

Wayne A. Harper proposes the following substitute bill:

**Housing and Transit Reinvestment Zone Amendments**

2025 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Wayne A. Harper**

House Sponsor: Stephen L. Whyte

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**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;
- 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;
- 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;
- requires the base year to be updated in certain circumstances regarding existing community reinvestment projects; and
- makes technical and conforming changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

29 **63N-3-602**, 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

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

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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.**

36 As used in this part:

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

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

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

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

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

48 (4) "Base year" means, for each tax increment collection period triggered within a proposed  
49 housing and transit reinvestment zone area, the calendar year prior to the calendar year  
50 the tax increment begins to be collected for ~~[those]~~ the parcels that are in a project that is  
51 triggered for that collection period.

52 (5) "Bus rapid transit" means a high-quality bus-based transit system that delivers fast and  
53 efficient service that may include dedicated lanes, busways, traffic signal priority,  
54 off-board fare collection, elevated platforms, and enhanced stations.

55 (6) "Bus rapid transit station" means an existing station, stop, or terminal, or a proposed  
56 station, stop, or terminal that is specifically identified as needed in phase one of a  
57 metropolitan planning organization's adopted long-range transportation plan and in  
58 phase one of the relevant public transit district's adopted long-range transit plan:

59 (a) along an existing bus rapid transit line; or

60 (b) along an extension to an existing bus rapid transit line or new bus rapid transit line.

61 (7)(a) "Commuter rail" means a ~~[heavy-rail]~~ regional passenger rail transit facility  
62 operated by a large public transit district.

- 63 (b) "Commuter rail" does not include a light-rail passenger rail facility of a large public  
64 transit district.
- 65 (8) "Commuter rail station" means an existing station, stop, or terminal, or a proposed  
66 station, stop, or terminal, which has been specifically identified as needed in phase one  
67 of a metropolitan planning organization's adopted long-range transportation plan and in  
68 phase one of the relevant public transit district's adopted long-range transit plan:
- 69 (a) along an existing commuter rail line;  
70 (b) along an extension to an existing commuter rail line or new commuter rail line; or  
71 (c) along a fixed guideway extension from an existing commuter rail line.
- 72 (9)(a) "Developable area" means the portion of land within a housing and transit  
73 reinvestment zone available for development and construction of business and  
74 residential uses.
- 75 (b) "Developable area" does not include portions of land within a housing and transit  
76 reinvestment zone that are allocated to:
- 77 (i) parks;  
78 (ii) recreation facilities;  
79 (iii) open space;  
80 (iv) trails;  
81 (v) publicly-owned roadway facilities; or  
82 (vi) other public facilities.
- 83 (10) "Dwelling unit" means one or more rooms arranged for the use of one or more  
84 individuals living together, as a single housekeeping unit normally having cooking,  
85 living, sanitary, and sleeping facilities.
- 86 (11) "Enhanced development" means the construction of mixed uses including housing,  
87 commercial uses, and related facilities.
- 88 (12) "Enhanced development costs" means extra costs associated with structured parking  
89 costs, vertical construction costs, horizontal construction costs, life safety costs,  
90 structural costs, conveyor or elevator costs, and other costs incurred due to the increased  
91 height of buildings or enhanced development.
- 92 (13) "First home investment zone" means the same as that term is defined in Section  
93 63N-3-1601.
- 94 (14) "Fixed guideway" means the same as that term is defined in Section 59-12-102.
- 95 (15) "Horizontal construction costs" means the additional costs associated with earthwork,  
96 over excavation, utility work, transportation infrastructure, and landscaping to achieve

