or
- 76 (vi) other public facilities.
- 77 (10) "Dwelling unit" means one or more rooms arranged for the use of one or more individuals living together, as a single housekeeping unit normally having cooking, living, sanitary, and sleeping facilities.
- 80 (11) "Enhanced development" means the construction of mixed uses including housing, commercial uses, and related facilities.
- 82 (12) "Enhanced development costs" means extra costs associated with structured parking costs, vertical construction costs, horizontal construction costs, life safety costs, structural costs, conveyor or elevator costs, and other costs incurred due to the increased height of buildings or enhanced development.
- 86 (13) "First home investment zone" means the same as that term is defined in Section 63N-3-1601.
- 88 (14) "Fixed guideway" means the same as that term is defined in Section 59-12-102.
- 89 (15) "Horizontal construction costs" means the additional costs associated with earthwork, over excavation, utility work, transportation infrastructure, and landscaping to achieve enhanced development in the housing and transit reinvestment zone.
- 92 (16) "Housing and transit reinvestment zone" means a housing and transit reinvestment zone created pursuant to this part.
- 94 (17) "Housing and transit reinvestment zone committee" means a housing and transit reinvestment zone committee created pursuant to Section 63N-3-605.
- 96 (18) "Large public transit district" means the same as that term is defined in Section 17B-2a-802.
- 98 (19) "Light rail" means a passenger rail public transit system with right-of-way and fixed rails:
- 100 (a) dedicated to exclusive use by light-rail public transit vehicles;
- 101 (b) that may cross streets at grade; and
- 102 (c) that may share parts of surface streets.
- 103 (20) "Light rail station" means an existing station, stop, or terminal or a proposed station, stop, or terminal, which has been specifically identified as needed in phase one of a metropolitan planning organization's adopted long-range transportation plan and in phase one of the relevant public transit district's adopted long-range plan:

SB0026 compared with SB0026S01

- 107 (a) along an existing light rail line; or
- 108 (b) along an extension to an existing light rail line or new light rail line.
- 109 (21) "Metropolitan planning organization" means the same as that term is defined in Section
72-1-208.5.
- 111 (22) "Mixed use development" means development with a mix of:
- 112 (a) multi-family residential use; and
- 113 (b) at least one additional land use, which shall be a significant part of the overall development.
- 115 (23) "Municipality" means the same as that term is defined in Section 10-1-104.
- 116 (24) "Participant" means the same as that term is defined in Section 17C-1-102.
- 117 (25) "Participation agreement" means the same as that term is defined in Section 17C-1-102, except that
the agency may not provide and the person may not receive a direct subsidy.
- 125 (26) "Project" means a housing and transit reinvestment zone created under this part.
- 119 ~~(26)~~ (27) "Public transit county" means a county that has created a small public transit district.
- 120 ~~(27)~~ (28) "Public transit hub" means a public transit depot or station where four or more routes serving
separate parts of the county-created transit district stop to transfer riders between routes.
- 123 ~~(28)~~ (29) "Sales and use tax base year" means a sales and use tax year determined by the first year
pertaining to the tax imposed in Section 59-12-103 after the sales and use tax boundary for a
housing and transit reinvestment zone is established.
- 126 ~~(29)~~ (30) "Sales and use tax boundary" means a boundary created as described in Section 63N-3-604,
based on state sales and use tax collection that corresponds as closely as reasonably practicable to
the housing and transit reinvestment zone boundary.
- 129 ~~(30)~~ (31) "Sales and use tax increment" means the difference between:
- 130 (a) the amount of state sales and use tax revenue generated each year following the sales and use tax
base year by the sales and use tax from the area within a housing and transit reinvestment zone
designated in the housing and transit reinvestment zone proposal as the area from which sales and
use tax increment is to be collected; and
- 134 (b) the amount of state sales and use tax revenue that was generated from that same area during the
sales and use tax base year.
- 136 ~~(31)~~ (32) "Sales and use tax revenue" means revenue that is generated from the tax imposed under
Section 59-12-103.
- 138 ~~(32)~~ (33) "Small public transit district" means the same as that term is defined in Section 17B-2a-802.

SB0026 compared with SB0026S01

140 ~~[(33)]~~ (34) "Tax Commission" means the State Tax Commission created in Section 59-1-201.

141 ~~[(34)]~~ (35)

. (a) "Tax increment" means the difference between:

142 (i) the amount of property tax revenue generated each tax year by a taxing entity from the area within a housing and transit reinvestment zone designated in the housing and transit reinvestment 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

147 (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.

150 (b) "Tax increment" does not include property tax revenue from:

151 (i) a multicounty assessing and collecting levy described in Subsection 59-2-1602(2); or

153 (ii) a county additional property tax described in Subsection 59-2-1602(4).

