



2024

Spring Training

UTAH LEAGUE OF
CITIES AND TOWNS



Land Use Update

Quick Session Overview

- \$28+ billion budget
- 862 bills + 78 resolutions introduced
- 591 bills passed — a record high
- ULCT tracked 247 bills — a record high

ULCT Legislative Wrap Up:

Coming Soon; see ulct.org/wrap or scan QR code

For Transportation:

Wasatch Front Regional Council Legislative Wrap-up @ wfrc.org;

Mar 26 spring training

APA May 10th Cedar City Land Use Deep Dive





American Planning Association
Making Great Communities Happen



Pulse of the Nation

- APA National/National League of Cities
- Most states had legislation on housing/land use
 - Usually state-imposed “reforms”
 - Utah has been more collaborative and successful

Where we started:

- Potential state standards for:
 - Residential density
 - Residential setbacks
 - Parking in residential areas
- Codify general plans
- Penalties on cities
- Bypass city processes (i.e. inspections)



Where we ended:

- Partnership, not preemption
- Recognition of collective efforts
 - Subdivisions, Station Area Plans, etc.
- State doesn't have a surplus and cities don't either
- New optional tools
 - Infrastructure
 - Affordable home ownership
 - Modular
- Data matters; "what is the problem we are trying to solve?"
- Respect for the role of cities and consequences for "bad actors"
- Record LPC attendance

POLITICS

UTAH

Lawmakers tackle housing shortage via regulatory reform, not new funding

Legislators face a tight budget amid requests from Gov. Spencer Cox to allocate millions for new programs

By Brigham Tomco | Feb 14, 2024, 7:28pm MST

POLITICS

UTAH

Gov. Cox 'giddy' at housing bills passed this session

The governor said negotiated solutions will have a greater impact than his original housing proposals

Published: March 1, 2024, 8:55 p.m. MST



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New housing product

Modular Housing (SB 168)



Financing tools

- a) Infra districts (HB 13)
- b) PTIF (HB 572)
- c) FHIZ (SB 268)



Process updates

- a) CHA bill (HB 465)
- b) LUTF (HB 476)



Partnership, not preemption, in planning for housing



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Bills that

Passed

SB 208: HTRZ Amendments

Sen. Wayne Harper and Rep. Stephen Whyte

- Enhances the "but for" test
 - "data showing the cost difference between what type of development could feasibly be developed absent the HTRZ and the type of development that is proposed to be developed with the HTRZ tax increment"
- Consideration for owner-occupied housing
- Increases % of required affordable units
- Addresses phasing of housing units
- Increases HTRZ committee members
 - 1 more House, 1 more Senate, 1 more school district

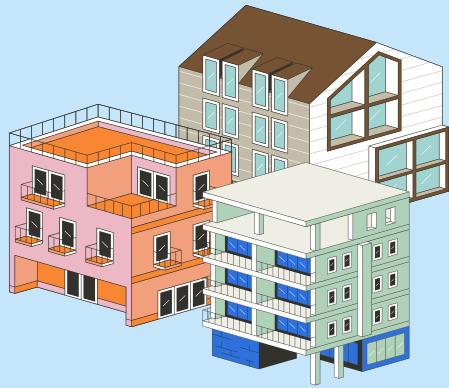
Why you should care:

Success of HTRZ set stage for other increment bills ... and 2024 interim

SB 268: First Home Investment Zone Act (FHIZ)

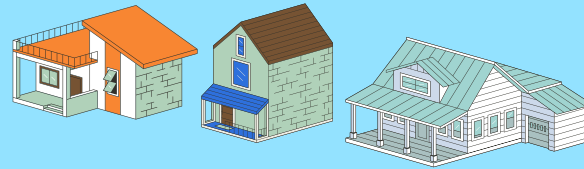
Sen. Wayne Harper and Rep. Cal Musselman