- 97 enhanced development in the housing and transit reinvestment zone.
- 98 (16) "Housing and transit reinvestment zone" means a housing and transit reinvestment  
99 zone created pursuant to this part.
- 100 (17) "Housing and transit reinvestment zone committee" means a housing and transit  
101 reinvestment zone committee created pursuant to Section 63N-3-605.
- 102 (18) "Large public transit district" means the same as that term is defined in Section  
103 17B-2a-802.
- 104 (19) "Light rail" means a passenger rail public transit system with right-of-way and fixed  
105 rails:
- 106 (a) dedicated to exclusive use by light-rail public transit vehicles;
- 107 (b) that may cross streets at grade; and
- 108 (c) that may share parts of surface streets.
- 109 (20) "Light rail station" means an existing station, stop, or terminal or a proposed station,  
110 stop, or terminal, which has been specifically identified as needed in phase one of a  
111 metropolitan planning organization's adopted long-range transportation plan and in  
112 phase one of the relevant public transit district's adopted long-range plan:
- 113 (a) along an existing light rail line; or
- 114 (b) along an extension to an existing light rail line or new light rail line.
- 115 (21) "Metropolitan planning organization" means the same as that term is defined in  
116 Section 72-1-208.5.
- 117 (22) "Mixed use development" means development with a mix of:
- 118 (a) multi-family residential use; and
- 119 (b) at least one additional land use, which shall be a significant part of the overall  
120 development.
- 121 (23) "Municipality" means the same as that term is defined in Section 10-1-104.
- 122 (24) "Participant" means the same as that term is defined in Section 17C-1-102.
- 123 (25) "Participation agreement" means the same as that term is defined in Section 17C-1-102,  
124 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.
- 126 ~~[(26)]~~ (27) "Public transit county" means a county that has created a small public transit  
127 district.
- 128 ~~[(27)]~~ (28) "Public transit hub" means a public transit depot or station where four or more  
129 routes serving separate parts of the county-created transit district stop to transfer riders  
130 between routes.

131 ~~[(28)]~~ (29) "Sales and use tax base year" means a sales and use tax year determined by the  
132 first year pertaining to the tax imposed in Section 59-12-103 after the sales and use tax  
133 boundary for a housing and transit reinvestment zone is established.

134 ~~[(29)]~~ (30) "Sales and use tax boundary" means a boundary created as described in Section  
135 63N-3-604, based on state sales and use tax collection that corresponds as closely as  
136 reasonably practicable to the housing and transit reinvestment zone boundary.

137 ~~[(30)]~~ (31) "Sales and use tax increment" means the difference between:

- 138 (a) the amount of state sales and use tax revenue generated each year following the sales  
139 and use tax base year by the sales and use tax from the area within a housing and  
140 transit reinvestment zone designated in the housing and transit reinvestment zone  
141 proposal as the area from which sales and use tax increment is to be collected; and  
142 (b) the amount of state sales and use tax revenue that was generated from that same area  
143 during the sales and use tax base year.

144 ~~[(31)]~~ (32) "Sales and use tax revenue" means revenue that is generated from the tax  
145 imposed under Section 59-12-103.

146 ~~[(32)]~~ (33) "Small public transit district" means the same as that term is defined in Section  
147 17B-2a-802.

148 ~~[(33)]~~ (34) "Tax Commission" means the State Tax Commission created in Section 59-1-201.

149 ~~[(34)]~~ (35)(a) "Tax increment" means the difference between:

- 150 (i) the amount of property tax revenue generated each tax year by a taxing entity from  
151 the area within a housing and transit reinvestment zone designated in the housing  
152 and transit reinvestment zone proposal as the area from which tax increment is to  
153 be collected, using the current assessed value and each taxing entity's current  
154 certified tax rate as defined in Section 59-2-924; and  
155 (ii) the amount of property tax revenue that would be generated from that same area  
156 using the base taxable value and each taxing entity's current certified tax rate as  
157 defined in Section 59-2-924.

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

- 159 (i) a multicounty assessing and collecting levy described in Subsection 59-2-1602(2);  
160 or  
161 (ii) a county additional property tax described in Subsection 59-2-1602(4).

162 ~~[(35)]~~ (36) "Taxing entity" means the same as that term is defined in Section 17C-1-102.

163 ~~[(36)]~~ (37) "Vertical construction costs" means the additional costs associated with  
164 construction above four stories and structured parking to achieve enhanced development

165 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**  
168 **reinvestment zone.**

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

- 171 (a) higher utilization of public transit;
- 172 (b) increasing availability of housing, including affordable housing, and fulfillment of  
173 moderate income housing plans;
- 174 (c) promoting and encouraging development of owner-occupied housing;
- 175 (d) improving efficiencies in parking and transportation, including walkability of  
176 communities near public transit facilities;
- 177 (e) overcoming development impediments and market conditions that render a  
178 development cost prohibitive absent the proposal and incentives;
- 179 (f) conserving water resources through efficient land use;
- 180 (g) improving air quality by reducing fuel consumption and motor vehicle trips;
- 181 (h) encouraging transformative mixed-use development and investment in transportation  
182 and public transit infrastructure in strategic areas;
- 183 (i) strategic land use and municipal planning in major transit investment corridors as  
184 described in Subsection 10-9a-403(2);
- 185 (j) increasing access to employment and educational opportunities; and
- 186 (k) increasing access to child care.

