SB0168S03 compared with SB0168S02

~~{deleted text}~~ shows text that was in SB0168S02 but was deleted in SB0168S03.

inserted text shows text that was not in SB0168S02 but was inserted into SB0168S03.

DISCLAIMER: This document is provided to assist you in your comparison of the two bills. Sometimes this automated comparison will NOT be completely accurate. Therefore, you need to read the actual bills. This automatically generated document could contain inaccuracies caused by: limitations of the compare program; bad input data; or other causes.

Senator Lincoln Fillmore proposes the following substitute bill:

AFFORDABLE BUILDING AMENDMENTS

2024 GENERAL SESSION

STATE OF UTAH

Chief Sponsor: Lincoln Fillmore

House Sponsor: Stephen L. Whyte

LONG TITLE

General Description:

This bill modifies provisions facilitating affordable buildings.

Highlighted Provisions:

This bill:

- defines terms and modifies definitions;
- adopts a statewide building code for modular building units;
- modifies the membership of the Olene Walker Housing Loan Fund Board by adding a member representing the interests of modular housing;
- modifies provisions related to reinvestment fee covenants or transfer fee covenants;
- modifies provisions of the First-Time Homebuyer Assistance Program;
- creates the Home Ownership Promotion Zone Act;
- authorizes a municipality or county to create a home ownership promotion zone of

10 acres or less;

- requires the Housing, Home Ownership, and Transit Reinvestment Zone Committee to review a city's or county's proposal for a home ownership promotion zone if the proposed district is larger than 10 acres;
- allows a home ownership promotion zone to capture tax increment for up to 15 consecutive years to finance the objectives of the home ownership promotion zone; and
- makes technical and conforming changes.

Money Appropriated in this Bill:

None

Other Special Clauses:

This bill provides retrospective operation.

Utah Code Sections Affected:

AMENDS:

15A-1-202, as last amended by Laws of Utah 2021, First Special Session, Chapter 3

15A-1-205, as enacted by Laws of Utah 2011, Chapter 14

15A-1-302, as enacted by Laws of Utah 2011, Chapter 14

15A-1-304, as enacted by Laws of Utah 2011, Chapter 14

15A-2-103, as last amended by Laws of Utah 2023, Chapters 160, 209

35A-8-503, as last amended by Laws of Utah 2022, Chapter 406

57-1-46, as enacted by Laws of Utah 2010, Chapter 16

63H-8-501, as enacted by Laws of Utah 2023, Chapter 519

63H-8-502, as enacted by Laws of Utah 2023, Chapter 519

63N-3-602, as last amended by Laws of Utah 2023, Chapter 357

63N-3-603, as last amended by Laws of Utah 2023, Chapter 357

63N-3-604, as last amended by Laws of Utah 2023, Chapter 357

63N-3-605, as last amended by Laws of Utah 2023, Chapter 357

63N-3-606, as enacted by Laws of Utah 2021, Chapter 411

63N-3-607, as last amended by Laws of Utah 2022, Chapter 433

63N-3-609, as enacted by Laws of Utah 2021, Chapter 411

ENACTS:

~~{10-9a-540}~~10-9a-538, Utah Code Annotated 1953

10-9a-539, Utah Code Annotated 1953

15A-1-304.1, Utah Code Annotated 1953

15A-1-306.1, Utah Code Annotated 1953

15A-1-307, Utah Code Annotated 1953

15A-1-308, Utah Code Annotated 1953

15A-1-309, Utah Code Annotated 1953

17-27a-534, Utah Code Annotated 1953

57-1-47, Utah Code Annotated 1953

63N-3-1301, Utah Code Annotated 1953

63N-3-1302, Utah Code Annotated 1953

63N-3-1303, Utah Code Annotated 1953

63N-3-1304, Utah Code Annotated 1953

63N-3-1305, Utah Code Annotated 1953

63N-3-1306, Utah Code Annotated 1953

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

Section 1. Section ~~{10-9a-540}~~10-9a-538 is enacted to read:

10-9a-538. Municipal designation of a home ownership promotion zone.

(1) Subject to Subsection (8), a municipality may create a home ownership promotion zone as described in this section.

(2) (a) A home ownership promotion zone created under this section:

(i) is an area of 10 contiguous acres or less entirely within the boundaries of the municipality:

(A) designated for residential zoning; and

(B) zoned for fewer than six housing units per acre before the creation of the home ownership promotion zone;

(ii) shall be re-zoned for at least six housing units per acre; and

(iii) may not be encumbered by any residential building permits as of the day on which the home ownership promotion zone is created.

(3) (a) The municipality shall designate the home ownership promotion zone by

resolution of the legislative body of the municipality, following the recommendation of the municipality planning commission.

(b) The resolution described in Subsection (3)(a) shall describe how the home ownership promotion zone created pursuant to this section meets:

(i) the objectives in Subsection 63N-3-1302(2); and

(ii) the requirements described in Subsection 63N-3-1302(3).

(c) The home ownership promotion zone is created on the effective date of the resolution described in Subsection (3)(a).

(4) If a home ownership promotion zone is created as described in this section:

(a) affected local taxing entities are required to participate according to the requirements of the home ownership promotion zone established by the municipality; and

(b) each affected taxing entity is required to participate at the same rate.

(5) A home ownership promotion zone may be modified by the same manner it is created as described in Subsection (3).

(6) Within 30 days after the day on which the municipality creates the home ownership promotion zone as described in Subsection (3), the municipality shall:

(a) record with the recorder of the county in which the home ownership promotion zone is located a document containing:

(i) a description of the land within the home ownership promotion zone; and

(ii) the date of creation of the home ownership promotion zone;

(b) transmit a copy of the description of the land within the home ownership promotion zone and an accurate map or plat indicating the boundaries of the home ownership promotion zone to the Utah Geospatial Resource Center created under Section 63A-16-505; and

(c) transmit a map and description of the land within the home ownership promotion zone to:

(i) the auditor, recorder, attorney, surveyor, and assessor of the county in which any part of the home ownership promotion zone is located;

(ii) the officer or officers performing the function of auditor or assessor for each taxing entity that does not use the county assessment roll or collect the taxing entity's taxes through the county;

(iii) the legislative body or governing board of each taxing entity impacted by the home

ownership promotion zone;

(iv) the tax commission;

(v) the Governor's Office of Economic Opportunity; and

(vi) the State Board of Education.

(7) A municipality may receive tax increment and use home ownership promotion zone funds as described in Section 63N-3-1306.

(8) A municipality may not create a home ownership promotion zone if:

(a) the limitation described in Subsection 63N-3-603(7)(c) has been reached; or

(b) the area in the proposed home ownership promotion zone would overlap with:

(i) a project area, as that term is defined in Section 17C-1-102, and created under Title 17C, Chapter 1, Agency Operations, until the project area is dissolved pursuant to Section 17C-1-702; or

(ii) an existing housing and transit reinvestment zone.

(9) A municipality may restrict short term rentals in a home ownership promotion zone.

Section 2. Section **10-9a-539** is enacted to read:

~~{10-9a-540}~~10-9a-539. Modular building.

(1) Title 15A, State Construction and Fire Codes Act, governs regulations related to the construction, transportation, installation, inspection, fees, and enforcement related to modular building.

(2) A municipality may adopt an ordinance regulating modular building so long as the ordinance conforms with Title 15A, State Construction and Fire Codes Act, and this chapter.

Section ~~{2}~~3. Section **15A-1-202** is amended to read:

15A-1-202. Definitions.

As used in this chapter:

(1) "Agricultural use" means a use that relates to the tilling of soil and raising of crops, or keeping or raising domestic animals.

(2) (a) "Approved code" means a code, including the standards and specifications contained in the code, approved by the division under Section 15A-1-204 for use by a compliance agency.

(b) "Approved code" does not include the State Construction Code.

(3) "Building" means a structure used or intended for supporting or sheltering any use or occupancy and any improvements attached to it.

(4) "Code" means:

(a) the State Construction Code; or

(b) an approved code.

(5) "Commission" means the Uniform Building Code Commission created in Section 15A-1-203.

(6) "Compliance agency" means:

(a) an agency of the state or any of its political subdivisions which issues permits for construction regulated under the codes;

(b) any other agency of the state or its political subdivisions specifically empowered to enforce compliance with the codes; or

(c) any other state agency which chooses to enforce codes adopted under this chapter by authority given the agency under a title other than this part and Part 3, Factory Built Housing and Modular Units Administration Act.

(7) "Construction code" means standards and specifications published by a nationally recognized code authority for use in circumstances described in Subsection 15A-1-204(1), including:

(a) a building code;

(b) an electrical code;

(c) a residential one and two family dwelling code;

(d) a plumbing code;

(e) a mechanical code;

(f) a fuel gas code;

(g) an energy conservation code;

(h) a swimming pool and spa code; [~~and~~]

(i) a manufactured housing installation standard code; and

(j) Modular Building Institute Standards 1200 and 1205, issued by the International Code Council, except as specifically modified by provisions of this title governing modular units.

(8) "Construction project" means the same as that term is defined in Section 38-1a-102.

(9) "Executive director" means the executive director of the Department of Commerce.

(10) "Legislative action" includes legislation that:

(a) adopts a new State Construction Code;

(b) amends the State Construction Code; or

(c) repeals one or more provisions of the State Construction Code.

(11) (a) "Local regulator" means a political subdivision of the state that is empowered to engage in the regulation of construction, alteration, remodeling, building, repair, [~~and~~] installation, inspection, or other activities subject to the codes.

(b) "Local regulator" may include the local regulator's designee.

(12) "Membrane-covered frame structure" means a nonpressurized building with a structure composed of a rigid framework to support a tensioned membrane that provides a weather barrier.

(13) "Not for human occupancy" means use of a structure for purposes other than protection or comfort of human beings, but allows people to enter the structure for:

(a) maintenance [~~and~~] or repair; [~~and~~] or

(b) the care of livestock, crops, or equipment intended for agricultural use which are kept there.

(14) "Opinion" means a written, nonbinding, and advisory statement issued by the commission concerning an interpretation of the meaning of the codes or the application of the codes in a specific circumstance issued in response to a specific request by a party to the issue.

(15) "Remote yurt" means a membrane-covered frame structure that:

(a) is no larger than 710 square feet;

(b) is not used as a permanent residence;

(c) is located in an unincorporated county area that is not zoned for residential, commercial, industrial, or agricultural use;

(d) does not have plumbing or electricity;

(e) is set back at least 300 feet from any river, stream, lake, or other body of water; and

(f) is registered with the local health department.

(16) "State regulator" means an agency of the state which is empowered to engage in the regulation of construction, alteration, remodeling, building, repair, and other activities subject to the codes adopted pursuant to this chapter.

Section ~~{3}~~4. Section **15A-1-205** is amended to read:

15A-1-205. Division duties -- Relationship of division to other entities.

(1) (a) The division shall administer the codes adopted or approved under Section 15A-1-204 pursuant to this chapter.

(b) Notwithstanding Subsection (1)(a), the division has no responsibility to:

(i) conduct inspections to determine compliance with the codes;

(ii) issue permits; or

(iii) assess building permit fees.

