



Housing and Transit Reinvestment Zones

WHITE PAPER

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WHITE PAPER – HOUSING AND TRANSIT REINVESTMENT ZONE ACT
Utah State Senate Bills 217 (2021), 140 (2022), 84 (2023), 208 (2024) and 26 (2025)
Utah House Bill 507 (2026)

Utah Code 63N-3-6

Bill #	Year	Bill Sponsor	Floor Sponsor
SB 217	2021	Sen. Wayne Harper	Rep. Stephen Handy
SB 140	2022	Sen. Wayne Harper	Rep. Stephen Handy
SB 84	2023	Sen. Wayne Harper	Rep. Casey Snider
SB 208	2024	Sen. Wayne Harper	Rep. Stephen Whyte
SB 26	2025	Sen. Wayne Harper	Rep. James Dunnigan
HB 507	2026	Rep. Calvin Roberts	Sen. Kirk Cullimore

Key Objectives

Given the current housing affordability crisis along the Wasatch Front, with rapidly rising home prices and rent rates, HTRZs enable an “all-hands-on-deck” approach to help mitigate the housing affordability crisis and to better utilize transit infrastructure and investment.

The following central **objectives** of Housing and Transit Reinvestment Zones are referenced in Utah Code 63N-3-603(1) and a HTRZ proposal needs to demonstrate the following:

- Higher utilization of public transit
- Increasing availability of housing, including affordable housing and fulfillment of moderate-income housing plans¹
- Promoting and encouraging development of owner-occupied housing
- Improving efficiencies in parking and transportation, including walkability of communities near public transit facilities
- Overcoming development impediments and market conditions that render a development cost prohibitive absent the proposal and incentives
- Conserving water resources through efficient land use
- Improving air quality by reducing fuel consumption and motor vehicle trips

¹ Affordable housing, as defined by Utah Code 63N-3-602, is noted as “housing occupied or reserved for occupancy by households with a gross household income (a) equal to or less than 80 percent of the county median gross income for households of the same size, in certain circumstances; or (b) equal to or less than 60 percent of the county median gross income for households of the same size, in certain circumstances.” If, however, a municipality or public transit hub meets the affordable housing guidelines of the United States Department of Housing and Urban Development (HUD) at 60 percent area median income (63N-3-603(3)), it is exempt from the requirements of 63N-3-603 (2)(a) regarding the number of affordable units, percentage of residential land use and mix of dwelling units.

- Encouraging transformative mixed-use development and investment in transportation and public transit infrastructure in strategic areas
- Strategic land use and municipal planning in major transit investment corridors
- Increasing access to employment, educational opportunities and childcare

A summary of **key provisions** is as follows:

- Allows HTRZs within 1/3-mile radius² of commuter rail stations³ with no more than 125 noncontiguous acres, stations⁴
- Allows HTRZs around light rail and bus rapid transit facilities within ¼ mile and no more than 100 noncontiguous acres⁵
- Limits the number of light rail HTRZ zones in any county to eight,⁶ and no more than three for BRT in a county of the first class
- Requires equal percentage participation by all local taxing entities but excludes a multi-county assessing and collecting levy and an additional county property tax
- Defines the term and increment capture of each housing and transit reinvestment zone
- Details the membership of the housing and transit reinvestment zone committee
- Requires residential use on at least 51 percent of the developable acreage in the HTRZ
- Requires an average of at least 50 residential units per acre on the acreage dedicated to residential use at commuter rail and light rail stations; requires at least 39 dwelling units per acre at BRT stations
- Requires that at least 12 percent of the residential units are affordable, with (a) up to nine percent of the proposed dwelling units occupied or reserved for occupancy by households with a gross household income equal to or less than 80 percent of the county median gross income for households of the same size; and (b) at least three percent of the proposed dwelling units occupied or reserved for occupancy by households with a gross household income equal to or less than 60 percent of the county median gross income for households of the same size
- Allows HTRZ funds to be spent on extraterritorial affordable housing if the housing will benefit the HTRZ and meets certain affordability requirements
- Requires relevant zoning changes be made before the housing and transit reinvestment zone may be approved by the committee
- Requires that an independent gap analysis be conducted to evaluate the minimum amount of public financing to cover development costs and excludes direct subsidies to developers
- Requires that at least 25 percent of dwelling units contain more than one bedroom (to accommodate families)

² A municipality that is a city of the first or second class proposing an HTRZ with an overlapping opportunity zone and commuter rail station may have a ½-mile radius.