City option; proposal includes a center AND extra-territorial areas



FHIZ Center

51% of developable acreage within the center must be used for housing



Extra-territorial Areas

- Can count "extra-territorial" areas toward the housing requirements
- Extra-territorial housing units must meet density + affordable home ownership criteria
 - 6 units to acre
 - 100% owner-occupied
 - 20% affordable

Overall Project

- 30 units to the acre for overall project
- HTRZ committee approval, then up to 60% of tax increment for 25/45 years
- Parameters/caps in SL Co (11 FHIZs/HTRZs max; city can do FHIZ only if city's RDA does not have excessive unencumbered revenue in RDA)

2024
Bills that
Passed

SB 208

SB 268

HB 572

HB 13

SB 168

HB 465

HB 476/subs

SB 185

HB 289

Other Land
Use Provisions

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Other Land
Use Provisions

FHIZ Hypothetical Example

Assume an approx. 65-acre FHIZ zone development, plus related homes outside the zone.

Outside zone but within city:

- 500 homes, all owner-occupied. At least 80% (400) detached. Minimum density of 6 units per acre
 - *These homes “count” toward the density requirement inside the FHIZ*
- At least 20% of the 500 homes (100) are affordable

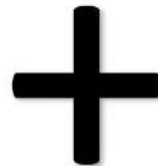
Inside FHIZ zone:

- 500 homes, with a mix of housing types
 - *Base requirement is 30 units per acre on 51% of developable land; so ~65 acres x .51 x 30 = ~1000 homes. But the 500 homes outside the FHIZ zone “count” toward the number of homes required inside the zone. So the required number of homes inside the zone is lowered to 500*
- At least 12% of the 500 homes (60) are affordable, at least 25% owner occupied (125)
- Mix of uses (residential, commercial, open space, etc.)

- = 1000 new homes
- = at least 625 owner-occupied homes (100% of homes outside the FHIZ zone, and at least 25% of homes inside FHIZ must be owner occupied)
- = at least 160 affordable homes



500 new homes in FHIZ boundaries
At least 125 owner occupied
At least 60 affordable



Tax increment can be used for project development and related system infrastructure costs



500 new homes outside of FHIZ zone
All 500 owner occupied
At least 100 affordable

Why you should care:

developer may bring you a proposal; carrots, not sticks; use it!



WFRC
LEGISLATIVE
WRAP-UP



HB 572: State Treasurer Investment Acts

Rep. Robert Spendlove and Sen. Don Ipson; Steve Waldrip

Authorizes State Treasurer to invest up to \$300 million of state funds (TIF) as deposits to lenders for “qualified projects” (QPs)

- “Qualified project” = housing proposal with:
 - 60% sold at “first home” levels (\$450k)
 - owner-occupancy requirements for 5 years
 - Max of 75% of overall QP financing

HB 572: State Treasurer Investment Acts

Rep. Robert Spendlove and Sen. Don Ipson; Steve Waldrip

- **Financing:**
 - Treasurer offers loan at a rate no higher than 1.5% above fed funds effective rate at time of investment
- **Repayment:**
 - with interest at a rate equal to greater of fed funds effective rate minus 2%, and .5%
 - earlier of 24 months, loan repayment, or sale of last QP house

Why you should care:

developer may bring you a proposal;
carrots, not sticks; use it!

HB 13: Infrastructure Financing Districts

Rep. Jim Dunnigan and Sen. Kirk Cullimore

Creates a type of special district to finance public infrastructure

- **Key point:** property owners must have land use approval
- IFDs are created by petition with **consent of 100% of the surface property owners.**
- Governed by an appointed board.
- IFDs may issue bonds to pay for infrastructure on the public bond market to access lower interest rates.
- IFDs are authorized to impose a **.0004 property tax mill levee**
- Bonds are repaid through an assessment on each residence.