(c) Notwithstanding any other provision, the division, the Division of Facilities Construction and Management, the state regulator, any approved third party inspection agency as defined by Section 15A-1-302, or any approved third party inspector as defined by Section 15A-1-302 does not have the responsibility or authority to perform the duties reserved to a local regulator as set forth in Section 15A-1-304, unless designated by a local regulator to perform that duty.

(2) As part of the administration of the codes, the division shall:

(a) comply with Section 15A-1-206;

(b) schedule appropriate hearings;

(c) maintain and publish for reference:

(i) the current State Construction Code; and

(ii) any approved code; and

(d) publish the opinions of the commission with respect to interpretation and application of the codes.

(3) (a) As part of the administration of the codes, the division shall license inspectors, including approved third party inspectors.

(b) The Division of Facilities Construction and Management may access a list of all licensed inspectors, including approved third party inspectors, on the division's website.

Section ~~{4}~~5. Section **15A-1-302** is amended to read:

15A-1-302. Definitions.

As used in this part:

(1) "Compliance agency" [~~is as~~] means the same as that term is defined in Section 15A-1-202.

(2) "Construction documents" means the same as that term is defined by Modular Building Institute Standards 1200.

(3) "Decal" means a form of certification, created by the Division of Facilities Construction and Management and issued by a third party inspection agency, to be permanently attached to a module, panelized system, or modular building unit indicating that the module, panelized system, or modular building unit has been constructed to meet or exceed applicable building code requirements.

[~~(2)~~] (4) "Factory built housing" means a manufactured home or mobile home.

[~~(3)~~] (5) "Factory built housing set-up contractor" means an individual licensed by the division to set up or install factory built housing on a temporary or permanent basis.

[~~(4)~~] (6) "HUD Code" means the National Manufactured Housing Construction and Safety Standards Act, 42 U.S.C. Sec. 5401 et seq.

[~~(5)~~] (7) "Local regulator" [~~is as~~] means the same as that term is defined in Section 15A-1-202.

[~~(6)~~] (8) "Manufactured home" means a transportable factory built housing unit constructed on or after June 15, 1976, according to the HUD Code, in one or more sections, that:

(a) in the traveling mode, is eight body feet or more in width or 40 body feet or more in length, or when erected on site, is 400 or more square feet; and

(b) is built on a permanent chassis and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and includes the plumbing, heating, air-conditioning, and electrical systems.

(9) "Manufacturing plant" means the same as that term is defined by Modular Building Institute Standards 1200.

[~~(7)~~] (10) "Mobile home" means a transportable factory built housing unit built before June 15, 1976, in accordance with a state mobile home code which existed prior to the HUD Code.

(11) "Modular manufacturer" means the entity responsible for manufacturing a panelized system or module.

[~~(8)~~] (12) "Modular unit" or "modular building unit" means a structure:

(a) [~~built from sections that are manufactured~~] constructed from one or more modules

or panelized systems that is manufactured in accordance with the State Construction Code and transported to a [~~building site; and~~] location;

(b) the purpose of which is for human habitation, occupancy, or use; and

(c) is not a factory-built house, manufactured home, or mobile home.

(13) "Module" means a three-dimensional, volumetric section of a modular building unit designed and approved to be transported as a single section, independent of other sections, to a location for onsite construction.

(14) "Offsite construction" means a modular building unit that:

(a) is designed and constructed in compliance with this part;

(b) is wholly or in substantial part fabricated in a manufacturing plant for installation at an onsite location; and

(c) has been manufactured in such a manner that all parts or processes cannot be inspected at the end site location without disassembly, potentially resulting in damage or destruction to the modular building unit.

(15) "Onsite construction" means:

(a) the preparation of a location where a modular building unit will be installed, including preparation of site foundation, construction of any necessary supporting structure, and preparation to connect the modular building unit to necessary utilities; and

(b) assembly and installation of one or more modules or panelized systems in accordance with construction documents into a modular building unit, including completion of any site-related construction and connecting the modular building unit to necessary utilities.

(16) "Panelized system" means a closed wall, roof, or floor component that is constructed at a manufacturing plant or by a modular manufacturer in a manner that prevents the construction from being fully inspected at an onsite location without disassembly, damage, or destruction.

[~~(9)~~] (17) "State regulator" [~~is as~~] means the same as that term is defined in Section 15A-1-202.

(18) "Third party inspection agency" means an entity approved by the Division of Facilities Construction and Management to be qualified to inspect a module or panelized system for compliance with the construction documents, compliance control, and applicable code.

(19) "Third party inspector" means a person who:

(a) is qualified to inspect a modular building unit for compliance with construction documents, compliance control, and applicable building code;

(b) works under the direction of a third party inspection agency;

(c) has been licensed by the division under Section 15A-1-307; and

(d) is approved by the Division of Facilities Construction and Management to conduct third party inspections, as described in Section 15A-1-307.

(20) "Unregistered modular unit" means a modular unit that:

(a) has not been inspected as required by this title; or

(b) does not have a required decal.

Section ~~{5}~~6. Section **15A-1-304** is amended to read:

15A-1-304. Modular units.

Modular unit construction, [~~setup~~] installation, issuance of permits for construction or [~~setup~~] installation, and setup shall be in accordance with the following:

(1) Construction, installation, and setup of a modular unit, module, or panelized system shall be in accordance with the State Construction Code.

(2) A local regulator has the responsibility and exclusive authority [~~for plan review and issuance of permits for construction, modification, or setup for the political subdivision in which the modular unit is to be setup;~~] to:

(a) review and approve the elements of construction documents related to onsite construction;

(b) issue a permit for construction of a modular building unit or a modular building unit site modification;

(c) perform an inspection of onsite construction of a modular building unit or modular building unit site modification;

(d) verify that a module or panelized system is installed in accordance with:

(i) the modular unit's construction documents;

(ii) the State Construction Code; and

(iii) applicable state and local requirements;

(e) verify that a decal has been permanently affixed to a modular building unit;

(f) subject to Subsection (3), establish and assess fees related to the construction and

installation of modular units;

(g) upon discovery of visible damage to a module or panelized system, or discovery of evidence that would cause a reasonable inspector to believe that a modular building unit may not be in compliance with the State Construction Code or construction documents:

(i) inform the Division of Facilities Construction and Management; and

(ii) proceed in accordance with the guidance in Modular Building Institute Standards 1200 and 1205;

(h) approve any proposed alteration or change to a set of construction documents so long as the alteration or change complies with the requirements of this chapter;

(i) inspect any alteration to a modular unit or panelized system that occurred after installation;

(j) notwithstanding any other provision of state law, the construction code and standards, agency rule, or local ordinance:

(i) prevent the use or occupancy of a modular building unit that, in the opinion of the local regulator, contains a serious defect or presents an imminent safety hazard; and

(ii) report the prevention of use or occupancy of a modular building unit to the Division of Facilities Construction and Management and the division; and

(k) perform all other duties and responsibilities set forth in the Modular Building Institute Standards 1200 and 1205 not otherwise listed in this section.

(3) Fees related to the construction and installation of modular building units may include building permit fees, inspection fees, impact fees, and administrative fees.

(4) (a) In addition to any immunity and protections set forth in the Utah Governmental Immunity Act, a municipality shall not be liable for a claim arising solely from the offsite construction of a module, panelized system, or modular building unit.

(b) A local regulator may provide written notice with the certificate of occupancy that explains the municipality's limitations of liability pursuant to this section and the Utah Governmental Immunity Act.

[~~(3)~~] (5) An inspection of the construction, modification of, or setup of a modular unit shall conform with this chapter.

[~~(4)~~] (6) A local regulator has the responsibility to issue an approval for the political subdivision in which a modular unit is to be setup or is setup.

[~~(5)~~] (7) Nothing in this section precludes:

(a) a local regulator from contracting with a qualified third party to act as its designee for the inspection or plan review provided in this section; or

(b) the state from entering into an interstate compact for third party inspection of the construction of a modular unit.

Section ~~{6}~~7. Section **15A-1-304.1** is enacted to read:

15A-1-304.1. Unregistered modular units.

(1) Except as provided in Subsection (7), the Division of Facilities Construction and Management shall determine whether an unregistered modular unit is compliant with this chapter.

(2) Upon discovery of an unregistered modular unit, the Division of Facilities Construction and Management shall:

(a) inform the local regulator, which shall:

(i) issue an order to the owner of the unregistered modular unit to cease use or occupancy of the unregistered modular unit until a third party inspector determines the unregistered modular unit has come into compliance; or

(ii) determine if the unregistered modular unit is considered compliant, as described in Subsection (7); and

(b) require the owner of the unregistered modular unit to:

(i) produce documentation of the modular unit's compliance with this chapter:

(A) if the unregistered modular unit is only missing a decal or had a decal but the decal is no longer visible; or

(B) if the unregistered modular unit is considered compliant under Subsection (7); or

(ii) arrange for a third party inspector to inspect the unregistered modular unit, as described in Subsection (4).

(3) Upon receiving and verifying the documentation described in Subsection (2)(b)(i)(A), the Division of Facilities Construction and Management shall issue the owner of an unregistered modular unit a decal to be affixed to the unregistered modular unit.

(4) (a) Upon inspection of an unregistered modular unit, a third party inspector shall determine when and where the unregistered modular unit was manufactured.

(b) If the unregistered modular unit was manufactured in another state by a modular

manufacturer approved by a regulator in that state at the time the unregistered modular unit was manufactured, the third party inspector shall:

(i) conduct a review of the original construction documents and the requirements of the state in which the unregistered modular unit was manufactured as of the time of manufacturing to determine the degree to which the unregistered modular unit's manufacture and installation is compliant with the requirements of this chapter;

(ii) in accordance with Subsection (5), conduct an inspection of the unregistered modular unit; and

(iii) determine whether the unregistered modular unit is compliant with:

(A) the requirements for a modular building described in this chapter; and

(B) the building codes that were in effect at the time the unregistered modular building was manufactured.

(c) If the unregistered modular unit was manufactured in another state by a modular manufacturer that was not approved by that state, or if the date of manufacture of the unregistered modular unit cannot be determined, the third party inspector shall:

(i) in accordance with Subsection (5), conduct an inspection of the unregistered modular unit; and

(ii) determine whether the unregistered modular unit is compliant with the requirements for a modular building described in this chapter.

(d) If the third party inspector cannot determine where or when the unregistered modular unit was manufactured, or if original construction documents for the unregistered modular unit cannot be located or verified, the third party inspector shall inspect the unregistered modular unit for compliance with this chapter, including requiring disassembly of the unregistered modular unit if necessary.

(5) If the third party inspector is able to review and verify the original construction documents for the unregistered modular unit, and the original construction documents for the unregistered modular unit are sufficient to determine whether the construction of the unregistered modular unit complies with this chapter, the third party inspector may not require disassembly of the modular unit.

(6) (a) If the third party inspector determines the unregistered modular unit is compliant with the requirements for modular units in this chapter:

(i) the third party inspector shall report the finding to:

(A) the Division of Facilities Construction and Management; and

(B) the local regulator; and

(ii) affix a decal to the unregistered modular unit.