³ Commuter rail, light rail and BRT stations mean an existing or proposed stop which has been specifically identified as needed in phase one of a metropolitan organization's adopted long range transportation plan and in phase one of a public transit district's adopted long-range transit plan.

⁴ Or any point on the light rail line or BRT dedicated offset lanes if two or three stations are combined into an HTRZ. If three light rail or BRT stations are combined, this shall count as two HTRZs

⁵ Unless three stations (within 0.95 miles or less of each other) are combined in which case the HTRZ may include up to 250 noncontiguous acres

⁶ The limitation of 8 zones does not include a convention center reinvestment zone. The maximum total combined number of housing and transit reinvestment zones and first home investment zones is 11; and the maximum total combined number of increment zones, not including a convention center reinvestment zone, is 14.

- If a HTRZ is phased, it requires at least 12 percent of housing units be affordable in each phase of development
- No new HTRZs may be proposed after December 31, 2027
- Existing HTRZs may be amended only if the review is pending as of December 31, 2027
- If an HTRZ is approved by the committee, the proposing entity must enter into an agreement with the property owners as soon as reasonably possible to implement the proposal, including identifying the necessary density. If the agreement is not entered into within two years, a written report of the status must be submitted to the committee.

Applicability and Requirements for an HTRZ

A municipality or public transit county that initiates the process to create a housing and transit reinvestment zone shall ensure that the proposal for an HTRZ includes the following requirements based on three potential station scenarios:

- HTRZ creation surrounding commuter rail
- HTRZ creation surrounding light rail
- HTRZ creation surrounding BRT

The following table summarizes and compares requirements based on type of station and density of housing development:

TABLE 1: HTRZ REQUIREMENTS AND SPECIFICATIONS

	Commuter Rail	Light Rail, BRT	BRT
% affordable housing required on developable acres	12%*	12%*	12%*
% affordable housing at 80% of county gross median income	9%	9%	9%
% affordable housing at 60% of county gross median income	3%	3%	3%
Residential % of developable land	51%	51%	51%
# DUs per acre	>=50	>=50	>=39
Mixed-use development required	Yes	Yes	Yes
At least 25% of DUs >1 bdrm required	Yes	Yes	Yes
Radius from station	<=1/3 mile**	<=1/4 mile***	<=1/4 mile***
Minimum acres	10	10	10
Maximum acres (noncontiguous)**	125	100	100
Property tax Increment capture	80%, 25 yrs max per parcel, 45-yr period	80%, 15 yrs max per parcel, 30-yr period	60%, 15 yrs max per parcel, 30-yr period

	Commuter Rail	Light Rail, BRT	BRT
Sales tax increment capture	15% to TTIF	15% to TTIF	15% to TTIF
Maximum number of trigger dates for tax increment collection periods	3	3	3

*No affordable housing requirement if municipality or public transit county meets HUD requirements of < 60% AMI

**A municipality of the first or second class proposing an HTRZ with an overlapping opportunity zone and commuter rail station may have a ½-mile radius.

***Exceptions apply for two or three light rail or BRT stations located within a city of the third or fourth class if the stations are within a 0.95-mile distance on the same light rail line or dedicated offset bus lane. For two light rail or BRT stations, the HTRZ cannot exceed 100 noncontiguous acres and may not exceed ¼ mile from any point on the line. For three light rail or BRT stations, the HTRZ cannot exceed 250 noncontiguous acres and may not exceed ¼ mile from any point on the line. With three stations, the HTRZ area shall be counted as two areas.