Why you should care:

developer may use an IFD so ensure your land use & infra plans are ready

HB 13: Infrastructure Financing Districts

Rep. Jim Dunnigan and Sen. Kirk Cullimore

Creates a type of special district to finance public infrastructure

- **Protections for city/residents:**
 - **Must** have land use approval
 - Infrastructure must be **built to city standards**
 - Assessments must be paid prior to C of O issuance
 - Property tax may not be used to repay the bonds
 - Districts dissolved within 180 days of debt repayment

Why you should care:

developer may use an IFD so ensure your land use & infra plans are ready

SB 168: Affordable Building Amendments

Sen. Lincoln Fillmore and Rep. Stephen Whyte

Commission on Housing Affordability/Unified Economic Opportunity Commission bill:

Three major components:

1. Defines the regulatory process for modular (pre-fabricated) building construction.
2. Authorizes the Home Ownership Prosperity Zone (HOPZ) tool.
3. Makes technical changes to the First Time Homebuyer Assistance Program and real estate reinvestment covenants

1. Defines the regulatory process for modular (pre-fabricated) building construction

Goal: Affordable home ownership through lower building costs and faster construction

- Built off-site
- Local building official performs plan review of onsite elements only
- Constructed and inspected offsite by manufacturer
- Each phase of production inspected by a Utah-licensed third party inspector with a combination license
- Modular is transported to building site and assembled onsite
- City inspects onsite elements (foundation, assembly of modular, etc.)

Why you should care:

expect more modular factories &
more units

2. Home Ownership Prosperity Zone (HOPZ) tool.

Optional tax increment tool for cities

Criteria:

- Zone is **less than 10 contiguous acres**
- Cities must zone for at least **6 units per acre**
- **60% of the housing units must be at 80% of the county median sales price**
- All housing units must be **owner-occupied for at least 5 years**

Tax increment:

- Other taxing entities are required to participate
- 60% of increment for system or project infrastructure for up to 15 years

Parameters:

- Only 50 acres per school district of only one city
- Only 100 aggregate acres
per school district of 2+ cities

Why you should care:

developer may bring you a proposal;
carrots, not sticks; use it!

2024 Bills that Passed

SB 208

SB 268

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HB 476/subs

SB 185

HB 289

**Other Land
Use Provisions**

3. Makes technical changes to the First Time Homebuyer Assistance Program and real estate reinvestment covenants

HB 465: Housing Affordability Revisions

Rep. Stephen Whyte and Sen. Lincoln Fillmore

Commission on Housing Affordability/Unified Economic Opportunity Commission bill:

Two major components:

1. MIHP report changes
2. CRA/RDA set-aside changes

1. Moderate Income Housing Plan Revisions

- No substantial changes to menu items or reporting timelines
- Reports will now include zoning maps (or links to them) and number of entitled units
 - **Objective:** better understanding of 190k planned for and unbuilt housing inventory pipeline
 - Take the data collection seriously

Why you should care:

Accurate data is the only way to disprove the anecdotes that cities are not taking growth seriously.

2. CRA/RDA Set-aside Changes

- Housing set aside flexibility - set aside funds may be spent in nearby communities (w/ interlocal agreement) and on owner occupied affordable (<120% AMI) product
- Set aside funds must be spent, encumbered, or otherwise planned for within six years of the set aside funds being deposited
 - Year 1 set-aside funds must be planned for/encumbered/spent by year 6, year 2 funds by year 7, etc.

Other technical changes to tax credit program, POTM land authority, and DWS housing grant pass through administration

HB 476: Land Use Regulations Modifications

Rep. Stephen Whyte and Sen. Lincoln Fillmore

Land Use Task Force Items

1. Development agreements
2. Landscaping Requirements
3. Land Use Application Processing/Phasing of a Development
4. Design exceptions for overpressure zones
5. Landing/rear setbacks
6. Sidewalk phasing assurance bonds
7. Subdivisions clean up
8. Annexation Language

1. Development Agreements

- **Removes language** about disclosure of “clearly established state law”
- **Clarifies** that development agreements may not be required by a municipality if the developer is not requesting anything outside of what is already permitted
- **Limits** municipalities from recording certain documents that impose development requirements on land



2. Landscaping Requirements

- **Clarifies** that a certificate of occupancy may not be withheld because the homebuilder has not put landscaping in
- **Allows** a municipality to require a seller of a new residence to inform the first buyer of the new residence of the city's ordinance requiring waterwise landscaping



3. Land Use Application Processing / Phasing of a Development

- **Clarifies** that unless otherwise required in a development agreement, a municipality must accept and process a land use application without regard to any other separate and distinct land use application.