(b) The report described in Subsection (6)(a)(i) shall include a description of any changes made to the unregistered modular unit.

(7) If an unregistered modular unit installed before May 4, 2024, has a certificate of occupancy from a local regulator, the unregistered modular unit is considered compliant with the requirements for a modular unit described in this chapter so long as the unregistered modular unit remains in the jurisdiction of the local regulator that issued the certificate of occupancy.

Section ~~{7}~~8. Section **15A-1-306.1** is enacted to read:

15A-1-306.1. Division of Facilities Construction and Management duties for modular building units.

The Division of Facilities Construction and Management:

(1) shall maintain current information on the HUD Code and the portions of the State Construction Code relevant to modular building unit installation and provide at reasonable cost the information to compliance agencies or local regulators requesting the information;

(2) shall provide qualified personnel to advise compliance agencies and local regulators regarding the standards for:

(a) construction and ~~{setup}~~installation of modular building units;

(b) construction and setup inspection of modular building units; and

(c) additions or modifications to modular building units;

(3) may inspect modular building units during the construction or manufacturing process to determine compliance of a modular manufacturer with this title for modular building units to be installed within the state;

(4) upon a finding of substantive deficiency at a modular manufacturer, through inspection or based on a report from an approved third party inspection agency, may:

(a) suspend the manufacturer's construction of modular units to be sold or installed in the state;

(b) issue a corrective order to the manufacturer; or

(c) require an increase in third party inspections until the Division of Facilities Construction and Management is satisfied that the deficiency is resolved;

(5) shall, if an action is taken pursuant to Subsection (4), provide notice of its action and a copy of the corrective order to the local regulator in the political subdivision where a modular unit is to be installed;

(6) shall have rights of entry and inspection as specified under the HUD Code and Modular Building Institute Standard 1200 and Standard 1205, as applicable;

(7) shall make rules, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act, to implement this section and Section 15A-1-307, including a continuing education requirement for modular building unit construction and installation contractors; and

(8) shall have the authority to set and collect fees associated with the provision of decals to support the administration of the modular building unit program.

Section ~~{8}~~9. Section **15A-1-307** is enacted to read:

15A-1-307. Third party review - Inspection agencies.

(1) By no later than July 1, 2024, the Division of Facilities Construction and Management shall maintain a list of third party inspection agencies that have been approved by the Division of Facilities Construction and Management to conduct:

(a) review of construction documents; and

(b) an inspection of a module or panelized system.

(2) An approved third party inspection agency:

(a) shall demonstrate knowledge of applicable sections of the Utah Code and State Construction Code and other applicable laws and rules;

(b) shall be independent in judgment and not have any actual or potential conflict of interest;

(c) is not affiliated with or influenced or controlled by any producer, supplier, vendor, developer, builder, or related fields applicable to the construction of modular units in any manner that might affect its capacity to render its conclusions and inspections without bias;

(d) shall carry insurance in the amount set by the Division of Facilities Construction and Management to cover liabilities and losses arising or relating to possible errors and omissions from its operations, reviews, and inspections; and

(e) shall perform all duties set forth in the Modular Building Institute Standard 1205,

Chapter 4, as amended.

(3) An approved third party inspector:

(a) shall demonstrate knowledge of applicable sections of the Utah Code and State Construction Code and other applicable laws and rules;

(b) shall be independent in judgment and not have any actual or potential conflict of interest;

(c) is not affiliated with or influenced or controlled by any producer, supplier, vendor, developer, builder, or related fields applicable to the construction of modular units in any manner that might affect its capacity to render its conclusions and inspections without bias;

(d) shall carry insurance in the amount set by the Division of Facilities Construction and Management to cover liabilities and losses arising or relating to possible errors and omissions from its operations, reviews, and inspections; and

(e) shall perform all duties set forth in the Modular Building Institute Standard 1205, Chapter 4, as amended.

(4) A third party inspector at an approved third party agency shall:

(a) be licensed and certified as a combination building inspector under Title 58, Occupations and Professions;

(b) meet the requirements for a third party inspector under the Modular Building Institute Standard 1205, Chapter 4; and

(c) be knowledgeable regarding the construction~~{,}~~ and installation~~{, and setup}~~ of modular units.

(5) (a) A modular manufacturer shall contract with one or more third party agencies or third party inspectors to perform offsite construction documents review and inspection.

(b) A contract described in Subsection (5)(a) does not constitute an actual or implied conflict of interest.

Section ~~{9}~~10. Section **15A-1-308** is enacted to read:

15A-1-308. Manufacturing plants -- Quality assurance inspections.

(1) The Division of Facilities Construction and Management shall approve a modular manufacturer before modular building units produced by or sold by the modular manufacturer may be used for human occupancy within the state.

(2) A modular manufacturer, or an employee of a modular manufacturer, shall meet

each requirement of Modular Building Institute 1200 Standard, Chapter 5 and 1205 Standard, Chapters 4 and 5.

(3) The quality assurance and control plan, as required in Modular Building Institute 1200 Standard, Chapter 5, and further defined per Modular Building Institute 1205 Standard, Chapter 5, shall include a conflict of interest form developed by the Division of Facilities Construction and Management.

(4) Quality assurance personnel at the manufacturing plant shall:

(a) demonstrate to the Division of Facilities Construction and Management and an applicable third party inspection agency that the quality assurance personnel have adequate knowledge of the product, factory operations, and the codes and standards for the product being manufactured;

(b) demonstrate to the satisfaction of the Division of Facilities Construction and Management the ability of the quality assurance personnel to perform required duties, as outlined by the Division of Facilities Construction and Management by rule; and

(c) inspect each module and panelized system for quality control.

(5) (a) After local building permit issuance, a modular manufacturer, third party agency, or third party inspector may not amend a construction document without approval from a local regulator.

(b) A local regulator shall approve an amendment to a construction document unless it violates a site-specific provision of municipal code or affects the safety or the habitability of a modular unit.

Section ~~{10}~~11. Section **15A-1-309** is enacted to read:

15A-1-309. Decal.

A decal issued by the Division of Facilities Construction and Management and affixed by a third party inspection agency in compliance with this part shall warrant that the modular building unit has been inspected in accordance with this part and the modular building unit is:

(1) fit for human occupancy; and

(2) manufactured in accordance with applicable codes and the construction documents.

Section ~~{11}~~12. Section **15A-2-103** is amended to read:

15A-2-103. Specific editions adopted of construction code of a nationally recognized code authority.

(1) Subject to the other provisions of this part, the following construction codes are incorporated by reference, and together with the amendments specified in Chapter 3, Statewide Amendments Incorporated as Part of State Construction Code, and Chapter 4, Local Amendments Incorporated as Part of State Construction Code, are the construction standards to be applied to building construction, alteration, remodeling, and repair, and in the regulation of building construction, alteration, remodeling, and repair in the state:

(a) the 2021 edition of the International Building Code, including Appendices C and J, issued by the International Code Council;

(b) except as provided in Subsection (1)(c), the 2021 edition of the International Residential Code, issued by the International Code Council;

(c) the residential provisions of Chapter 11, Energy Efficiency, of the 2015 edition of the International Residential Code, issued by the International Code Council;

(d) Appendix AQ of the 2021 edition of the International Residential Code, issued by the International Code Council;

(e) the 2021 edition of the International Plumbing Code, issued by the International Code Council;

(f) the 2021 edition of the International Mechanical Code, issued by the International Code Council;

(g) the 2021 edition of the International Fuel Gas Code, issued by the International Code Council;

(h) the 2020 edition of the National Electrical Code, issued by the National Fire Protection Association;

(i) the residential provisions of the 2015 edition of the International Energy Conservation Code, issued by the International Code Council;

(j) the commercial provisions of the 2021 edition of the International Energy Conservation Code, issued by the International Code Council;

(k) the 2021 edition of the International Existing Building Code, issued by the International Code Council;

(l) subject to Subsection 15A-2-104(2), the HUD Code;

(m) subject to Subsection 15A-2-104(1), Appendix AE of the 2021 edition of the International Residential Code, issued by the International Code Council;

(n) subject to Subsection 15A-2-104(1), the 2005 edition of the NFPA 225 Model Manufactured Home Installation Standard, issued by the National Fire Protection Association;

(o) subject to Subsection (3), for standards and guidelines pertaining to plaster on a historic property, as defined in Section 9-8a-302, the U.S. Department of the Interior Secretary's Standards for Rehabilitation and Guidelines for Rehabilitating Historic Buildings; [~~and~~]

(p) the residential provisions of the 2021 edition of the International Swimming Pool and Spa Code, issued by the International Code Council[~~.~~]; and

(q) Modular Building Institute Standards 1200 and 1205, issued by the International Code Council, except as modified by provisions of this title governing modular units.

(2) Consistent with Title 65A, Chapter 8, Management of Forest Lands and Fire Control, the Legislature adopts the 2006 edition of the Utah Wildland Urban Interface Code, issued by the International Code Council, with the alternatives or amendments approved by the Utah Division of Forestry, Fire, and State Lands, as a construction code that may be adopted by a local compliance agency by local ordinance or other similar action as a local amendment to the codes listed in this section.

(3) The standards and guidelines described in Subsection (1)(o) apply only if:

(a) the owner of the historic property receives a government tax subsidy based on the property's status as a historic property;

(b) the historic property is wholly or partially funded by public money; or

(c) the historic property is owned by a government entity.

Section ~~{12}~~13. Section ~~**{35A-8-503 is amended to read:**~~ **17-27a-534** is enacted to read:

17-27a-534. County designation of a home ownership promotion zone.

(1) Subject to Subsection (8), a county may create a home ownership promotion zone as described in this section.

(2) (a) A home ownership promotion zone created under this section:

(i) is an area of 10 contiguous unincorporated acres or less entirely within the boundaries of the county:

(A) designated for residential zoning; and

(B) zoned for fewer than six housing units per acre before the creation of the home

ownership promotion zone;

(ii) shall be re-zoned for at least six housing units per acre; and

(iii) may not be encumbered by any residential building permits as of the day on which the home ownership promotion zone is created.

(3) (a) The county shall designate the home ownership promotion zone by resolution of the legislative body of the county, following the recommendation of the county planning commission.

(b) The resolution described in Subsection (3)(a) shall describe how the home ownership promotion zone created pursuant to this section meets:

(i) the objectives in Subsection 63N-3-1302(2); and

(ii) the requirements described in Subsection 63N-3-1302(3).

(c) The home ownership promotion zone is created on the effective date of the resolution described in Subsection (3)(a).

(4) If a home ownership promotion zone is created as described in this section:

(a) affected local taxing entities are required to participate according to the requirements of the home ownership promotion zone established by the municipality; and

(b) each affected taxing entity is required to participate at the same rate.

(5) A home ownership promotion zone may be modified by the same manner it is created as described in Subsection (3).

