

1 **Housing and Transit Reinvestment Zone Amendments**

2025 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Wayne A. Harper

2
3 **LONG TITLE**

4 **General Description:**

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

6 **Highlighted Provisions:**

7 This bill:

8 ▶ modifies definitions;

9 ▶ amends the median gross income for a certain percentage of proposed dwelling units
10 within the housing and transit reinvestment zone to the county median gross income for
11 households of the same size;

12 ▶ clarifies that the collection of a tax increment for a housing and transit reinvestment
13 zone project may be triggered no more than three times per project; and

14 ▶ makes technical and conforming changes.

15 **Money Appropriated in this Bill:**

16 None

17 **Other Special Clauses:**

18 None

19 **Utah Code Sections Affected:**

20 AMENDS:

21 **63N-3-602**, as last amended by Laws of Utah 2024, Chapters 521, 537

22 **63N-3-603**, as last amended by Laws of Utah 2024, Chapters 521, 537

23
24 *Be it enacted by the Legislature of the state of Utah:*

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

26 **63N-3-602 . Definitions.**

27 As used in this part:

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

30 (a) equal to or less than 80% of the county median gross income[~~of the applicable~~
31 ~~municipal or county statistical area~~] for households of the same size[~~, in certain~~

- 32 circumstances as provided in this part]; or
- 33 (b) equal to or less than 60% of the county median gross income~~[of the applicable~~
34 municipal or county statistical area] for households of the same size~~[- in certain~~
35 circumstances as provided in this part].
- 36 (2) "Agency" means the same as that term is defined in Section 17C-1-102.
- 37 (3) "Base taxable value" means a property's taxable value as shown upon the assessment
38 roll last equalized during the base year.
- 39 (4) "Base year" means, for each tax increment collection period triggered within a proposed
40 housing and transit reinvestment zone area, the calendar year prior to the calendar year
41 the tax increment begins to be collected for [~~those~~] the parcels that are in a project that is
42 triggered for that collection period.
- 43 (5) "Bus rapid transit" means a high-quality bus-based transit system that delivers fast and
44 efficient service that may include dedicated lanes, busways, traffic signal priority,
45 off-board fare collection, elevated platforms, and enhanced stations.
- 46 (6) "Bus rapid transit station" means an existing station, stop, or terminal, or a proposed
47 station, stop, or terminal that is specifically identified as needed in phase one of a
48 metropolitan planning organization's adopted long-range transportation plan and in
49 phase one of the relevant public transit district's adopted long-range transit plan:
- 50 (a) along an existing bus rapid transit line; or
- 51 (b) along an extension to an existing bus rapid transit line or new bus rapid transit line.
- 52 (7)(a) "Commuter rail" means a heavy-rail passenger rail transit facility operated by a
53 large public transit district.
- 54 (b) "Commuter rail" does not include a light-rail passenger rail facility of a large public
55 transit district.
- 56 (8) "Commuter rail station" means an existing station, stop, or terminal, or a proposed
57 station, stop, or terminal, which has been specifically identified as needed in phase one
58 of a metropolitan planning organization's adopted long-range transportation plan and in
59 phase one of the relevant public transit district's adopted long-range transit plan:
- 60 (a) along an existing commuter rail line;
- 61 (b) along an extension to an existing commuter rail line or new commuter rail line; or
- 62 (c) along a fixed guideway extension from an existing commuter rail line.
- 63 (9)(a) "Developable area" means the portion of land within a housing and transit
64 reinvestment zone available for development and construction of business and
65 residential uses.