187 (2)(a) In order to accomplish the objectives described in Subsection (1), a municipality  
188 or public transit county that initiates the process to create a housing and transit  
189 reinvestment zone as described in this part shall ensure that the proposal for a  
190 housing and transit reinvestment zone includes:

191 (i) except as provided in Subsection (3), at least 12% of the proposed dwelling units  
192 within the housing and transit reinvestment zone are affordable housing units,  
193 with:

194 (A) up to 9% of the proposed dwelling units occupied or reserved for occupancy  
195 by households with a gross household income equal to or less than 80% of the  
196 county median gross income [~~of the applicable municipal or county statistical~~  
197 ~~area~~]for households of the same size; and

198 (B) at least 3% of the proposed dwelling units occupied or reserved for occupancy

199 by households with a gross household income equal to or less than 60% of the  
200 county median gross income [~~of the applicable municipal or county statistical~~  
201 ~~area~~]for households of the same size;

202 (ii) except as provided in Subsection (2)(c), a housing and transit reinvestment zone  
203 shall include:

204 (A) at least 51% of the developable area within a housing and transit reinvestment  
205 zone as residential uses; and

206 (B) an average of at least 50 dwelling units per acre within the acreage of the  
207 housing and transit reinvestment zone dedicated to residential uses;

208 (iii) mixed-use development; and

209 (iv) a mix of dwelling units to ensure that [~~a reasonable percentage~~] at least 25% of  
210 the dwelling units [~~has~~] have more than one bedroom.

211 (b)(i) If a housing and transit reinvestment zone is phased, a municipality or public  
212 transit county shall ensure that a housing and transit reinvestment zone is phased  
213 and developed to provide the required 12% of affordable housing units in each  
214 phase of development.

215 (ii) A municipality or public transit county may allow a housing and transit  
216 reinvestment zone to be phased and developed in a manner to provide more of the  
217 required affordable housing units in early phases of development.

218 (iii) A municipality or public transit county shall include in a housing and transit  
219 reinvestment zone proposal an affordable housing plan, which may include deed  
220 restrictions, to ensure the affordable housing required in the proposal will continue  
221 to meet the definition of affordable housing at least throughout the entire term of  
222 the housing and transit reinvestment zone.

223 (c) For a housing and transit reinvestment zone proposed by a public transit county at a  
224 public transit hub, or for a housing and transit reinvestment zone proposed by a  
225 municipality at a bus rapid transit station, the housing and transit reinvestment zone  
226 shall include:

227 (i) at least 51% of the developable area within a housing and transit reinvestment  
228 zone as residential uses; and

229 (ii) an average of at least 39 dwelling units per acre within the acreage of the housing  
230 and transit reinvestment zone dedicated to residential uses.

231 (3) A municipality or public transit county that, at the time the housing and transit  
232 reinvestment zone proposal is approved by the housing and transit reinvestment zone

233 committee, meets the affordable housing guidelines of the United States Department of  
234 Housing and Urban Development at 60% area median income is exempt from the  
235 requirement described in Subsection (2)(a).

236 (4)(a) A municipality may only propose a housing and transit reinvestment zone at a  
237 commuter rail station, and a public transit county may only propose a housing and  
238 transit reinvestment zone at a public transit hub, that:

239 (i) subject to Subsection (5)(a):

240 (A)(I) except as provided in Subsection (4)(a)(i)(A)(II), for a municipality,  
241 does not exceed a 1/3 mile radius from the center of the platform of a  
242 commuter rail station;

243 (II) for a municipality that is a city of the first or second class [~~with a~~  
244 ~~population greater than 150,000~~]that is within a county of the first or  
245 second class, with an opportunity zone created pursuant to Section 1400Z-1,  
246 Internal Revenue Code, does not exceed a 1/2 mile radius from the center of  
247 the platform of a commuter rail station located within the opportunity zone;  
248 or

249 (III) for a public transit county, does not exceed a 1/3 mile radius from the  
250 center of the platform of a public transit hub; and

251 (B) has a total area of no more than 125 noncontiguous acres;

252 (ii) subject to Section 63N-3-607, proposes the capture of a maximum of 80% of each  
253 taxing entity's tax increment above the base year for a term of no more than 25  
254 consecutive years on each parcel within a 45-year period not to exceed the tax  
255 increment amount approved in the housing and transit reinvestment zone proposal;  
256 and

257 (iii) the commencement of collection of tax increment, for all or a portion of the  
258 housing and transit reinvestment zone, will be triggered by providing notice as  
259 described in Subsection (6), but a housing and transit reinvestment zone proposal  
260 may not propose or include triggering more than three tax increment collection  
261 periods for the same project during the applicable 45-year period.