(6) Within 30 days after the day on which the county creates the home ownership promotion zone as described in Subsection (3), the county shall:

(a) record with the recorder a document containing:

(i) a description of the land within the home ownership promotion zone; and

(ii) the date of creation of the home ownership promotion zone;

(b) transmit a copy of the description of the land within the home ownership promotion zone and an accurate map or plat indicating the boundaries of the home ownership promotion zone to the Utah Geospatial Resource Center created under Section 63A-16-505; and

(c) transmit a map and description of the land within the home ownership promotion zone to:

(i) the auditor, recorder, attorney, surveyor, and assessor of the county in which any part of the home ownership promotion zone is located;

(ii) the officer or officers performing the function of auditor or assessor for each taxing entity that does not use the county assessment roll or collect the taxing entity's taxes through the county;

(iii) the legislative body or governing board of each taxing entity impacted by the home ownership promotion zone;

(iv) the tax commission;

(v) the Governor's Office of Economic Opportunity; and

(vi) the State Board of Education.

(7) A county may receive tax increment and use home ownership promotion zone funds as described in Section 63N-3-1306.

(8) A county may not create a home ownership promotion zone if:

(a) the limitation described in Subsection 63N-3-603(7)(c) has been reached; or

(b) the area in the proposed home ownership promotion zone would overlap with:

(i) a project area, as that term is defined in Section 17C-1-102, and created under Title 17C, Chapter 1, Agency Operations, until the project area is dissolved pursuant to Section 17C-1-702; or

(ii) an existing housing and transit reinvestment zone.

(9) A county may restrict short term rentals in a home ownership promotion zone.

Section 14. Section **35A-8-503** is amended to read:

35A-8-503. Housing loan fund board -- Duties -- Expenses.

(1) There is created the Olene Walker Housing Loan Fund Board.

(2) The board is composed of [~~13~~] 14 voting members.

(a) The governor shall appoint the following members to four-year terms:

(i) two members from local governments, of which:

(A) one member shall be a locally elected official who resides in a county of the first or second class; and

(B) one member shall be a locally elected official who resides in a county of the third, fourth, fifth, or sixth class;

(ii) two members from the mortgage lending community, of which:

(A) one member shall have expertise in single-family mortgage lending; and

(B) one member shall have expertise in multi-family mortgage lending;

(iii) one member from real estate sales interests;

(iv) two members from home builders interests, of which:

(A) one member shall have expertise in single-family residential construction; and

(B) one member shall have expertise in multi-family residential construction;

(v) one member from rental housing interests;

(vi) two members from housing advocacy interests, of which:

(A) one member who resides within any area in a county of the first or second class; and

(B) one member who resides within any area in a county of the third, fourth, fifth, or sixth class;

(vii) one member of the manufactured housing interest;

(viii) one member with expertise in transit-oriented developments; [~~and~~]

(ix) one member who represents rural interests[~~.~~]; and

(x) one member who represents the interests of modular housing.

(b) The director or the director's designee serves as the secretary of the board.

(c) The members of the board shall annually elect a chair from among the voting membership of the board.

(3) (a) Notwithstanding the requirements of Subsection (2), the governor shall, at the time of appointment or reappointment, adjust the length of terms to ensure that the terms of board members are staggered so that approximately half of the board is appointed every two years.

(b) When a vacancy occurs in the membership for any reason, the replacement is appointed for the unexpired term.

(4) (a) The board shall:

(i) meet regularly, at least quarterly to conduct business of the board, on dates fixed by the board;

(ii) meet twice per year, with at least one of the meetings in a rural area of the state, to provide information to and receive input from the public regarding the state's housing policies and needs;

(iii) keep minutes of its meetings; and

(iv) comply with the procedures and requirements of Title 52, Chapter 4, Open and

Public Meetings Act.

(b) Seven members of the board constitute a quorum, and the governor, the chair, or a majority of the board may call a meeting of the board.

(5) The board shall:

(a) review the housing needs in the state;

(b) determine the relevant operational aspects of any grant, loan, or revenue collection program established under the authority of this chapter;

(c) determine the means to implement the policies and goals of this chapter;

(d) select specific projects to receive grant or loan money; and

(e) determine how fund money shall be allocated and distributed.

(6) A member may not receive compensation or benefits for the member's service, but may receive per diem and travel expenses in accordance with:

(a) Section 63A-3-106;

(b) Section 63A-3-107; and

(c) rules made by the Division of Finance pursuant to Sections 63A-3-106 and 63A-3-107.

Section ~~{13}~~15. Section **57-1-46** is amended to read:

57-1-46. Transfer fee and reinvestment fee covenants.

(1) As used in this section:

(a) "Association expenses" means expenses incurred by a common interest association for:

(i) the administration of the common interest association;

(ii) the purchase, ownership, leasing, construction, operation, use, administration, maintenance, improvement, repair, or replacement of association facilities, including expenses for taxes, insurance, operating reserves, capital reserves, and emergency funds;

(iii) providing, establishing, creating, or managing a facility, activity, service, or program for the benefit of property owners, tenants, common areas, the burdened property, or property governed by the common interest association; or

(iv) other facilities, activities, services, or programs that are required or permitted under the common interest association's organizational documents.

(b) "Association facilities" means any real property, improvements on real property, or

personal property owned, leased, constructed, developed, managed, or used by a common interest association, including common areas.

(c) "Burdened property" means the real property that is subject to a reinvestment fee covenant or transfer fee covenant.

(d) "Common areas" means areas described within:

(i) the definition of "common areas and facilities" under Section 57-8-3; and

(ii) the definition of "common areas" under Section 57-8a-102.

(e) "Common interest association":

(i) means:

(A) an association, as defined in Section 57-8a-102;

(B) an association of unit owners, as defined in Section 57-8-3; or

(C) a nonprofit association; and

(ii) includes a person authorized by an association, association of unit owners, or nonprofit association, as the case may be.

(f) "Large master planned development" means an approved development:

(i) of at least 500 acres or 500 units; and

(ii) that includes a commitment to fund, construct, develop, or maintain:

(A) common infrastructure;

(B) association facilities;

(C) community programming;

(D) resort facilities;

(E) open space; or

(F) recreation amenities.

(g) "Nonprofit association" means a nonprofit corporation organized under Title 16, Chapter 6a, Utah Revised Nonprofit Corporation Act, to benefit, enhance, preserve, govern, manage, or maintain burdened property.

(h) "Organizational documents":

(i) for an association, as defined in Section 57-8a-102, means governing documents as defined in Section 57-8a-102;

(ii) for an association of unit owners, as defined in Section 57-8-3, means a declaration as defined in Section 57-8-3; and

(iii) for a nonprofit association:

(A) means a written instrument by which the nonprofit association exercises powers or manages, maintains, or otherwise affects the property under the jurisdiction of the nonprofit association; and

(B) includes articles of incorporation, bylaws, plats, charters, the nonprofit association's rules, and declarations of covenants, conditions, and restrictions.

(i) "Reinvestment fee covenant" means a covenant, restriction, or agreement that:

(i) affects real property; and

(ii) obligates a future buyer or seller of the real property to pay to a common interest association, upon and as a result of a transfer of the real property, a fee that is dedicated to benefitting the burdened property, including payment for:

(A) common planning, facilities, and infrastructure;

(B) obligations arising from an environmental covenant;

(C) community programming;

(D) resort facilities;

(E) open space;

(F) recreation amenities;

(G) charitable purposes; or

(H) association expenses.

(j) "Transfer fee covenant":

(i) means an obligation, however denominated, expressed in a covenant, restriction, agreement, or other instrument or document:

(A) that affects real property;

(B) that is imposed on a future buyer or seller of real property, other than a person who is a party to the covenant, restriction, agreement, or other instrument or document; and

(C) to pay a fee upon and as a result of a transfer of the real property; and

(ii) does not include:

(A) an obligation imposed by a court judgment, order, or decree;

(B) an obligation imposed by the federal government or a state or local government entity; or

(C) a reinvestment fee covenant.

(2) A transfer fee covenant recorded on or after March 16, 2010 is void and unenforceable.

(3) (a) Except as provided in Subsection (3)(b), a reinvestment fee covenant may not be sold, assigned, or conveyed unless the sale, assignment, or conveyance is to a common interest association that was formed to benefit the burdened property.

(b) A common interest association may assign or pledge to a lender the right to receive payment under a reinvestment fee covenant if:

(i) the assignment or pledge is as collateral for a credit facility; and

(ii) the lender releases the collateral interest upon payment in full of all amounts that the common interest association owes to the lender under the credit facility.

(4) A reinvestment fee covenant recorded on or after March 16, 2010 is not enforceable if the reinvestment fee covenant is intended to affect property that is the subject of a previously recorded transfer fee covenant or reinvestment fee covenant.

(5) A reinvestment fee covenant recorded on or after March 16, 2010 may not obligate the payment of a fee that exceeds .5% of the value of the burdened property, unless the burdened property is part of a large master planned development.

(6) (a) A reinvestment fee covenant recorded on or after March 16, 2010 is void and unenforceable unless a notice of reinvestment fee covenant, separate from the reinvestment fee covenant, is recorded in the office of the recorder of each county in which any of the burdened property is located.

(b) A notice under Subsection (6)(a) shall:

(i) state the name and address of the common interest association to which the fee under the reinvestment fee covenant is required to be paid;

(ii) include the notarized signature of the common interest association's authorized representative;

(iii) state that the burden of the reinvestment fee covenant is intended to run with the land and to bind successors in interest and assigns;

(iv) state that the existence of the reinvestment fee covenant precludes the imposition of an additional reinvestment fee covenant on the burdened property;

(v) state the duration of the reinvestment fee covenant;

(vi) state the purpose of the fee required to be paid under the reinvestment fee

covenant; and

(vii) state that the fee required to be paid under the reinvestment fee covenant is required to benefit the burdened property.

(c) A recorded notice of reinvestment fee covenant that substantially complies with the requirements of Subsection (6)(b) is valid and effective.

(7) (a) A reinvestment fee covenant or transfer fee covenant recorded before March 16, 2010 is not enforceable after May 31, 2010, unless:

(i) a notice that is consistent with the notice described in Subsection (6) is recorded in the office of the recorder of each county in which any of the burdened property is located; or

(ii) a notice of reinvestment fee covenant or transfer fee covenant, as described in Subsection (7)(b), is recorded in the office of the recorder of each county in which any of the burdened property is located.

(b) A notice under Subsection (7)(a)(ii) shall:

(i) include the notarized signature of the beneficiary of the reinvestment fee covenant or transfer fee covenant, or the beneficiary's authorized representative;

(ii) state the name and current address of the beneficiary under the reinvestment fee covenant or transfer fee covenant;

(iii) state that the burden of the reinvestment fee covenant or transfer fee covenant is intended to run with the land and to bind successors in interest and assigns; and

(iv) state the duration of the reinvestment fee covenant or transfer fee covenant.

(c) A recorded notice of reinvestment fee covenant or transfer fee covenant that substantially complies with the requirements of Subsection (7)(b) is valid and effective.

(d) A notice under Subsection (7)(b):

(i) that is recorded after May 31, 2010, is not enforceable; and

(ii) shall comply with the requirements of Section 57-1-47.

(e) An amendment to a notice under Subsection (7)(b) recorded after May 31, 2010, seeking to amend a notice under Subsection (7)(b) recorded before May 31, 2010, is not an enforceable amendment.