- 66 (b) "Developable area" does not include portions of land within a housing and transit
67 reinvestment zone that are allocated to:
- 68 (i) parks;
 - 69 (ii) recreation facilities;
 - 70 (iii) open space;
 - 71 (iv) trails;
 - 72 (v) publicly-owned roadway facilities; or
 - 73 (vi) other public facilities.
- 74 (10) "Dwelling unit" means one or more rooms arranged for the use of one or more
75 individuals living together, as a single housekeeping unit normally having cooking,
76 living, sanitary, and sleeping facilities.
- 77 (11) "Enhanced development" means the construction of mixed uses including housing,
78 commercial uses, and related facilities.
- 79 (12) "Enhanced development costs" means extra costs associated with structured parking
80 costs, vertical construction costs, horizontal construction costs, life safety costs,
81 structural costs, conveyor or elevator costs, and other costs incurred due to the increased
82 height of buildings or enhanced development.
- 83 (13) "First home investment zone" means the same as that term is defined in Section
84 63N-3-1601.
- 85 (14) "Fixed guideway" means the same as that term is defined in Section 59-12-102.
- 86 (15) "Horizontal construction costs" means the additional costs associated with earthwork,
87 over excavation, utility work, transportation infrastructure, and landscaping to achieve
88 enhanced development in the housing and transit reinvestment zone.
- 89 (16) "Housing and transit reinvestment zone" means a housing and transit reinvestment
90 zone created pursuant to this part.
- 91 (17) "Housing and transit reinvestment zone committee" means a housing and transit
92 reinvestment zone committee created pursuant to Section 63N-3-605.
- 93 (18) "Large public transit district" means the same as that term is defined in Section
94 17B-2a-802.
- 95 (19) "Light rail" means a passenger rail public transit system with right-of-way and fixed
96 rails:
- 97 (a) dedicated to exclusive use by light-rail public transit vehicles;
 - 98 (b) that may cross streets at grade; and
 - 99 (c) that may share parts of surface streets.

- 100 (20) "Light rail station" means an existing station, stop, or terminal or a proposed station,
101 stop, or terminal, which has been specifically identified as needed in phase one of a
102 metropolitan planning organization's adopted long-range transportation plan and in
103 phase one of the relevant public transit district's adopted long-range plan:
104 (a) along an existing light rail line; or
105 (b) along an extension to an existing light rail line or new light rail line.
- 106 (21) "Metropolitan planning organization" means the same as that term is defined in
107 Section 72-1-208.5.
- 108 (22) "Mixed use development" means development with a mix of:
109 (a) multi-family residential use; and
110 (b) at least one additional land use, which shall be a significant part of the overall
111 development.
- 112 (23) "Municipality" means the same as that term is defined in Section 10-1-104.
- 113 (24) "Participant" means the same as that term is defined in Section 17C-1-102.
- 114 (25) "Participation agreement" means the same as that term is defined in Section 17C-1-102,
115 except that the agency may not provide and the person may not receive a direct subsidy.
- 116 (26) "Public transit county" means a county that has created a small public transit district.
- 117 (27) "Public transit hub" means a public transit depot or station where four or more routes
118 serving separate parts of the county-created transit district stop to transfer riders between
119 routes.
- 120 (28) "Sales and use tax base year" means a sales and use tax year determined by the first
121 year pertaining to the tax imposed in Section 59-12-103 after the sales and use tax
122 boundary for a housing and transit reinvestment zone is established.
- 123 (29) "Sales and use tax boundary" means a boundary created as described in Section
124 63N-3-604, based on state sales and use tax collection that corresponds as closely as
125 reasonably practicable to the housing and transit reinvestment zone boundary.
- 126 (30) "Sales and use tax increment" means the difference between:
127 (a) the amount of state sales and use tax revenue generated each year following the sales
128 and use tax base year by the sales and use tax from the area within a housing and
129 transit reinvestment zone designated in the housing and transit reinvestment zone
130 proposal as the area from which sales and use tax increment is to be collected; and
131 (b) the amount of state sales and use tax revenue that was generated from that same area
132 during the sales and use tax base year.
- 133 (31) "Sales and use tax revenue" means revenue that is generated from the tax imposed

134 under Section 59-12-103.

135 (32) "Small public transit district" means the same as that term is defined in Section
136 17B-2a-802.

137 (33) "Tax Commission" means the State Tax Commission created in Section 59-1-201.