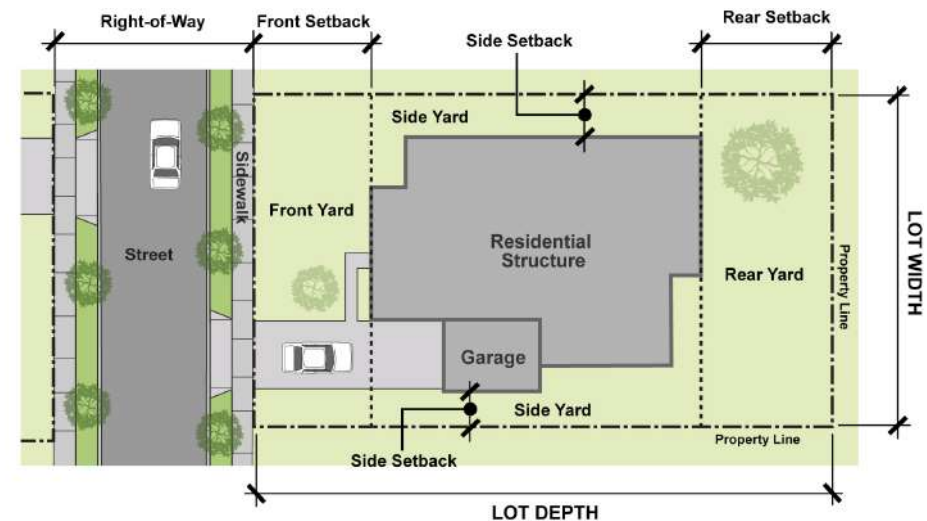
4. Design Standards Exceptions for Overpressure Zones

- Allows municipalities to determine design standards IF the development is within a blast zone that would cause an explosion which could pose a risk of damage to a window, garage door, or carport of the facility
- Certain requirements to fit this exemption apply

5. Landing/Rear Setbacks

- Permits landings and walkout porches to be located within the rear setback if:
 - No larger than 32 square feet in size
 - Used for ingress and egress from the rear
 - Is uncovered, connected to the rear of the dwelling

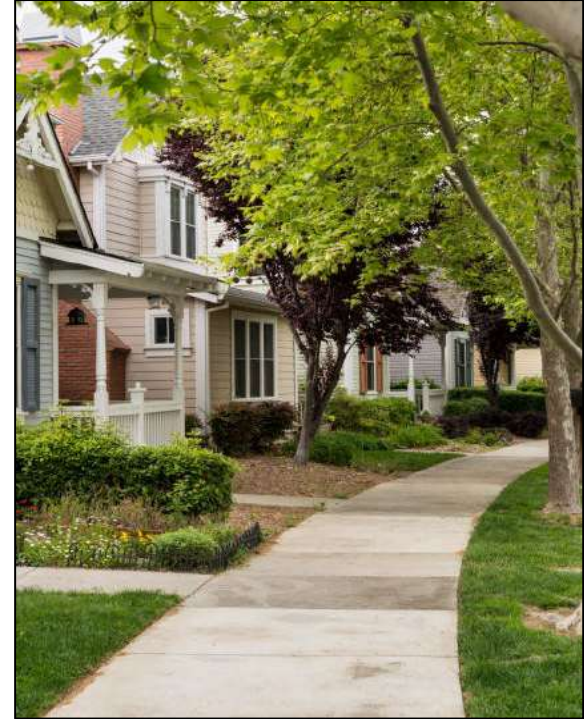
Does not apply to historic districts



6. Sidewalk Phasing

- Prohibits requiring sidewalks to be completed prior to a building permit
- Prohibits cities from redeeming sidewalk assurance bonds prior to 18 months after issued
- Allows cities to require completion prior to the Certificate of Occupancy being issued
- Sidewalk phasing can skip, but must be installed for each residence before it may be occupied