(8) A reinvestment fee covenant recorded on or after March 16, 2010, may not be enforced upon:

(a) an involuntary transfer;

(b) a transfer that results from a court order;

(c) a bona fide transfer to a family member of the seller within three degrees of consanguinity who, before the transfer, provides adequate proof of consanguinity;

(d) a transfer or change of interest due to death, whether provided in a will, trust, or decree of distribution; or

(e) the transfer of burdened property by a financial institution, except to the extent that the reinvestment fee covenant requires the payment of a common interest association's costs directly related to the transfer of the burdened property, not to exceed $250.

Section ~~{14}~~16. Section **57-1-47** is enacted to read:

57-1-47. Notice requirements for continuation of existing private transfer fee obligations.

(1) In addition to the requirements described in Subsection 57-1-46(7), a person required to file a notice under this section shall:

(a) (i) file the notice described in this section on or before May 31, 2024; and

(ii) re-file the notice, no earlier than May 1 and no later than May 31, every three years thereafter; and

(b) amend the notice to reflect any change in the name or address of any payee included in the notice no later than the 30 days after the day on which the change occurs.

(2) A person who amends a notice filed under Subsection (1) shall include with the amendment:

(a) the recording information of the original notice; and

(b) the legal description of the property subject to the private transfer fee obligation.

(3) To be effective, a notice filed under this section shall be approved in writing by every person holding a majority of the beneficial interests in the private transfer fee obligation.

(4) If a person required to file a notice under this section fails to comply with this section:

(a) payment of the private transfer fee may not be a requirement for the conveyance of an interest in the property to a purchaser;

(b) the property is not subject to further obligation under the private transfer fee obligation; and

(c) the private transfer fee obligation is void.

(5) A recorded notice of transfer fee covenant that complies with the requirements of this section is valid and effective.

(6) (a) A person that is no longer subject to a private transfer fee obligation may seek declaratory relief in court to address any encumbrance on real property owned by the person.

(b) Upon a successful claim for declaratory relief, as described in Subsection (6)(a), a court may award the person costs and reasonable attorney fees.

Section ~~{15}~~17. Section **63H-8-501** is amended to read:

63H-8-501. Definitions.

As used in this part:

(1) (a) "First-time homebuyer" means an individual who [~~qualifies for assistance under 42 U.S.C. Sec. 12852.~~] satisfies:

(i) the three-year requirement described in Section 143(d) of the Internal Revenue Code of 1986, as amended, and any corresponding federal regulations; and

(ii) requirements made by the corporation by rule, as described in Section 63H-8-502.

(b) "First-time homebuyer" includes a single parent, as defined by the corporation by rule made as described in Section 63H-8-502, who would meet the three-year requirement described in Subsection (1)(a)(i) but for a present ownership interest in a principal residence in which the single parent:

(i) had a present ownership interest with the single parent's former spouse during the three-year period;

(ii) resided while married during the three-year period; and

(iii) no longer:

(A) has a present ownership interest; or

(B) resides.

(2) "Home equity amount" means the difference between:

(a) (i) in the case of a sale, the sales price for which the qualifying residential unit is sold by the recipient in a bona fide sale to a third party with no right to repurchase less an amount up to 1% of the sales price used for seller-paid closing costs; or

(ii) in the case of a refinance, the current appraised value of the qualifying residential unit; and

(b) the total payoff amount of any qualifying mortgage loan that was used to finance

the purchase of the qualifying residential unit.

(3) "Program" means the First-Time Homebuyer Assistance Program created in Section 63H-8-502.

(4) "Program funds" means money appropriated for the program.

(5) "Qualifying mortgage loan" means a mortgage loan that:

(a) is purchased by the corporation; and

(b) is subject to a document that is recorded in the office of the county recorder of the county in which the residential unit is located.

(6) "Qualifying residential unit" means a residential unit that:

(a) is located in the state;

(b) is new construction or newly constructed but not yet inhabited;

(c) is financed by a qualifying mortgage loan;

(d) is owner-occupied [~~upon~~] within 60 days of purchase, or in the case of a two-unit dwelling, at least one unit is owner-occupied within 60 days of purchase; and

(e) is purchased for an amount that does not exceed:

(i) $450,000; or

(ii) if applicable, the maximum purchase price established by the corporation under Subsection 63H-8-502(6).

(7) "Recipient" means a first-time homebuyer who receives program funds.

(8) (a) "Residential unit" means a house, condominium, townhome, or similar residential structure that serves as a one-unit dwelling or forms part of a two-unit dwelling.

(b) "Residential unit" includes a manufactured home or modular home that is attached to a permanent foundation.

Section ~~{16}~~18. Section **63H-8-502** is amended to read:

63H-8-502. First-Time Homebuyer Assistance Program.

(1) There is created the First-Time Homebuyer Assistance Program administered by the corporation.

(2) Subject to appropriations from the Legislature, the corporation shall distribute program funds to:

(a) first-time homebuyers to provide support for the purchase of qualifying residential units; and

(b) reimburse the corporation for a distribution of funds under Subsection (2)(a) that took place on or after July 1, 2023.

(3) The maximum amount of program funds that a first-time homebuyer may receive under the program is $20,000.

(4) (a) A recipient may use program funds to pay for:

(i) the down payment on a qualifying residential unit;

(ii) closing costs associated with the purchase of a qualifying residential unit;

(iii) a permanent reduction in the advertised par interest rate on a qualifying mortgage loan that is used to finance a qualifying residential unit; or

(iv) any combination of Subsections (4)(a)(i), (ii), and (iii).

(b) The corporation shall direct the disbursement of program funds for a purpose authorized in Subsection (4)(a).

(c) A recipient may not receive a payout or distribution of program funds upon closing.

(5) The builder or developer of a qualifying residential unit may not increase the price of the qualifying residential unit on the basis of program funds being used towards the purchase of that qualifying residential unit.

(6) (a) In accordance with rules made by the corporation under Subsection (9), the corporation may adjust the maximum purchase price of a qualifying residential unit for which a first-time homebuyer qualifies to receive program funds in order to reflect current market conditions[~~, provided that~~].

(b) In connection with an adjustment made under Subsection (6)(a), the corporation may establish one or more maximum purchase prices corresponding by residential unit type, geographic location, or any other factor the corporation considers relevant.

(c) [~~the~~] The corporation [~~adjusts the~~] may adjust a maximum purchase price under this Subsection (6) no more frequently than once each calendar year.

(7) (a) [~~If~~] Except as provided in Subsection (7)(b), if the recipient sells the qualifying residential unit or refinances the qualifying mortgage loan that was used to finance the purchase of the qualifying residential unit before the end of the original term of the qualifying mortgage loan, the recipient shall repay to the corporation an amount equal to the lesser of:

[~~(a)~~] (i) the amount of program funds the recipient received; or

[~~(b)~~] (ii) 50% of the recipient's home equity amount.

(b) Subsection (7)(a) does not apply to a qualifying mortgage loan that is refinanced with a new qualifying mortgage loan if any subordinate qualifying mortgage loan, or loan from program funds used on the purchase of the qualifying residential unit, is resubordinated only to the new qualifying mortgage loan.

(8) Any funds repaid to the corporation under Subsection (7) shall be used for program distributions.

(9) The corporation shall make rules governing the application form, process, and criteria the corporation will use to distribute program funds to first-time homebuyers, in accordance with Title 63G, Chapter 3, Utah Administrative Rulemaking Act.

(10) The corporation may use up to 5% of program funds for administration.

(11) The corporation shall report annually to the Social Services Appropriations Subcommittee on disbursements from the program and any adjustments made to the maximum purchase price or maximum purchase prices of a qualifying residential unit under Subsection (6).

Section ~~{17}~~19. Section **63N-3-602** is amended to read:

63N-3-602. Definitions.

As used in this part:

(1) "Affordable housing" means housing occupied or reserved for occupancy by households with a gross household income equal to or less than 80% of the median gross income of the applicable municipal or county statistical area for households of the same size.

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

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

(4) "Base year" means, for a proposed housing and transit reinvestment zone area, a year beginning the first day of the calendar quarter determined by the last equalized tax roll before the adoption of the housing and transit reinvestment zone.

(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.

(6) "Bus rapid transit station" means an existing station, stop, or terminal, or a proposed station, stop, or terminal that is specifically identified in a metropolitan planning

organization's adopted long-range transportation plan and the relevant public transit district's five-year plan:

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

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

(7) "Committee" means a housing, home ownership, and transit reinvestment zone committee created pursuant to Section 63N-3-605.

[~~(7)~~] (8) (a) "Commuter rail" means a heavy-rail passenger rail transit facility operated by a large public transit district.

(b) "Commuter rail" does not include a light-rail passenger rail facility of a large public transit district.

[~~(8)~~] (9) "Commuter rail station" means an existing station, stop, or terminal, or a proposed station, stop, or terminal, which has been specifically identified in a metropolitan planning organization's adopted long-range transportation plan and the relevant public transit district's five-year plan:

(a) along an existing commuter rail line;

(b) along an extension to an existing commuter rail line or new commuter rail line; or

(c) along a fixed guideway extension from an existing commuter rail line.

[~~(9)~~] (10) (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.

(b) "Developable area" does not include portions of land within a housing and transit reinvestment zone that are allocated to:

(i) parks;

(ii) recreation facilities;

(iii) open space;

(iv) trails;

(v) publicly-owned roadway facilities; or

(vi) other public facilities.

[~~(10)~~] (11) "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.

[~~(11)~~] (12) "Enhanced development" means the construction of mixed uses including

housing, commercial uses, and related facilities.

[~~(12)~~] (13) "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.

[~~(13)~~] (14) "Fixed guideway" means the same as that term is defined in Section 59-12-102.

(15) "Home ownership promotion zone" means the same as that term is defined in Section 63N-3-1301.

[~~(14)~~] (16) "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.

[~~(15)~~] (17) "Housing and transit reinvestment zone" means a housing and transit reinvestment zone created pursuant to this part.

[~~(16) "Housing and transit reinvestment zone committee" means a housing and transit reinvestment zone committee created pursuant to Section 63N-3-605.~~]

[~~(17)~~] (18) "Large public transit district" means the same as that term is defined in Section 17B-2a-802.

[~~(18)~~] (19) "Light rail" means a passenger rail public transit system with right-of-way and fixed rails:

(a) dedicated to exclusive use by light-rail public transit vehicles;

(b) that may cross streets at grade; and

(c) that may share parts of surface streets.

[~~(19)~~] (20) "Light rail station" means an existing station, stop, or terminal or a proposed station, stop, or terminal, which has been specifically identified in a metropolitan planning organization's adopted long-range transportation plan and the relevant public transit district's five-year plan:

(a) along an existing light rail line; or

(b) along an extension to an existing light rail line or new light rail line.

[~~(20)~~] (21) "Metropolitan planning organization" means the same as that term is defined in Section 72-1-208.5.

[~~(21)~~] (22) "Mixed use development" means development with a mix of multi-family residential use and at least one additional land use.

[~~(22)~~] (23) "Municipality" means the same as that term is defined in Section 10-1-104.