262 (b) A municipality or public transit county may only propose a housing and transit  
263 reinvestment zone at a light rail station or bus rapid transit station that:

264 (i) subject to Subsection (5):

265 (A) does not exceed:

266 (I) except as provided in Subsection (4)(b)(i)(A)(II), (III), or (4)(e), a 1/4 mile



- 267 radius from the center of the platform of a bus rapid transit station or light  
268 rail station;
- 269 (II) for a municipality that is a city of the first class with a population greater than 150,000 that  
270 is within a county of the first class, a 1/2 mile radius from the center of the platform of a light  
271 rail station located in an opportunity zone created pursuant to Section  
272 1400Z-1, Internal Revenue Code; or
- 273 (III) a 1/2 mile radius from the center of the platform of a light rail station  
274 located within a master-planned development of 500 acres or more; and
- 275 (B) has a total area of no more than 100 noncontiguous acres;
- 276 (ii) subject to Subsection (4)(c) and Section 63N-3-607, proposes the capture of a  
277 maximum of 80% of each taxing entity's tax increment above the base year for a  
278 term of no more than 15 consecutive years on each parcel within a 30-year period  
279 not to exceed the tax increment amount approved in the housing and transit  
280 reinvestment zone proposal; and
- 281 (iii) the commencement of collection of tax increment, for all or a portion of the  
282 housing and transit reinvestment zone, will be triggered by providing notice as  
283 described in Subsection (6), but a housing and transit reinvestment zone proposal  
284 may not propose or include triggering more than three tax increment collection  
285 periods for the same project during the applicable 30-year period.
- 286 (c) For a housing and transit reinvestment zone proposed by a public transit county at a  
287 public transit hub, or for a housing and transit reinvestment zone proposed by a  
288 municipality at a bus rapid transit station, if the proposed housing density within the  
289 housing and transit reinvestment zone is between 39 and 49 dwelling units per acre,  
290 the maximum capture of each taxing entity's tax increment above the base year is  
291 60%.
- 292 (d) A municipality that is a city of the first class with a population greater than 150,000  
293 in a county of the first class as described in Subsections (4)(a)(i)(A)(II) and  
294 (4)(b)(i)(A)(II) may only propose one housing and transit reinvestment zone within  
295 an opportunity zone.
- 296 (e)(i) Subject to Subsection (4)(e)(ii), the radius restrictions described in Subsection  
297 (4)(b)(i) do not apply, and a housing and transit reinvestment zone may extend to  
298 an area between two light rail stations located within a city of the third class if the  
299 two light rail stations are within a .95 mile distance on the same light rail line.
- 300 (ii) If a housing and transit reinvestment zone is extended to accommodate two light

- 301 rail stations as described in Subsection (4)(e)(i):
- 302 (A) the housing and transit reinvestment zone is limited to a total area not to
- 303 exceed 100 noncontiguous acres; and
- 304 (B) the housing and transit reinvestment zone may not exceed a 1/4 mile radius
- 305 from the light rail stations or any point on the light rail line between the two
- 306 stations.
- 307 (f) If a parcel within the housing and transit reinvestment zone is included as an area that
- 308 is part of a project area, as that term is defined in Section 17C-1-102, and created
- 309 under Title 17C, Chapter 1, Agency Operations, that parcel may not be triggered for
- 310 collection unless the project area funds collection period, as that term is defined in
- 311 Section 17C-1-102, has expired.
- 312 (5)(a) For a housing and transit reinvestment zone for a commuter rail station, if a parcel
- 313 is bisected by the relevant radius limitation, the full parcel may be included as part of
- 314 the housing and transit reinvestment zone area and will not count against the
- 315 limitations described in Subsection (4)(a)(i).
- 316 (b) For a housing and transit reinvestment zone for a light rail or bus rapid transit
- 317 station, if a parcel is bisected by the relevant radius limitation, the full parcel may be
- 318 included as part of the housing and transit reinvestment zone area and will not count
- 319 against the limitations described in Subsection (4)(b)(i).
- 320 (c) A housing and transit reinvestment zone may not be smaller than 10 acres.
- 321 (6) The notice of commencement of collection of tax increment required in Subsection
- 322 (4)(a)(iii) or (4)(b)(iii) shall be sent by mail or electronically to the following entities no
- 323 later than [~~January 1~~] December 31 of the year before the year for which the tax
- 324 increment collection is proposed to commence:
- 325 (a) the tax commission;
- 326 (b) the State Board of Education;
- 327 (c) the state auditor;
- 328 (d) the auditor of the county in which the housing and transit reinvestment zone is
- 329 located;
- 330 (e) each taxing entity affected by the collection of tax increment from the housing and
- 331 transit reinvestment zone; and
- 332 (f) the Governor's Office of Economic Opportunity.
- 333 (7)(a) The maximum number of housing and transit reinvestment zones at light rail
- 334 stations is eight in any given county.