A discussion of the major requirements for municipalities and public transit hubs follows:

Commuter Rail

Requirements:

- At least 12 percent of all housing units are affordable; nine percent affordable at 80 percent of the county gross median income; three percent affordable at 60 percent of the county gross median income⁷
- Requires residential use on at least 51 percent of the developable acreage in the HTRZ
- Requires an average of at least 50 residential units per acre on the acreage dedicated to residential use
- Average density of 50 units per acre or greater over at least 51 percent of the developable ground
- Mixed use development
- Mix of dwelling units to ensure that at least 25 percent of the dwelling units have more than one bedroom
- Must be located within 1/3-mile of station unless overlapping with an opportunity zone located in a first- or second-class city, in which case it may extend to ½-mile radius
- Has a maximum of 125 noncontiguous acres within the radius

Tax Impacts:

- 80 percent of tax increment revenues for a maximum of 25 consecutive years per parcel, with a maximum time period of 45 years for the entire HTRZ
- Maximum of three trigger dates for tax increment collection periods within the 45-year timeframe
- 15 percent of incremental state sales tax in the HTRZ is transferred to the Transit Transportation Investment Fund (TTIF) by the State Tax Commission

⁷ This requirement is waived if, at the time of the creation of the HTRZ, the municipality or public transit hub meets HUD’s guidelines at 60% of AMI (area median income)

Light Rail

Requirements:

- At least 12 percent of all housing units are affordable; nine percent affordable at 80 percent of the county median gross income; three percent affordable at 60 percent of the county gross median income⁸
- Requires residential use on at least 51 percent of the developable acreage in the HTRZ
- Requires an average of at least 50 residential units per acre on the acreage dedicated to residential use
- Mixed use development
- Mix of dwelling units to ensure that at least 25 percent of the dwelling units have more than one bedroom
- Must be located within 1/4-mile of station
- Has a maximum of 100 noncontiguous acres within the radius, except in certain circumstances
- For two light rail stations located within a city of the third or fourth class, the HTRZ cannot exceed 100 noncontiguous acres and may not exceed a ¼ mile from any point on the line. For three light rail stations located within a city of the third or fourth class, the HTRZ cannot exceed 250 noncontiguous acres and may not exceed ¼ mile from any point on the line⁹

Tax Impacts:

- 80 percent of tax increment revenues for a maximum of 15 consecutive years per parcel, with a maximum time period of 30 years for the entire HTRZ
- Maximum of three trigger dates for tax increment collection periods within the 30-year timeframe
- 15 percent of incremental State sales tax in the HTRZ is transferred to the Transit Transportation Investment Fund (TTIF) by the State Tax Commission

BRT

Requirements:

- At least 12 percent of all housing units are affordable; nine percent affordable at 80 percent of the county median gross income; three percent affordable at 60 percent of the county gross median income¹⁰
- Requires residential use on at least 51 percent of the developable acreage in the HTRZ
- Requires an average of at least 39 dwelling units on the acreage dedicated to residential use
- Average density of at least 39 dwelling units per acre over at least 51 percent of the developable ground
- Mixed use development
- Mix of dwelling units to ensure that at least 25 percent of the dwelling units have more than one bedroom
- Must be located within 1/4-mile of station
- Has a maximum of 100 non-contiguous acres within the radius, except in certain circumstances

⁸ This requirement is waived if, at the time of the creation of the HTRZ, the municipality or public transit hub meets HUD's guidelines at 60% of AMI (area median income)

⁹ With three stations, the HTRZ area shall be counted as two areas. These exceptions only apply if the stations are located within 0.95 mile distance on the same light rail line.

¹⁰ This requirement is waived if, at the time of the creation of the HTRZ, the municipality or public transit hub meets HUD's affordability guidelines of 60 percent of AMI

- For two bus rapid transit stations located within a city of the third or fourth class, the HTRZ cannot exceed 100 noncontiguous acres and may not exceed a ¼ mile from any point on the dedicated offset bus lane. For three bus rapid transit stations located within a city of the third or fourth class, the HTRZ cannot exceed 250 noncontiguous acres and may not exceed ¼ mile from any point on the dedicated offset bus lane between the three stations.