[~~(23)~~] (24) "Participant" means the same as that term is defined in Section 17C-1-102.

[~~(24)~~] (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.

[~~(25)~~] (26) "Public transit county" means a county that has created a small public transit district.

[~~(26)~~] (27) "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.

[~~(27)~~] (28) "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.

[~~(28)~~] (29) "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.

[~~(29)~~] (30) "Sales and use tax increment" means the difference between:

(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

(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.

[~~(30)~~] (31) "Sales and use tax revenue" means revenue that is generated from the tax imposed under Section 59-12-103.

[~~(31)~~] (32) "Small public transit district" means the same as that term is defined in Section 17B-2a-802.

[~~(32)~~] (33) "Tax Commission" means the State Tax Commission created in Section 59-1-201.

[~~(33)~~] (34) "Tax increment" means the difference between:

(a) 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

(b) 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.

[~~(34)~~] (35) "Taxing entity" means the same as that term is defined in Section 17C-1-102.

[~~(35)~~] (36) "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.

Section 20. Section **63N-3-603** is amended to read:

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

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

(a) higher utilization of public transit;

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

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

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

(e) conservation of water resources through efficient land use;

(f) improving air quality by reducing fuel consumption and motor vehicle trips;

(g) encouraging transformative mixed-use development and investment in transportation and public transit infrastructure in strategic areas;

(h) strategic land use and municipal planning in major transit investment corridors as

described in Subsection 10-9a-403(2);

(i) increasing access to employment and educational opportunities; and

(j) increasing access to child care.

(2) 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:

(a) except as provided in Subsection (3), at least 10% of the proposed dwelling units within the housing and transit reinvestment zone are affordable housing units;

(b) at least 51% of the developable area within the housing and transit reinvestment zone includes residential uses with, except as provided in Subsection (4)(c), an average of 50 dwelling units per acre or greater;

(c) mixed-use development; and

(d) a mix of dwelling units to ensure that a reasonable percentage of the dwelling units has more than one bedroom.

(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).

(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:

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

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

(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, with an opportunity zone created pursuant to Section 1400Z-1, Internal Revenue Code, does not exceed a 1/2 mile radius of a commuter rail station located within the opportunity zone; or

(III) for a public transit county, does not exceed a 1/3 mile radius of a public transit

hub; and

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

(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

(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).

(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:

(i) subject to Subsection (5):

(A) does not exceed:

(I) except as provided in Subsection (4)(b)(i)(A)(II) or (III), a 1/4 mile radius of a bus rapid transit station or light rail station;

(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 of a light rail station located in an opportunity zone created pursuant to Section 1400Z-1, Internal Revenue Code; or

(III) a 1/2 mile radius of a light rail station located within a master-planned development of 500 acres or more; and

(B) has a total area of no more than 100 noncontiguous acres;

(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

(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).

(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%.

(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.

(e) A county of the first class may not propose a housing and transit reinvestment zone that includes 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, until the project area is dissolved pursuant to Section 17C-1-702.

(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).

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

(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:

(a) the tax commission;

(b) the State Board of Education;

(c) the state auditor;

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

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

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

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

(b) Within a county of the first class, the maximum number of housing and transit

reinvestment zones at bus rapid transit stations is three.

(c) Within a county of the first class, the maximum total combined number of housing and transit reinvestment zones and home ownership promotion zones created under Section 10-9a-539, Section 17-27a-534, or Part 13, Home Ownership Promotion Zone Act, is 11.

(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.

(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.

(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 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.

(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.

(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.

(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 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:

(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;

(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

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

Section 21. Section **63N-3-604** is amended to read:

63N-3-604. Process for a proposal of a housing and transit reinvestment zone -- Analysis.

(1) Subject to approval of the [~~housing and transit reinvestment zone~~] committee as described in Section 63N-3-605, in order to create a housing and transit reinvestment zone, a municipality or public transit county that has general land use authority over the housing and transit reinvestment zone area, shall:

(a) prepare a proposal for the housing and transit reinvestment zone that:

(i) demonstrates that the proposed housing and transit reinvestment zone will meet the objectives described in Subsection 63N-3-603(1);

(ii) explains how the municipality or public transit county will achieve the requirements of Subsection 63N-3-603(2)(a);

(iii) defines the specific transportation infrastructure needs, if any, and proposed improvements;

(iv) defines the boundaries of:

(A) the housing and transit reinvestment zone; and

(B) the sales and use tax boundary corresponding to the housing and transit reinvestment zone boundary, as described in Section 63N-3-610;

(v) includes maps of the proposed housing and transit reinvestment zone to illustrate:

(A) the proposed boundary and radius from a public transit hub;

(B) proposed housing density within the housing and transit reinvestment zone; and

(C) existing zoning and proposed zoning changes related to the housing and transit reinvestment zone;

(vi) identifies any development impediments that prevent the development from being

a market-rate investment and proposed strategies for addressing each one;

(vii) describes the proposed development plan, including the requirements described in Subsections 63N-3-603(2) and (4);

(viii) establishes a base year and collection period to calculate the tax increment within the housing and transit reinvestment zone;

(ix) establishes a sales and use tax base year to calculate the sales and use tax increment within the housing and transit reinvestment zone;

(x) describes projected maximum revenues generated and the amount of tax increment capture from each taxing entity and proposed expenditures of revenue derived from the housing and transit reinvestment zone;

(xi) includes an analysis of other applicable or eligible incentives, grants, or sources of revenue that can be used to reduce the finance gap;

(xii) evaluates possible benefits to active and public transportation availability and impacts on air quality;

(xiii) proposes a finance schedule to align expected revenue with required financing costs and payments;

(xiv) provides a pro-forma for the planned development including the cost differential between surface parked multi-family development and enhanced development that satisfies the requirements described in Subsections 63N-3-603(2), (3), and (4); and

(xv) for a housing and transit reinvestment zone at a commuter rail station, light rail station, or bus rapid transit station that is proposed and not in public transit service operation as of the date of submission of the proposal, demonstrates that the proposed station is:

(A) included in a metropolitan planning organization's adopted long-range transportation plan and the relevant public transit district's five-year plan; and

(B) reasonably anticipated to be constructed in the near future; and

(b) submit the housing and transit reinvestment zone proposal to the Governor's Office of Economic Opportunity.

(2) As part of the proposal described in Subsection (1), a municipality or public transit county shall study and evaluate possible impacts of a proposed housing and transit reinvestment zone on parking within the city and housing and transit reinvestment zone.

(3) (a) After receiving the proposal as described in Subsection (1)(b), the Governor's

Office of Economic Opportunity shall:

(i) within 14 days after the date on which the Governor's Office of Economic Opportunity receives the proposal described in Subsection (1)(b), provide notice of the proposal to all affected taxing entities, including the Tax Commission, cities, counties, school districts, and metropolitan planning organizations; and

(ii) at the expense of the proposing municipality or public transit county as described in Subsection (5), contract with an independent entity to perform the gap analysis described in Subsection (3)(b).

(b) The gap analysis required in Subsection (3)(a)(ii) shall include:

(i) a description of the planned development;

(ii) a market analysis relative to other comparable project developments included in or adjacent to the municipality or public transit county absent the proposed housing and transit reinvestment zone;

(iii) an evaluation of the proposal to and a determination of the adequacy and efficiency of the proposal;

(iv) an evaluation of the proposed increment capture needed to cover the enhanced development costs associated with the housing and transit reinvestment zone proposal and enable the proposed development to occur; and

(v) based on the market analysis and other findings, an opinion relative to the appropriate amount of potential public financing reasonably determined to be necessary to achieve the objectives described in Subsection 63N-3-603(1).

(c) After receiving notice from the Governor's Office of Economic Opportunity of a proposed housing and transit reinvestment zone as described in Subsection (3)(a)(i), the Tax Commission shall:

(i) evaluate the feasibility of administering the tax implications of the proposal; and

(ii) provide a letter to the Governor's Office of Economic Opportunity describing any challenges in the administration of the proposal, or indicating that the Tax Commission can feasibly administer the proposal.

(4) After receiving the results from the analysis described in Subsection (3)(b), the municipality or public transit county proposing the housing and transit reinvestment zone may:

(a) amend the housing and transit reinvestment zone proposal based on the findings of

the analysis described in Subsection (3)(b) and request that the Governor's Office of Economic Opportunity submit the amended housing and transit reinvestment zone proposal to the [~~housing and transit reinvestment zone~~] committee; or

(b) request that the Governor's Office of Economic Opportunity submit the original housing and transit reinvestment zone proposal to the [~~housing and transit reinvestment zone~~] committee.

(5) (a) The Governor's Office of Economic Opportunity may accept, as a dedicated credit, up to $20,000 from a municipality or public transit county for the costs of the gap analysis described in Subsection (3)(b).

(b) The Governor's Office of Economic Opportunity may expend funds received from a municipality or public transit county as dedicated credits to pay for the costs associated with the gap analysis described in Subsection (3)(b).

Section 22. Section **63N-3-605** is amended to read:

63N-3-605. Housing, home ownership, and transit reinvestment zone committee -- Creation.

(1) For any housing and transit reinvestment zone proposed under this part, or for a home ownership promotion zone proposed in accordance with Part 13, Home Ownership Promotion Zone Act, there is created a housing, home ownership, and transit reinvestment zone committee with membership described in Subsection (2).

(2) Each [~~housing and transit reinvestment zone~~] committee shall consist of the following members:

(a) one representative from the Governor's Office of Economic Opportunity, designated by the executive director of the Governor's Office of Economic Opportunity;

(b) one representative from each municipality, designated by the chief executive officer of each respective municipality, that is a party to:

(i) the proposed housing and transit reinvestment zone[~~, designated by the chief executive officer of each respective municipality;~~], if applicable; or

(ii) the proposed home ownership promotion zone, if applicable;

(c) a member of the Transportation Commission created in Section 72-1-301;

(d) a member of the board of trustees of a large public transit district;

(e) one individual from the Office of the State Treasurer, designated by the state

treasurer;

(f) one member designated by the president of the Senate;

(g) one member designated by the speaker of the House of Representatives;

(h) one member designated by the chief executive officer of each county affected by:

(i) the housing and transit reinvestment zone, if applicable; or

(ii) the home ownership promotion zone, if applicable;

(i) one representative designated by the school superintendent from the school district affected by:

(i) the housing and transit reinvestment zone, if applicable; or

(ii) the home ownership promotion zone, if applicable; and

(j) one representative, representing the largest participating local taxing entity, after the municipality, county, and school district.

(3) The individual designated by the Governor's Office of Economic Opportunity as described in Subsection (2)(a) shall serve as chair of the housing and transit reinvestment zone committee.

(4) (a) A majority of the members of the [~~housing and transit reinvestment zone~~] committee constitutes a quorum of the housing and transit reinvestment zone committee.

(b) An action by a majority of a quorum of the [~~housing and transit reinvestment zone~~] committee is an action of the [~~housing and transit reinvestment zone~~] committee.