154 ~~[(35)]~~ (36) "Taxing entity" means the same as that term is defined in Section 17C-1-102.

155 ~~[(36)]~~ (37) "Vertical construction costs" means the additional costs associated with construction above four stories and structured parking to achieve enhanced development in the housing and transit reinvestment zone.

166 Section 2. Section **63N-3-603** is amended to read:

167 **63N-3-603. Applicability, requirements, and limitations on a housing and transit reinvestment zone.**

161 (1) A housing and transit reinvestment zone proposal created under this part shall ~~[promote]~~ demonstrate how the proposal addresses the following objectives:

163 (a) higher utilization of public transit;

164 (b) increasing availability of housing, including affordable housing, and fulfillment of moderate income housing plans;

166 (c) promoting and encouraging development of owner-occupied housing;

167 (d) improving efficiencies in parking and transportation, including walkability of communities near public transit facilities;

169 (e) overcoming development impediments and market conditions that render a development cost prohibitive absent the proposal and incentives;

171 (f) conserving water resources through efficient land use;

SB0026 compared with SB0026S01

- 172 (g) improving air quality by reducing fuel consumption and motor vehicle trips;
- 173 (h) encouraging transformative mixed-use development and investment in transportation and public transit infrastructure in strategic areas;
- 175 (i) strategic land use and municipal planning in major transit investment corridors as described in Subsection 10-9a-403(2);
- 177 (j) increasing access to employment and educational opportunities; and
- 178 (k) increasing access to child care.
- 179 (2)
- . (a) In order to accomplish the objectives described in Subsection (1), a municipality or public transit county that initiates the process to create a housing and transit reinvestment zone as described in this part shall ensure that the proposal for a housing and transit reinvestment zone includes:
- 183 (i) except as provided in Subsection (3), at least 12% of the proposed dwelling units within the housing and transit reinvestment zone are affordable housing units, with:
- 186 (A) up to 9% of the proposed dwelling units 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 or county statistical area~~]for households of the same size; and
- 190 (B) at least 3% of the proposed dwelling units occupied or reserved for occupancy by households with a gross household income equal to or less than 60% of the county median gross income [~~of the applicable municipal or county statistical area~~]for households of the same size;
- 194 (ii) except as provided in Subsection (2)(c), a housing and transit reinvestment zone shall include:
- 196 (A) at least 51% of the developable area within a housing and transit reinvestment zone as residential uses; and
- 198 (B) an average of at least 50 dwelling units per acre within the acreage of the housing and transit reinvestment zone dedicated to residential uses;
- 200 (iii) mixed-use development; and
- 201 (iv) a mix of dwelling units to ensure that ~~[a reasonable percentage]~~ at least 25% of the dwelling units ~~[has]~~ have more than one bedroom.
- 203 (b)
- . (i) If a housing and transit reinvestment zone is phased, a municipality or public transit county shall ensure that a housing and transit reinvestment zone is phased and developed to provide the required 12% of affordable housing units in each phase of development.

SB0026 compared with SB0026S01

- 207 (ii) A municipality or public transit county may allow a housing and transit reinvestment zone to be phased and developed in a manner to provide more of the required affordable housing units in early phases of development.
- 210 (iii) A municipality or public transit county shall include in a housing and transit reinvestment zone proposal 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 housing and transit reinvestment zone.
- 215 (c) For a housing and transit reinvestment zone proposed by a public transit county at a public transit hub, or for a housing and transit reinvestment zone proposed by a municipality at a bus rapid transit station, the housing and transit reinvestment zone shall include:
- 219 (i) at least 51% of the developable area within a housing and transit reinvestment zone as residential uses; and
- 221 (ii) an average of at least 39 dwelling units per acre within the acreage of the housing and transit reinvestment zone dedicated to residential uses.
- 223 (3) A municipality or public transit county that, at the time the housing and transit reinvestment zone proposal is approved by the housing and transit reinvestment zone committee, meets the affordable housing guidelines of the United States Department of Housing and Urban Development at 60% area median income is exempt from the requirement described in Subsection (2)(a).
- 228 (4)
- . (a) A municipality may only propose a housing and transit reinvestment zone at a commuter rail station, and a public transit county may only propose a housing and transit reinvestment zone at a public transit hub, that:
- 231 (i) subject to Subsection (5)(a):
- 232 (A)
- . (I) except as provided in Subsection (4)(a)(i)(A)(II), for a municipality, does not exceed a 1/3 mile radius from the center of the platform of a commuter rail station;
- 234 (II) for a municipality that is a city of the first or second class ~~[with a population greater than 150,000]~~ that is within a county of the first or second class, with an opportunity zone created pursuant to Section 1400Z-1, Internal Revenue Code, does not exceed a 1/2 mile radius from the center of the platform of a commuter rail station located within the opportunity zone; or