Tax Impacts:

- 60 percent of tax increment revenues for a maximum of 15 consecutive years per parcel, with a maximum time period of 30 years for the entire HTRZ
- Maximum of three trigger dates for tax increment collection periods within the 30-year timeframe
- 15 percent of incremental State sales tax in the HTRZ is transferred to the Transit Transportation Investment Fund (TTIF) by the State Tax Commission

Exceptions

Exceptions to the above general requirements are as follows:

- 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 guidelines¹¹ of the United States Department of Housing and Urban Development at 60 percent of area median income (AMI) is exempt from the requirement of 10 percent affordable housing within the HTRZ
- If a parcel is intersected by the ¼-mile, 1/3-mile or ½-mile radius, the full parcel may be included as part of the HTRZ and the portion outside the boundary will not count against the acreage limitation
- Exceptions apply for two or three light rail or BRT stations located within a city of the third or fourth class if the stations are within a 0.95-mile distance on the same light rail line or dedicated offset bus lane. For two light rail or BRT stations, the HTRZ cannot exceed 100 noncontiguous acres and may not exceed a ¼ mile from any point on the line
- For three light rail or BRT stations, the HTRZ cannot exceed 250 noncontiguous acres and may not exceed ¼ mile from any point on the line. With three stations, the HTRZ area shall be counted as two areas

Process and Creation of HTRZs

A municipality or public transit hub that desires to create an HTRZ must prepare a detailed and extensive proposal that includes the following elements before December 31, 2027.

¹¹ <https://www.huduser.gov/portal/datasets/il.html>

Proposal Plan Requirements

- Demonstrates that the proposed HTRZ meets objectives described in 63N-3-603(1) (outlined on the initial page of this white paper)
- Explains how the municipality or public transit county will achieve the requirement that at least 12 percent of the housing units are affordable
- Defines the specific transportation infrastructure needs, if any, proposed improvements and budget
- Defines the boundaries of:
 - The HTRZ zone; and
 - The sales and use tax boundary corresponding to the HTRZ boundary
- Includes the following maps of the proposed HTRZ:
 - Boundary and radius from a public transit hub
 - Housing density
 - Existing zoning and proposed zoning changes
- Identifies any development impediments that prevent the development from being a market-rate investment and proposed strategies and estimated budgets for addressing each one
- Describes the proposed development plan and estimated budgets, including plans for
 - At least 12 percent affordable housing
 - Ensuring that at least 51 percent of the developable area includes housing, with densities of at least 50 units per acre on the acres dedicated to residential use for commuter and light rail stations and 39 units per acre for BRT stations
 - Mixed-use development
 - Mix of dwelling units to ensure a reasonable percentage of the dwelling units have more than one bedroom
- Requires a housing affordability plan, which may include deed restricting units to ensure affordability is maintained throughout the entire HTRZ term
- Establishes a base year and collection period to calculate the tax increment generated within the HTRZ
- Establishes a sales and use tax base year to calculate the sales and use tax increment generated within the HTRZ
- Describes the projected maximum revenues generated and the amount of tax increment captured from each taxing entity and proposed expenditures of revenue derived from the HTRZ
- An analysis of other applicable or eligible incentives, grants or sources of revenue that can be used to reduce the finance gap

- Estimates budgets and evaluates possible benefits to active and public transportation availability and impacts on air quality
- Proposes a finance schedule to align expected revenue with financing costs and payments
- Provides a pro forma that includes data showing the cost difference between what type of development could feasibly be developed absent the housing and transit reinvestment zone tax increment and the type of development that is proposed to be developed with the housing and transit reinvestment zone tax increment; and provides estimated budgets and construction costs, anticipated revenue, financing, expenses, and other sources and uses of funds for the project area
- For a HTRZ in a proposed station area, not yet in operation, demonstrate that the site is included as a needed project in phase one of a Metropolitan Planning Organization's adopted long-range transportation plan and in phase one of the relevant public transit district's adopted long-range plan.

Approval Process

The Proposal then must be submitted to the Governor's Office of Economic Development (GOED)¹² which must provide notice to all affected entities within 14 days of receipt of a HTRZ application.

After receiving notice from GOED, the State Tax Commission shall provide a letter to GOED evaluating the feasibility of administering the tax implications of the proposal.

Upon receipt of an application, GOED then contracts with an independent entity to conduct a financial gap analysis which shall include:

- A description of the planned development
- A market analysis relative to other comparable project developments included in or adjacent to the municipality or public transit county absent the proposed HTRZ
- An evaluation of the proposal to and a determination of the adequacy and efficiency of the proposal
- An evaluation of the proposed increment capture needed to cover the enhanced development costs associated with the HTRZ proposal and enable the proposed development to occur
- An opinion, based on the market analysis and other findings, to the appropriate amount of potential public financing reasonably determined to be necessary to achieve the objectives outlined in 63N-3-603

Once the results of the analysis are received by GOED, the petitioning city of the HTRZ has the option to amend the proposal and to resubmit. The petitioning entity has the responsibility to pay for the independent analysis, coordinated by GOED, at a cost up to \$20,000.