(5) After the Governor's Office of Economic Opportunity receives the results of the analysis described in Section 63N-3-604, and after the Governor's Office of Economic Opportunity has received a request from the submitting municipality or public transit county to submit the housing and transit reinvestment zone proposal to the housing and transit reinvestment zone committee, the Governor's Office of Economic Opportunity shall notify each of the entities described in Subsection (2) of the formation of the [~~housing and transit reinvestment zone~~] committee.

(6) (a) The chair of the [~~housing and transit reinvestment zone~~] committee shall convene a public meeting to consider the proposed housing and transit reinvestment zone as described in this section.

(b) The committee shall follow the procedures described in Section 63N-3-1304 to consider a proposal for a home ownership promotion zone.

[~~(b)~~] (7) A meeting of the [~~housing and transit reinvestment zone~~] committee is subject to Title 52, Chapter 4, Open and Public Meetings Act.

[~~(7)~~] (8) (a) The proposing municipality or public transit county shall present the housing and transit reinvestment zone proposal to the [~~housing and transit reinvestment zone~~] committee in a public meeting.

(b) The [~~housing and transit reinvestment zone~~] committee shall:

(i) evaluate and verify whether the elements of a housing and transit reinvestment zone described in Subsections 63N-3-603(2) and (4) have been met; and

(ii) evaluate the proposed housing and transit reinvestment zone relative to the analysis described in Subsection 63N-3-604(2).

[~~(8)~~] (9) (a) Subject to Subsection [~~(8)(b)~~] (9)(b), the [~~housing and transit reinvestment zone~~] committee may:

(i) request changes to the housing and transit reinvestment zone proposal based on the analysis, characteristics, and criteria described in Section 63N-3-604; or

(ii) vote to approve or deny the proposal.

(b) Before the [~~housing and transit reinvestment zone~~] committee may approve the housing and transit reinvestment zone proposal, the municipality or public transit county proposing the housing and transit reinvestment zone shall ensure that the area of the proposed housing and transit reinvestment zone is zoned in such a manner to accommodate the requirements of a housing and transit reinvestment zone described in this section and the proposed development.

[~~(9)~~] (10) If a housing and transit reinvestment zone is approved by the committee:

(a) the proposed housing and transit reinvestment zone is established according to the terms of the housing and transit reinvestment zone proposal;

(b) affected local taxing entities are required to participate according to the terms of the housing and transit reinvestment zone proposal; and

(c) each affected taxing municipality is required to participate at the same rate as a participating county.

[~~(10)~~] (11) A housing and transit reinvestment zone proposal may be amended by following the same procedure as approving a housing and transit reinvestment zone proposal.

Section 23. Section **63N-3-606** is amended to read:

63N-3-606. Notice requirements.

(1) In approving a housing and transit reinvestment zone proposal the [~~housing and transit reinvestment zone~~] committee shall follow the hearing and notice requirements for creating a housing and transit reinvestment zone area proposal.

(2) Within 30 days after the [~~housing and transit reinvestment zone~~] committee approves a proposed housing and transit reinvestment zone, the municipality or public transit county shall:

(a) record with the recorder of the county in which the housing and transit reinvestment zone is located a document containing:

(i) a description of the land within the housing and transit reinvestment zone;

(ii) a statement that the proposed housing and transit reinvestment zone has been approved; and

(iii) the date of adoption;

(b) transmit a copy of the description of the land within the housing and transit reinvestment zone and an accurate map or plat indicating the boundaries of the housing and transit reinvestment zone to the Utah Geospatial Resource Center created under Section 63A-16-505; and

(c) transmit a copy of the approved housing and transit reinvestment zone proposal, map, and description of the land within the housing and transit reinvestment zone, to:

(i) the auditor, recorder, attorney, surveyor, and assessor of the county in which any part of the housing and transit reinvestment zone is located;

(ii) the officer or officers performing the function of auditor or assessor for each taxing entity that does not use the county assessment roll or collect the taxing entity's taxes through the county;

(iii) the legislative body or governing board of each taxing entity;

(iv) the tax commission; and

(v) the State Board of Education.

Section 24. Section **63N-3-607** is amended to read:

63N-3-607. Payment, use, and administration of revenue from a housing and transit reinvestment zone.

(1) A municipality or public transit county may receive and use tax increment and

housing and transit reinvestment zone funds in accordance with this part.

(2) (a) A county that collects property tax on property located within a housing and transit reinvestment zone shall, in accordance with Section 59-2-1365, distribute to the municipality or public transit county any tax increment the municipality or public transit county is authorized to receive up to the maximum approved by the [~~housing and transit reinvestment zone~~] committee.

(b) Tax increment distributed to a municipality or public transit county in accordance with Subsection (2)(a) is not revenue of the taxing entity or municipality or public transit county.

(c) (i) Tax increment paid to the municipality or public transit county are housing and transit reinvestment zone funds and shall be administered by an agency created by the municipality or public transit county within which the housing and transit reinvestment zone is located.

(ii) Before an agency may receive housing and transit reinvestment zone funds from the municipality or public transit county, the municipality or public transit county and the agency shall enter into an interlocal agreement with terms that:

(A) are consistent with the approval of the [~~housing and transit reinvestment zone~~] committee; and

(B) meet the requirements of Section 63N-3-603.

(3) (a) A municipality or public transit county and agency shall use housing and transit reinvestment zone funds within, or for the direct benefit of, the housing and transit reinvestment zone.

(b) If any housing and transit reinvestment zone funds will be used outside of the housing and transit reinvestment zone there must be a finding in the approved proposal for a housing and transit reinvestment zone that the use of the housing and transit reinvestment zone funds outside of the housing and transit reinvestment zone will directly benefit the housing and transit reinvestment zone.

(4) A municipality or public transit county shall use housing and transit reinvestment zone funds to achieve the purposes described in Subsections 63N-3-603(1) and (2), by paying all or part of the costs of any of the following:

(a) income targeted housing costs;

(b) structured parking within the housing and transit reinvestment zone;

(c) enhanced development costs;

(d) horizontal construction costs;

(e) vertical construction costs;

(f) property acquisition costs within the housing and transit reinvestment zone; or

(g) the costs of the municipality or public transit county to create and administer the housing and transit reinvestment zone, which may not exceed 1% of the total housing and transit reinvestment zone funds, plus the costs to complete the gap analysis described in Subsection 63N-3-604(2).

(5) Housing and transit reinvestment zone funds may be paid to a participant, if the agency and participant enter into a participation agreement which requires the participant to utilize the housing and transit reinvestment zone funds as allowed in this section.

(6) Housing and transit reinvestment zone funds may be used to pay all of the costs of bonds issued by the municipality or public transit county in accordance with Title 17C, Chapter 1, Part 5, Agency Bonds, including the cost to issue and repay the bonds including interest.

(7) A municipality or public transit county may create one or more public infrastructure districts within the housing and transit reinvestment zone under Title 17D, Chapter 4, Public Infrastructure District Act, and pledge and utilize the housing and transit reinvestment zone funds to guarantee the payment of public infrastructure bonds issued by a public infrastructure district.

Section 25. Section **63N-3-609** is amended to read:

63N-3-609. Tax increment protections.

(1) Upon petition by a participating taxing entity or on the initiative of the [~~housing and transit reinvestment zone~~] committee creating a housing and transit reinvestment zone, a housing and transit reinvestment zone may suspend or terminate the collection of tax increment in a housing and transit reinvestment zone if the [~~housing and transit reinvestment zone~~] committee determines, by clear and convincing evidence, presented in a public meeting of the [~~housing and transit reinvestment zone~~] committee, that:

(a) a substantial portion of the tax increment collected in the housing and transit reinvestment zone has not or will not be used for the purposes provided in Section 63N-3-607; and

(b) (i) the housing and transit reinvestment zone has no indebtedness; or

(ii) the housing and transit reinvestment zone has no binding financial obligations.

(2) A housing and transit reinvestment zone may not collect tax increment in excess of the tax increment projections or limitations set forth in the housing and transit reinvestment proposal.

(3) The agency administering the tax increment collected in a housing and transit reinvestment zone under Subsection 63N-3-607(2)(c), shall have standing in a court with proper jurisdiction to enforce provisions of the housing and transit reinvestment zone proposal, participation agreements, and other agreements for the use of the tax increment collected.

(4) The agency administering tax increment from a housing and transit reinvestment zone under Subsection 63N-3-607(2)(c) which is collecting tax increment shall follow the reporting requirements described in Section 17C-1-603 and the audit requirements described in Sections 17C-1-604 and 17C-1-605.

(5) For each housing and transit reinvestment zone collecting tax increment within a county, the county auditor shall follow the reporting requirement found in Section 17C-1-606.

Section 26. Section **63N-3-1301** is enacted to read:

Part 13. Home Ownership Promotion Zone Act

63N-3-1301. Definitions.

As used in this part:

(1) "Affordable housing" means housing offered for sale at 75% or less of the median county home price for housing of that type.

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

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

(4) "Base year" means, for a proposed home ownership promotion zone area, a year beginning the first day of the calendar quarter determined by the last equalized tax roll before the adoption of the home ownership promotion zone.

(5) "Committee" means a housing, home ownership, and transit reinvestment zone committee created in Section 63N-3-605.

(6) "Eligible county" means a county, as defined in Section 17-50-101, that has general land use authority over a proposed home ownership promotion zone.

(7) "Home ownership promotion zone" means a home ownership promotion zone created pursuant to this part, Section 10-9a-538, or Section 17-27a-534.

(8) "Municipality" means the same as that term is defined in Section 10-1-104.

(9) "Participant" means the same as that term is defined in Section 17C-1-102.

(10) "Participation agreement" means the same as that term is defined in Section 17C-1-102.

(11) "Project improvements" means the same as that term is defined in Section 11-36a-102.

(12) "System improvements" means the same as that term is defined in Section 11-36a-102.

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

(14) "Tax increment" means the difference between:

(a) the amount of property tax revenue generated each tax year by a taxing entity from the area within a home ownership promotion zone, using the current assessed value and each taxing entity's current certified tax rate as defined in Section 59-2-924; and

(b) 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.

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

Section 27. Section **63N-3-1302** is enacted to read:

63N-3-1302. Applicability, requirements, and limitations on a home ownership promotion zone.

(1) (a) A municipality or eligible county may propose of a home ownership promotion zone of more than ten acres to a committee as described in Section 63N-3-1303.

(b) In order to be considered for a home ownership promotion zone under this part, the proposed home ownership promotion zone:

(i) shall be an area of more than 10 contiguous acres entirely within the boundaries of the municipality, or more than 10 contiguous unincorporated acres entirely within the boundaries of the eligible county:

(A) designated for residential zoning; and

(B) zoned for fewer than six housing units per acre before the creation of the home

ownership promotion zone;

(ii) shall be re-zoned for at least six housing units per acre;

(iii) may not be encumbered by any residential building permits as of the day on which the home ownership promotion zone is created.

(2) A home ownership promotion zone shall promote the following objectives:

(a) increasing availability of housing, including affordable housing;

(b) promotion home ownership;

(c) overcoming development impediments and market conditions that render an affordable housing development cost prohibitive absent the incentives resulting from a home ownership promotion zone; and

(d) conservation of water resources through efficient land use.