239

SB0026 compared with SB0026S01

- (III) for a public transit county, does not exceed a 1/3 mile radius from the center of the platform of a public transit hub; and
- 241 (B) has a total area of no more than 125 noncontiguous acres;
- 242 (ii) subject to Section 63N-3-607, proposes the capture of a maximum of 80% of each taxing entity's tax increment above the base year for a term of no more than 25 consecutive years on each parcel within a 45-year period not to exceed the tax increment amount approved in the housing and transit reinvestment zone proposal; and
- 247 (iii) the commencement of collection of tax increment, for all or a portion of the housing and transit reinvestment zone, will be triggered by providing notice as described in Subsection (6), but a housing and transit reinvestment zone proposal may not propose or include triggering more than three tax increment collection periods for the same project during the applicable 45-year period.
- 252 (b) A municipality or public transit county may only propose a housing and transit reinvestment zone at a light rail station or bus rapid transit station that:
- 254 (i) subject to Subsection (5):
- 255 (A) does not exceed:
- 256 (I) except as provided in Subsection (4)(b)(i)(A)(II), (III), or (4)(e), a 1/4 mile radius from the center of the platform of a bus rapid transit station or light rail station;
- 258 (II) for a municipality that is a city of the first class with a population greater than 150,000 that is within a county of the first class, a 1/2 mile radius from the center of the platform of a light rail station located in an opportunity zone created pursuant to Section
- 272 1400Z-1, Internal Revenue Code; or
- 262 (III) a 1/2 mile radius from the center of the platform of a light rail station located within a master-planned development of 500 acres or more; and
- 264 (B) has a total area of no more than 100 noncontiguous acres;
- 265 (ii) subject to Subsection (4)(c) and Section 63N-3-607, proposes the capture of a maximum of 80% of each taxing entity's tax increment above the base year for a term of no more than 15 consecutive years on each parcel within a 30-year period not to exceed the tax increment amount approved in the housing and transit reinvestment zone proposal; and
- 270 (iii) the commencement of collection of tax increment, for all or a portion of the housing and transit reinvestment zone, will be triggered by providing notice as described in Subsection (6), but a

SB0026 compared with SB0026S01

housing and transit reinvestment zone proposal may not propose or include triggering more than three tax increment collection periods for the same project during the applicable 30-year period.

- 275 (c) For a housing and transit reinvestment zone proposed by a public transit county at a public transit hub, or for a housing and transit reinvestment zone proposed by a municipality at a bus rapid transit station, if the proposed housing density within the housing and transit reinvestment zone is between 39 and 49 dwelling units per acre, the maximum capture of each taxing entity's tax increment above the base year is 60%.
- 281 (d) A municipality that is a city of the first class with a population greater than 150,000 in a county of the first class as described in Subsections (4)(a)(i)(A)(II) and (4)(b)(i)(A)(II) may only propose one housing and transit reinvestment zone within an opportunity zone.
- 285 (e)
- . (i) Subject to Subsection (4)(e)(ii), the radius restrictions described in Subsection (4)(b)(i) do not apply, and a housing and transit reinvestment zone may extend to an area between two light rail stations located within a city of the third class if the two light rail stations are within a .95 mile distance on the same light rail line.
- 289 (ii) If a housing and transit reinvestment zone is extended to accommodate two light rail stations as described in Subsection (4)(e)(i):
- 291 (A) the housing and transit reinvestment zone is limited to a total area not to exceed 100 noncontiguous acres; and
- 293 (B) the housing and transit reinvestment zone may not exceed a 1/4 mile radius from the light rail stations or any point on the light rail line between the two stations.
- 296 (f) If a parcel within the housing and transit reinvestment zone is included as an area that is part of a project area, as that term is defined in Section 17C-1-102, and created under Title 17C, Chapter 1, Agency Operations, that parcel may not be triggered for collection unless the project area funds collection period, as that term is defined in Section 17C-1-102, has expired.
- 301 (5)
- . (a) For a housing and transit reinvestment zone for a commuter rail station, if a parcel is bisected by the relevant radius limitation, the full parcel may be included as part of the housing and transit reinvestment zone area and will not count against the limitations described in Subsection (4)(a)(i).
- 305 (b) For a housing and transit reinvestment zone for a light rail or bus rapid transit station, if a parcel is bisected by the relevant radius limitation, the full parcel may be included as part of the housing and

SB0026 compared with SB0026S01

transit reinvestment zone area and will not count against the limitations described in Subsection (4) (b)(i).