No new HTRZs may be proposed after December 31, 2027 and an HTRZ may be approved or amended only if the review is pending as of December 31, 2027. If an HTRZ is approved by the committee, the proposing entity must enter into an agreement with the property owners as soon as reasonably possible to implement

¹² Formerly submitted to the Governor's Office of Economic Opportunity (GOEO) but the name of this office was changed back to the Governor's Office of Economic Development (GOED) in the 2026 legislative session

the proposal, including identifying the necessary density. If the agreement is not entered into within two years, a written report of the status must be submitted to the committee.

An HTRZ boundary may be adjusted after the HTRZ committee has approved the proposal only after consultation with the relevant county assessor.

- If an area is excluded from or bisected by the radius requirements, a boundary adjustment is permitted if: (i) the HTRZ Committee or office determines that inclusion or exclusion of the area has a reasonable nexus to advancing the HTRZ; (ii) the adjustment does not include a parcel entirely outside a ½-mile radius from a BRT or light rail station, or a 2/3-mile radius from a commuter rail station, and (iii) any acreage is offset by an exclusion of acreage such that the total acreage approved by the committee does not exceed the maximum allowed.
- A parcel may only be triggered for increment collection on the parcel boundary drawn at the time the parcel is triggered.

An HTRZ shall be governed by the law in effect on the date the application for the HTRZ was approved by the committee.¹³

HTRZ Tool Expiration – Regionally Significant Development Zones

HTRZs in existence on January 1, 2028 shall continue to exist and comply with relevant statutory requirements until the HTRZ is dissolved, though no new HTRZs may be proposed or approved after December 31, 2027.

A newly authorized tax tool known as “Regionally Significant Development Zones” replaces Housing and Transit Reinvestment Zones (and other tools) as a singular tax increment financing tool. Under this new tool, communities may propose a “Regionally Significant Transit-Oriented Development” with similar requirements and parameters as an HTRZ. More information on RSDZs can be found in HB 507 (2026 Session).

HTRZ Committee

The HTRZ Committee shall consist of the following members:

- One representative from GOED (serves as chair of the committee), designated by the Executive Director of GOED
- One representative from each municipality that is a party to the proposed HTRZ, designated by the chief executive officer of each party
- A member of the state Transportation Commission
- A member of the Board of Trustees of a large public transit district
- One individual from the Office of the State Treasurer, designated by the State Treasurer
- Two members designated by the president of the Senate
- Two members designated by the speaker of the House of Representatives
- One member designated by the chief executive officer of each county affected by the HTRZ

¹³An approved housing and transit reinvestment zone proposal submitted before May 1, 2024, shall be governed by the base year defined in Utah Code before January 1, 2023.

- Two representatives designated by the school superintendent from the school district affected by the HTRZ
- One representative representing the largest participating local taxing entity after the municipality, county and school district

Once GOED has received the results of the required proposal and financial gap analysis, each of the required committee entities, as well as the county assessor and auditor of the affected county, shall be notified regarding the formation of the HTRZ committee. The chair of the committee convenes a public meeting, subject to the Open and Public Meetings Act, to consider the proposal for creation of an HTRZ. At the public meeting, the petitioning city shall present the HTRZ proposal. At that time, the HTRZ committee shall evaluate and verify whether the planned objectives of the statute have been met. The committee may request changes to the proposal or vote to approve or deny the proposal. Each affected taxing entity is required to participate at the same rate.

If the committee determines a vote of approval, the HTRZ is established per the terms of the proposal. At that point, the affected local taxing entities are required to participate according to the terms of the HTRZ proposal. Within 30 days of approval of the HTRZ, the municipality is to record with the County Recorder a document containing a description of the land within the HTRZ, a statement that the HTRZ has been approved, and the date of adoption. The description of the land within the HTRZ and an accurate map or plat indicating the boundaries of the HTRZ is to be transmitted to the Utah Geospatial Resource Center (UGRC). Furthermore, the approved proposal and description of the land shall be sent to the auditor, recorder, attorney, surveyor, and assessor of the county in which the HTRZ is located. Similar documentation is required to be sent to the taxing entities, the Tax Commission, and the State Board of Education.