(3) In order to accomplish the objectives described in Subsection (2), a municipality or eligible county shall ensure that:

(a) land inside the proposed home ownership promotion zone is zoned residential, with at least six planned housing units per acre;

(b) at least 50% of the proposed housing units within the home ownership promotion zone are affordable housing units; and

(c) all of the proposed housing units within the home ownership promotion zone are deed restricted to require owner occupation for at least five years.

(4) A municipality or eligible county may, by ordinance, restrict short term rentals in a home ownership promotion zone.

(5) A municipality or eligible county may not propose a home ownership promotion zone that includes an area that:

(a) 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, until the project area is dissolved pursuant to Section 17C-1-702; or

(b) is part of a housing and transit reinvestment zone.

Section 28. Section **63N-3-1303** is enacted to read:

63N-3-1303. Process for proposing a home ownership promotion zone -- Analysis.

(1) A municipality or eligible county may propose of a home ownership promotion zone of more than 10 acres to a committee as described in this section.

(2) Subject to approval of a committee as described in Section 63N-3-605, in order to create a home ownership promotion zone, a municipality or eligible county shall:

(a) prepare a proposal for the home ownership promotion zone that:

(i) demonstrates that the proposed home ownership promotion zone will meet the objectives described in Subsection 63N-3-1302(2);

(ii) explains how the municipality or eligible county will achieve the requirements of Subsection 63N-3-1302(3);

(iii) defines the specific transportation infrastructure needs, if any, and proposed improvements for the area to be included in the home ownership promotion zone;

(iv) defines the boundaries of the home ownership promotion zone; and

(v) includes maps of the proposed home ownership promotion zone to illustrate:

(A) proposed housing density within the home ownership promotion zone; and

(B) existing zoning and proposed zoning changes related to the home ownership promotion zone;

(vi) identifies any development impediments that prevent the development from being a market-rate investment and proposed strategies for addressing each one;

(vii) describes the proposed development plan, including the requirements described in Subsection 63N-3-1302(3);

(viii) establishes a base year and collection period to calculate the tax increment within the home ownership promotion zone;

(ix) describes projected maximum revenues generated and the amount of tax increment capture from each taxing entity and proposed expenditures of revenue derived from the home ownership promotion zone;

(x) includes an analysis of other applicable or eligible incentives, grants, or sources of revenue that can be used to reduce the finance gap; and

(xi) proposes a finance schedule to align expected revenue with required financing costs and payments; and

(b) submit the home ownership promotion zone proposal to the Governor's Office of Economic Opportunity.

(3) As part of the proposal described in Subsection (2), a municipality or eligible county shall study and evaluate possible impacts of a proposed home ownership promotion

zone on parking within the home ownership promotion zone.

(4) (a) After receiving the proposal as described in Subsection (2)(b), the Governor's Office of Economic Opportunity shall:

(i) within 14 days after the date on which the Governor's Office of Economic Opportunity receives the proposal described in Subsection (2)(b), provide notice of the proposal to all affected taxing entities, including the Tax Commission, cities, counties, school districts, and metropolitan planning organizations; and

(ii) at the expense of the proposing municipality or eligible county as described in Subsection (6), contract with an independent entity to perform the gap analysis described in Subsection (4)(b).

(b) The gap analysis required in Subsection (4)(a)(ii) shall include:

(i) a description of the planned development;

(ii) a market analysis relative to other comparable project developments included in or adjacent to the municipality or public transit county absent the proposed housing and transit reinvestment zone;

(iii) an evaluation of the proposal to and a determination of the adequacy and efficiency of the proposal;

(iv) an evaluation of the proposed increment capture needed to cover the enhanced development costs associated with the housing and transit reinvestment zone proposal and enable the proposed development to occur; and

(v) based on the market analysis and other findings, an opinion relative to the appropriate amount of potential public financing reasonably determined to be necessary to achieve the objectives described in Subsection 63N-3-1302.

(c) After receiving notice from the Governor's Office of Economic Opportunity of a proposed home ownership promotion zone as described in Subsection (4)(a)(i), the Tax Commission shall:

(i) evaluate the feasibility of administering the tax implications of the proposal; and

(ii) provide a letter to the Governor's Office of Economic Opportunity:

(A) describing any challenges in the administration of the proposal; or

(B) indicating that the Tax Commission can feasibly administer the proposal.

(5) After receiving the results from the gap analysis described in Subsection (4)(b), the

municipality or eligible county proposing the home ownership promotion zone may:

(a) amend the home ownership promotion zone proposal based on the findings of the analysis described in Subsection (4)(b) and request that the Governor's Office of Economic Opportunity submit the amended home ownership promotion zone proposal to the housing and transit reinvestment zone committee; or

(b) request that the Governor's Office of Economic Opportunity submit the original home ownership promotion zone proposal to the committee.

(6) (a) The Governor's Office of Economic Opportunity may accept, as a dedicated credit, up to $20,000 from a municipality or eligible county for the costs of the gap analysis described in Subsection (4)(b).

(b) The Governor's Office of Economic Opportunity may expend funds received from a municipality or county as dedicated credits to pay for the costs associated with the gap analysis described in Subsection (4)(b).

Section 29. Section **63N-3-1304** is enacted to read:

63N-3-1304. Consideration of home ownership promotion zone proposals by housing, home ownership, and transit reinvestment zone committee.

(1) (a) A home ownership promotion zone proposed under this part is subject to approval by a committee described in Section 63N-3-605.

(b) A home ownership promotion zone created under Section 10-9a-538 or Section 17-27a-534 is not subject to approval by the housing and transit reinvestment zone committee.

(2) (a) The chair of the committee shall convene a public meeting to consider the proposed first home investment zone in the same manner as described in Section 63N-3-605.

(b) A meeting of the committee is subject to Title 52, Chapter 4, Open and Public Meetings Act.

(3) (a) The proposing municipality or eligible county shall present the home ownership promotion zone proposal to the committee in a public meeting.

(b) The committee shall evaluate and verify whether a proposal meets the objectives and elements of a home ownership promotion zone described in Section 63N-3-1302.

(4) (a) Subject to Subsection (4)(b), the committee may:

(i) request changes to the first home investment zone proposal based on the analysis, characteristics, and criteria described in Section 63N-3-1303; or

(ii) vote to approve or deny the proposal.

(b) Before the committee may approve the home ownership promotion zone proposal, the municipality or eligible county proposing the home ownership promotion zone shall ensure that the area of the proposed home ownership promotion zone is zoned in such a manner to accommodate the requirements of a home ownership promotion zone described in 63N-3-1302.

(5) If a home ownership promotion zone is approved by the committee:

(a) the proposed home ownership promotion zone is established according to the terms of the home ownership promotion zone proposal;

(b) affected local taxing entities are required to participate according to the terms of the home ownership promotion zone proposal; and

(c) each affected taxing entity is required to participate at the same rate.

(6) A home ownership promotion zone proposal may be amended by following the same procedure as approving a home ownership promotion zone proposal.

Section 30. Section **63N-3-1305** is enacted to read:

63N-3-1305. Notice.

(1) In approving a home ownership promotion zone proposal the committee shall follow the hearing and notice requirements for creating a home ownership promotion zone area proposal.

(2) Within 30 days after the committee approves a proposed home ownership promotion zone, the municipality or eligible county shall:

(a) record with the recorder of the county in which the home ownership promotion zone is located a document containing:

(i) a description of the land within the home ownership promotion zone;

(ii) a statement that the proposed home ownership promotion zone has been approved; and

(iii) the date of adoption;

(b) transmit a copy of the description of the land within the home ownership promotion zone and an accurate map or plat indicating the boundaries of the home ownership promotion zone to the Utah Geospatial Resource Center created under Section 63A-16-505; and

(c) transmit a copy of the approved home ownership promotion zone proposal, map, and description of the land within the home ownership promotion zone, to:

(i) the auditor, recorder, attorney, surveyor, and assessor of the county in which any part of the home ownership promotion zone is located;

(ii) the officer or officers performing the function of auditor or assessor for each taxing entity that does not use the county assessment roll or collect the taxing entity's taxes through the county;

(iii) the legislative body or governing board of each taxing entity;

(iv) the tax commission; and

(v) the State Board of Education.

Section 31. Section **63N-3-1306** is enacted to read:

63N-3-1306. Payment, use, and administration of revenue from a home ownership promotion zone.

(1) (a) A municipality or eligible county may receive tax increment and use home ownership promotion zone funds in accordance with this section.

(b) The maximum amount of time that a municipality or eligible county may receive and use tax increment pursuant to a home ownership promotion zone is 15 consecutive years.

(2) A county that collects property tax on property located within a home ownership promotion zone shall, in accordance with Section 59-2-1365:

(a) distribute 60% of the tax increment collected from property within the home ownership promotion zone to the municipality over the home ownership promotion zone to be used as described in this section; or

(b) retain 60% of the tax increment collected from property within the home ownership promotion zone, if the county is an eligible county with the home ownership promotion zone, to be used as described in this section.

(3) (a) Tax increment distributed to a municipality or retained by eligible county in accordance with Subsection (2) is not revenue of the taxing entity, municipality, or eligible county, but home ownership promotion zone funds.

(b) Home ownership promotion zone funds may be administered by an agency created by the municipality or eligible county within which the housing and transit reinvestment zone is located.

(c) Before an agency may receive home ownership promotion zone funds from a municipality or eligible county, the agency shall enter into an interlocal agreement with the

municipality or eligible county.

(4) (a) A municipality, county, or agency shall use home ownership promotion zone funds within, or for the direct benefit of, the home ownership promotion zone.

(b) If any home ownership promotion zone funds will be used outside of the home ownership promotion zone, the legislative body of the municipality or eligible county shall make a finding that the use of the home ownership promotion zone funds outside of the home ownership promotion zone will directly benefit the home ownership promotion zone.

(5) A municipality, eligible county, or agency shall use home ownership promotion zone funds to achieve the purposes described in Section 63N-3-1302 by paying all or part of the costs of any of the following:

(a) project improvement costs;

(b) systems improvement costs;

(c) property acquisition costs within the home ownership promotion zone; or

(d) the costs of the municipality or county to create and administer the home ownership promotion zone, which may not exceed 3% of the total home ownership promotion zone funds.

(6) Home ownership promotion zone funds may be paid to a participant, if the municipality or eligible county and participant enter into a participation agreement which requires the participant to utilize the home ownership promotion zone funds as allowed in this section.

(7) Home ownership promotion zone funds may be used to pay all of the costs of bonds issued by the municipality or eligible county in accordance with Title 17C, Chapter 1, Part 5, Agency Bonds, including the cost to issue and repay the bonds including interest.

(8) A municipality or county may:

(a) create one or more public infrastructure districts within home ownership promotion zone under Title 17D, Chapter 4, Public Infrastructure District Act; and

(b) pledge and utilize the home ownership promotion zone funds to guarantee the payment of public infrastructure bonds issued by a public infrastructure district.

Section 32. **Effective date.**

This bill takes effect on May 1, 2024.

Section ~~{18}~~33. **Retrospective operation.**

(1) The following sections have retrospective operation to July 1, 2023:

(a) Section 63H-8-501; and

(b) Section 63H-8-502.