138 (34)(a) "Tax increment" means the difference between:

139 (i) the amount of property tax revenue generated each tax year by a taxing entity from
140 the area within a housing and transit reinvestment zone designated in the housing
141 and transit reinvestment zone proposal as the area from which tax increment is to
142 be collected, using the current assessed value and each taxing entity's current
143 certified tax rate as defined in Section 59-2-924; and

144 (ii) the amount of property tax revenue that would be generated from that same area
145 using the base taxable value and each taxing entity's current certified tax rate as
146 defined in Section 59-2-924.

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

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

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

151 (35) "Taxing entity" means the same as that term is defined in Section 17C-1-102.

152 (36) "Vertical construction costs" means the additional costs associated with construction
153 above four stories and structured parking to achieve enhanced development in the
154 housing and transit reinvestment zone.

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

156 **63N-3-603 . Applicability, requirements, and limitations on a housing and transit**
157 **reinvestment zone.**

158 (1) A housing and transit reinvestment zone proposal created under this part shall promote
159 the following objectives:

160 (a) higher utilization of public transit;

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

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

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

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

- 168 (f) conserving water resources through efficient land use;
- 169 (g) improving air quality by reducing fuel consumption and motor vehicle trips;
- 170 (h) encouraging transformative mixed-use development and investment in transportation
171 and public transit infrastructure in strategic areas;
- 172 (i) strategic land use and municipal planning in major transit investment corridors as
173 described in Subsection 10-9a-403(2);
- 174 (j) increasing access to employment and educational opportunities; and
- 175 (k) increasing access to child care.
- 176 (2)(a) In order to accomplish the objectives described in Subsection (1), a municipality
177 or public transit county that initiates the process to create a housing and transit
178 reinvestment zone as described in this part shall ensure that the proposal for a
179 housing and transit reinvestment zone includes:
- 180 (i) except as provided in Subsection (3), at least 12% of the proposed dwelling units
181 within the housing and transit reinvestment zone are affordable housing units,
182 with:
- 183 (A) up to 9% of the proposed dwelling units occupied or reserved for occupancy
184 by households with a gross household income equal to or less than 80% of the
185 county median gross income [~~of the applicable municipal or county statistical~~
186 ~~area~~]for households of the same size; and (B) at least 3% of the proposed dwelling
187 units occupied or reserved for occupancy by households with a gross
188 household income equal to or less than 60% of the county median gross
189 income [~~of the applicable municipal or county statistical area~~]for households
190 of the same size;
- 191 (ii) except as provided in Subsection (2)(c), a housing and transit reinvestment zone
192 shall include:
- 193 (A) at least 51% of the developable area within a housing and transit reinvestment
194 zone as residential uses; and
- 195 (B) an average of at least 50 dwelling units per acre within the acreage of the
196 housing and transit reinvestment zone dedicated to residential uses;
- 197 (iii) mixed-use development; and
- 198 (iv) a mix of dwelling units to ensure that a reasonable percentage of the dwelling
199 units has more than one bedroom.
- 200 (b)(i) If a housing and transit reinvestment zone is phased, a municipality or public
201 transit county shall ensure that a housing and transit reinvestment zone is phased

202 and developed to provide the required 12% of affordable housing units in each
203 phase of development.

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

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

212 (c) For a housing and transit reinvestment zone proposed by a public transit county at a
213 public transit hub, or for a housing and transit reinvestment zone proposed by a
214 municipality at a bus rapid transit station, the housing and transit reinvestment zone
215 shall include:

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

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

220 (3) A municipality or public transit county that, at the time the housing and transit
221 reinvestment zone proposal is approved by the housing and transit reinvestment zone
222 committee, meets the affordable housing guidelines of the United States Department of
223 Housing and Urban Development at 60% area median income is exempt from the
224 requirement described in Subsection (2)(a).