The commencement of collection of tax increment within an HTRZ area (either within all or a portion of the area) is triggered by providing notice (by mail or electronically) to the State Tax Commission, the State Board of Education, the State Auditor, the auditor of the county in which the HTRZ is located, each taxing entity affected by the collection of the tax increment, and GOED. Notice shall be sent no later than December 31 of the year before the year for which property tax increment collection is proposed to commence.

Restrictions to the Number of HTRZs Created

The number of HTRZs that may be created are restricted based on mode and County. In some cases, the limitation is on total amount of “increment zones” approved, which include: Housing and Transit Reinvestment Zones (HTRZ), Convention Center Reinvestment Zones (CCRZ), First Home Investment Zones (FHIZ), Home Ownership Promotion Zones (HOPZ), a Major Sporting Event Venue Zone, and an Electrical Energy Development Zone. The limitations are as follows:

- Maximum number of increment zones (including HTRZs but excluding a CCRZ) at light rail stations is eight in any given County.
- Maximum number of HTRZs at BRTs is three in a county of the first class, with no restrictions in all other counties
- No restrictions on the number of HTRZs surrounding commuter rail
- Maximum number of total HTRZ and FHIZ is 11 in a County of the first class.
- Maximum total increment zones, not including a CCRZ, is 14 in a county of the first class.

Given these limitations, regional planning is of the utmost importance in order to ensure a comprehensive, coordinated plan that maximizes the potential from station sites.

Comparison of HTRZ to Community Reinvestment Areas (CRA)

An HTRZ has notable similarities and differences to existing tax increment financing tools, particularly Community Reinvestment Areas (CRA). Differences between the two tools are highlighted below:

TABLE 2: COMPARISON OF CRAS AND HTRZS

	CRA	HTRZ
Geographic Limitations	Limited to municipal boundaries	Limited to 100-125 acres ¹⁴
Funding Mechanism	Tax Increment Financing	Tax Increment Financing
Taxing Entity Participation	Not required	Required up to 80% for 25 years within a 45-year period for commuter rail; 80% for 15 years within a 30-year period for light rail and 60% for 15 years within a 30-year period for BRT
State of Utah Participation	No	Participation through sales tax increment of 15% into the Transit and Transportation Investment Fund
Governing Body	Municipal Redevelopment Agency	Municipality or County Agency
Committee Formation Required	No	Yes – representatives from multiple agencies
State Approval Required	No (State does not approve boundaries or expenditures but does require documentation filing)	Yes – Governor’s Office of Economic Development to review required proposals
Area of Expenditure	Within defined boundaries or for improvements that benefit the area	Within defined boundaries or for improvements that benefit the area
Zoning and Use Requirements	No requirements	At least 51 percent of land in an HTRZ be used for residential at an average density of 50 units an acre
Affordable Housing Requirements	No requirements for direct development; 10% affordable set-aside for CRAs generating more than \$100,000 in increment annually	Requirement of 12% of residential units be affordable with 9% affordable at 80% of the county gross median income and 3% affordable at 60% of the county gross median income unless the municipality or transit county meet the HUD affordable housing guidelines at 60% AMI
Can be used with other tools	Yes	Qualified

¹⁴ An exception applies for cities of the third and fourth class which include three stations within a 0.95-mile distance on the same light rail or BRT line. In this instance, an HTRZ may include up to 250 noncontiguous acres all of which must be within ¼-mile distance of any point on the line.

Use of Property Tax Increment Generated in an HTRZ

Similar to other tax increment financing tools (Community Reinvestment Areas), tax increment distributed to a municipality in accordance with the HTRZ is not considered to be revenue of the taxing entity or municipality. Tax increment paid to a municipality are HTRZ funds that shall be administered by an agency created by the municipality where the HTRZ is located. Before an agency may receive funds, the municipality and the agency shall enter into an interlocal agreement with terms that are consistent with the approval of the HTRZ committee and meet the objectives of the HTRZ statute. Taxing entities must receive notice of commencement of collection.