309 (c) A housing and transit reinvestment zone may not be smaller than 10 acres.

310 (6) The notice of commencement of collection of tax increment required in Subsection (4)(a)(iii) or (4)(b)(iii) shall be sent by mail or electronically to the following entities no later than ~~January~~ December 31 of the year before the year for which the tax increment collection is proposed to commence:

314 (a) the tax commission;

315 (b) the State Board of Education;

316 (c) the state auditor;

317 (d) the auditor of the county in which the housing and transit reinvestment zone is located;

319 (e) each taxing entity affected by the collection of tax increment from the housing and transit reinvestment zone; and

321 (f) the Governor's Office of Economic Opportunity.

322 (7)

. (a) The maximum number of housing and transit reinvestment zones at light rail stations is eight in any given county.

324 (b) Within a county of the first class, the maximum number of housing and transit reinvestment zones at bus rapid transit stations is three.

326 (c) Within a county of the first class, the maximum total combined number of housing and transit reinvestment zones described in Subsections (7)(a) and (b) and first home investment zones created under Part 16, First Home Investment Zone Act, is 11.

329 (8)

. (a) This Subsection (8) applies to a specified county, as defined in Section 17-27a-408, that has created a small public transit district on or before January 1, 2022.

331 (b)

. (i) A county described in Subsection (8)(a) shall, in accordance with Section 63N-3-604, prepare and submit to the Governor's Office of Economic Opportunity a proposal to create a housing and transit reinvestment zone on or before December 31, 2022.

335 (ii) A county described in Subsection (8)(a) that, on December 31, 2022, was noncompliant under Section 17-27a-408 for failure to demonstrate in the county's moderate income housing report

SB0026 compared with SB0026S01

that the county complied with Subsection (8)(b)(i), may cure the deficiency in the county's moderate income housing report by submitting satisfactory proof to the Housing and Community Development Division that, notwithstanding the deadline in Subsection (8)(b)(i), the county has submitted to the Governor's Office of Economic Opportunity a proposal to create a housing and transit reinvestment zone.

343 (c)

(i) A county described in Subsection (8)(a) may not propose a housing and transit reinvestment zone if more than 15% of the acreage within the housing and transit reinvestment zone boundary is owned by the county.

346 (ii) For purposes of determining the percentage of acreage owned by the county as described in Subsection (8)(c)(i), a county may exclude any acreage owned that is used for highways, bus rapid transit, light rail, or commuter rail within the boundary of the housing and transit reinvestment zone.

350 (d) To accomplish the objectives described in Subsection (1), if a county described in Subsection (8)(a) has failed to comply with Subsection (8)(b)(i) by failing to submit an application before December 31, 2022, an owner of undeveloped property who has submitted a land use application to the county on or before December 31, 2022, and is within a 1/3 mile radius from the center of the transit hub of a public transit hub in a county described in Subsection (8)(a), including parcels that are bisected by the 1/3 mile radius, shall have the right to develop and build a mixed-use development including the following:

357 (i) excluding the parcels devoted to commercial uses as described in Subsection (8)(d)(ii), at least 39 dwelling units per acre on average over the developable area, with at least 10% of the dwelling units as affordable housing units;

360 (ii) commercial uses including office, retail, educational, and healthcare in support of the mixed-use development constituting up to 1/3 of the total planned gross building square footage of the subject parcels; and

363 (iii) any other infrastructure element necessary or reasonable to support the mixed-use development, including parking infrastructure, streets, sidewalks, parks, and trails.

378 Section 3. Section 63N-3-608 is amended to read:

379 **63N-3-608. Applicability to an existing community reinvestment project.**

For a housing and transit reinvestment zone created under this part that overlaps any portion of an existing inactive industrial site community reinvestment project area plan created [

SB0026 compared with SB0026S01

pursuant to

portion of an existing inactive industrial site community reinvestment project area plan created

[] in accordance with Title 17C, Limited Purpose Local Government Entities -

383 Community Reinvestment Agency Act:

384 (1) if the community reinvestment project area plan captures less than 80% of the tax increment from
a taxing entity, or if a taxing entity is not participating in the community reinvestment project area
plan, the housing and transit reinvestment zone may capture the difference between:

388 (a) 80%; and

389 (b) the percentage of tax increment captured pursuant to the community reinvestment project area plan;
and

391 (2) if a community reinvestment project area plan expires before the housing and transit reinvestment
zone, the housing and transit reinvestment zone may capture the tax increment allocated to the
community reinvestment project area plan for any remaining portion of the term of the housing
and transit reinvestment zone and the base year shall be updated in accordance with Subsection
63N-3-602(4).

396 Section 4. **Effective date.**

This bill takes effect on May 7, 2025.

1-29-25 10:02 AM