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

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

229 (A)(I) except as provided in Subsection (4)(a)(i)(A)(II), for a municipality,
230 does not exceed a 1/3 mile radius of a commuter rail station;

231 (II) for a municipality that is a city of the first class with a population greater
232 than 150,000 that is within a county of the first class, with an opportunity
233 zone created pursuant to Section 1400Z-1, Internal Revenue Code, does not
234 exceed a 1/2 mile radius of a commuter rail station located within the
235 opportunity zone; or

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

- 270 may not propose or include triggering more than three tax increment collection
271 periods for the same project during the applicable 30-year period.
- 272 (c) For a housing and transit reinvestment zone proposed by a public transit county at a
273 public transit hub, or for a housing and transit reinvestment zone proposed by a
274 municipality at a bus rapid transit station, if the proposed housing density within the
275 housing and transit reinvestment zone is between 39 and 49 dwelling units per acre,
276 the maximum capture of each taxing entity's tax increment above the base year is
277 60%.
- 278 (d) A municipality that is a city of the first class with a population greater than 150,000
279 in a county of the first class as described in Subsections (4)(a)(i)(A)(II) and
280 (4)(b)(i)(A)(II) may only propose one housing and transit reinvestment zone within
281 an opportunity zone.
- 282 (e)(i) Subject to Subsection (4)(e)(ii), the radius restrictions described in Subsection
283 (4)(b)(i) do not apply, and a housing and transit reinvestment zone may extend to
284 an area between two light rail stations located within a city of the third class if the
285 two light rail stations are within a .95 mile distance on the same light rail line.
- 286 (ii) If a housing and transit reinvestment zone is extended to accommodate two light
287 rail stations as described in Subsection (4)(e)(i):
- 288 (A) the housing and transit reinvestment zone is limited to a total area not to
289 exceed 100 noncontiguous acres; and
- 290 (B) the housing and transit reinvestment zone may not exceed a 1/4 mile radius
291 from the light rail stations or any point on the light rail line between the two
292 stations.
- 293 (f) If a parcel within the housing and transit reinvestment zone is included as an area that
294 is part of a project area, as that term is defined in Section 17C-1-102, and created
295 under Title 17C, Chapter 1, Agency Operations, that parcel may not be triggered for
296 collection unless the project area funds collection period, as that term is defined in
297 Section 17C-1-102, has expired.
- 298 (5)(a) For a housing and transit reinvestment zone for a commuter rail station, if a
299 parcel is bisected by the relevant radius limitation, the full parcel may be included as
300 part of the housing and transit reinvestment zone area and will not count against the
301 limitations described in Subsection (4)(a)(i).
- 302 (b) For a housing and transit reinvestment zone for a light rail or bus rapid transit
303 station, if a parcel is bisected by the relevant radius limitation, the full parcel may be

304 included as part of the housing and transit reinvestment zone area and will not count
305 against the limitations described in Subsection (4)(b)(i).

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

307 (6) The notice of commencement of collection of tax increment required in Subsection
308 (4)(a)(iii) or (4)(b)(iii) shall be sent by mail or electronically to the following entities no
309 later than January 1 of the year for which the tax increment collection is proposed to
310 commence:

311 (a) the tax commission;

312 (b) the State Board of Education;

313 (c) the state auditor;

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

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

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

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

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

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

326 (8)(a) This Subsection (8) applies to a specified county, as defined in Section
327 17-27a-408, that has created a small public transit district on or before January 1,
328 2022.

329 (b)(i) A county described in Subsection (8)(a) shall, in accordance with Section
330 63N-3-604, prepare and submit to the Governor's Office of Economic Opportunity
331 a proposal to create a housing and transit reinvestment zone on or before
332 December 31, 2022.

333 (ii) A county described in Subsection (8)(a) that, on December 31, 2022, was
334 noncompliant under Section 17-27a-408 for failure to demonstrate in the county's
335 moderate income housing report that the county complied with Subsection
336 (8)(b)(i), may cure the deficiency in the county's moderate income housing report
337 by submitting satisfactory proof to the Housing and Community Development

338 Division that, notwithstanding the deadline in Subsection (8)(b)(i), the county has
339 submitted to the Governor's Office of Economic Opportunity a proposal to create
340 a housing and transit reinvestment zone.

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

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

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

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

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

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

364 Section 3. **Effective date.**

365 This bill takes effect on May 7, 2025.