Statute specifically notes that a municipality shall use housing and transit reinvestment zone funds within, or *for the direct benefit of*, the housing and transit reinvestment zone. If funds are used outside of the HTRZ, there must be a finding within the approved proposal that the use of the HTRZ funds outside of the area will *directly benefit* the dedicated zone.

Funds may be used for the HTRZ to accomplish the objectives of statute, including for the following uses:

- Income targeted housing costs
- Structured parking within the HTRZ
- Enhanced development costs
- Horizontal construction costs
- Vertical construction costs
- Land purchase costs within the housing and transit reinvestment zone
- Costs of the municipality to create and administer the HTRZ, which may not exceed two percent of the total HTRZ funds, plus the costs to complete the gap analysis previously described
- Extraterritorial affordable housing costs

In addition, HTRZ funds may be paid to a participant if the agency and participant enter into a participation agreement which requires the participant to utilize the HTRZ funds as allowed under the uses outlined directly above.

The HTRZ funds may be used to pay all of the costs of bonds issued by the municipality in accordance with Title 17C, Chapter 1, Part 5, including the cost to issue and repay the bonds including interest. Municipalities may also create one or more public infrastructure districts within the HTRZ under Title 17B, Chapter 2a, Part 12, and may pledge and utilize the HTRZ funds to guarantee the payment of public infrastructure bonds issued by a public infrastructure district.

Extraterritorial affordable housing is affordable housing located within the proposing municipality of the HTRZ, but outside of the HTRZ boundary. The extraterritorial units must have a minimum density of six units per acre, are required to be owner occupied for a minimum of 25 years and have not been issued a building permit by date of HTRZ approval. An entity may use HTRZ funds for extraterritorial housing if it meets certain affordability requirements, and if it is determined that the housing will benefit the HTRZ.

Use of Sales Tax Increment Generated in an HTRZ

Upon consultation with the State Tax Commission, an HTRZ sales tax boundary is determined based on ZIP code including the four-digit delivery route extension. The sales and use tax base year can only be established prospectively, with a boundary that encompasses the entirety of the HTRZ, and with a single increment period.

Beginning one year after the boundary is established, the Tax Commission shall, at least annually, transfer an amount equal to 15 percent of the state sales and use tax increment within the approved boundary, into the Transit Transportation Investment Fund (TTIF). The TTIF is an account held by the Utah Department of Transportation to fund approved transit capital projects.

Applicability to an Existing Community Reinvestment Area

If a parcel within the HTRZ is included as an area that is part of a redevelopment project area, that parcel may not be triggered for collection unless the project area funds collection period has expired.

For an HTRZ that overlaps an existing Community Reinvestment Area (CRA) and is an inactive industrial site, the following provisions are included in 63N-3-608:

- If the CRA captures less than 80 percent of the tax increment from a taxing entity, or, if a taxing entity is not participating in a CRA, the HTRZ may capture the difference between:
 - 80 percent; and
 - The percent of tax increment captured pursuant to the CRA
- If the CRA expires before the HTRZ, the housing and transit reinvestment zone may capture the tax increment allocated the CRA for any remaining portion of the term of the HTRZ
- If an HTRZ overlaps any portion of an existing CRA, the HTRZ may capture up to the maximum allowable increment of the increment generated above the base year

Additional Resources

Utah Code 63N-3-6

https://le.utah.gov/xcode/Title63N/Chapter3/63N-3-P6.html?v=C63N-3-P6_2021050520210505

Utah SB 217

<https://le.utah.gov/~2021/bills/static/SB0217.html>

Utah SB 140

<https://le.utah.gov/~2022/bills/static/SB0140.html>

Utah SB 84

<https://le.utah.gov/~2023/bills/static/SB0084.html>

Utah SB 208

<https://le.utah.gov/~2024/bills/static/SB0208.html>

Utah SB 26

<https://le.utah.gov/~2025/bills/static/SB0026.html>

Utah HB 507

<https://le.utah.gov/~2026/bills/static/HB0507.html>

Governor's Office of Economic Development

<https://business.utah.gov/business-recruitment/htrz/>