- 335 (b) Within a county of the first class, the maximum number of housing and transit  
336 reinvestment zones at bus rapid transit stations is three.
- 337 (c) Within a county of the first class, the maximum total combined number of housing  
338 and transit reinvestment zones described in Subsections (7)(a) and (b) and first home  
339 investment zones created under Part 16, First Home Investment Zone Act, is 11.
- 340 (8)(a) This Subsection (8) applies to a specified county, as defined in Section 17-27a-408,  
341 that has created a small public transit district on or before January 1, 2022.
- 342 (b)(i) A county described in Subsection (8)(a) shall, in accordance with Section  
343 63N-3-604, prepare and submit to the Governor's Office of Economic Opportunity  
344 a proposal to create a housing and transit reinvestment zone on or before  
345 December 31, 2022.
- 346 (ii) A county described in Subsection (8)(a) that, on December 31, 2022, was  
347 noncompliant under Section 17-27a-408 for failure to demonstrate in the county's  
348 moderate income housing report that the county complied with Subsection  
349 (8)(b)(i), may cure the deficiency in the county's moderate income housing report  
350 by submitting satisfactory proof to the Housing and Community Development  
351 Division that, notwithstanding the deadline in Subsection (8)(b)(i), the county has  
352 submitted to the Governor's Office of Economic Opportunity a proposal to create  
353 a housing and transit reinvestment zone.
- 354 (c)(i) A county described in Subsection (8)(a) may not propose a housing and transit  
355 reinvestment zone if more than 15% of the acreage within the housing and transit  
356 reinvestment zone boundary is owned by the county.
- 357 (ii) For purposes of determining the percentage of acreage owned by the county as  
358 described in Subsection (8)(c)(i), a county may exclude any acreage owned that is  
359 used for highways, bus rapid transit, light rail, or commuter rail within the  
360 boundary of the housing and transit reinvestment zone.
- 361 (d) To accomplish the objectives described in Subsection (1), if a county described in  
362 Subsection (8)(a) has failed to comply with Subsection (8)(b)(i) by failing to submit  
363 an application before December 31, 2022, an owner of undeveloped property who  
364 has submitted a land use application to the county on or before December 31, 2022,  
365 and is within a 1/3 mile radius from the center of the transit hub of a public transit  
366 hub in a county described in Subsection (8)(a), including parcels that are bisected by  
367 the 1/3 mile radius, shall have the right to develop and build a mixed-use  
368 development including the following:

- 369 (i) excluding the parcels devoted to commercial uses as described in Subsection
- 370 (8)(d)(ii), at least 39 dwelling units per acre on average over the developable area,
- 371 with at least 10% of the dwelling units as affordable housing units;
- 372 (ii) commercial uses including office, retail, educational, and healthcare in support of
- 373 the mixed-use development constituting up to 1/3 of the total planned gross
- 374 building square footage of the subject parcels; and
- 375 (iii) any other infrastructure element necessary or reasonable to support the
- 376 mixed-use development, including parking infrastructure, streets, sidewalks,
- 377 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.**

380 For a housing and transit reinvestment zone created under this part that overlaps any  
381 portion of an existing inactive industrial site community reinvestment project area plan created [  
382 pursuant to] 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  
385 increment from a taxing entity, or if a taxing entity is not participating in the community  
386 reinvestment project area plan, the housing and transit reinvestment zone may capture  
387 the difference between:

- 388 (a) 80%; and
- 389 (b) the percentage of tax increment captured pursuant to the community reinvestment  
390 project area plan; and

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

396 Section 4. **Effective Date.**

397 This bill takes effect on May 7, 2025.