**Only applies to single family homes and townhomes



7. Subdivision Code Cleanup

- Subdivision Improvement Plan submissions
- Preliminary vs. Final Engineering Plans
- Timing of reviews

Reminder: December 2024 deadline for cities with less than 5000 residents! Training and Templates at ULCT.org



SB 185: Residential Building Inspections

Sen. Evan Vickers and Rep. Cal Musselman

Goal: Faster inspections without sacrificing quality

- Cities required to have Third-Party Inspection List:
 - First-Fourth Counties/Cities: At least 3
 - Fifth-Sixth Class Counties/Cities/Towns: At least 1
 - **Can include other city/town building inspectors
- Builder notifies city/town on fourth day of what building inspector it will use
- Third party inspector is paid by city/town after receiving approval and report by inspector
- City not held liable for inspections it does not perform

Why you should NOT care:

If you are already following the law
& doing inspections within three days

HB 289: Property Rights Ombudsman

Rep. Kera Birkeland and Sen. Lincoln Fillmore

Goal: Compliance with Office of the Property Rights Ombudsman advisory opinions

Process:

- OPRO issues advisory opinion against you, AND
- District Court sides with advisory opinion

Then:

Court **may** award the substantially prevailing party reasonable attorneys fees and court costs

AND

If the Court finds that the city knowingly and intentionally violated the law it **may** award:

- \$250 per day (remnant of past law)
- Consequential damages

Why you should care:

- Potential increase in land use disputes
- Potential increase in judgment amounts
- Potential increase in attorneys fees, costs

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Other Land
Use Provisions

Other Land Use Bills

- SB 13 Education Entity Amendments
- HB 188 Modifications Relating to the Use of Land
- HB 256 Military Compatible Land Use Amendments
- HB 518 State Construction Code Modifications
- HB 562 Utah Fairpark Area Investment & Restoration District





HB 430
Local Government
Transportation Services
Amendments

Creates the **Public Transit Innovation Grants pilot program**, intended to increase public transit services in high-growth

Utah League of Cities and Towns apply for services.

HB 502
Critical Infrastructure
and Mining

Calls for a **study** of the issues surrounding the mining of sand and gravel.

SB 28
Scenic Byway Program
Amendments

Extends the sunset of the Scenic Byways Program for five years; requires the Legislature to approve any new scenic byway designations that may be proposed.





SB 264 Inland Port Authority Amendments

Makes numerous modifications to the inland port authority program.



SB 258 Municipal Incorporation Amendments Creates a “preliminary municipality” entity for up to 3 unincorporated areas per year through 2031, after a feasibility study, to incorporate as a PM and then transition to town within 4 years of the 1st C of O or 6 years total.



HB 330 Unincorporated Areas Amendments Automatically triggers annexation of unincorporated islands to adjacent cities on July 1, 2027, in Salt Lake County only. Allows unincorporated, noncontiguous islands in community council areas to incorporate as a noncontiguous municipality if they meet the criteria.



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Bills that

Passed

but may change

HB 507 Stormwater Construction Amendments

Rep. Cal Musselman and Sen. Curt Bramble

- DELAYED EFFECTIVE DATE of Jan. 1, 2025
- Establishes standards regarding how municipalities:
 - regulate controls for storm water runoff;
 - inspect construction sites impacting storm water runoff and establishes penalties for non-compliance
 - Interim discussion expected



UTAH LEAGUE OF
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Bills that

Failed

HB 306 (by-right residential zoning)

HB 367 (local fees)

SB 172 (gravel pits)

Interim Agenda

Planning

- Annexation/incorporation
- Fees (transportation utility)
- Gravel Pits
- MIHP data collection, next steps
- Noticing Provisions
- Storm water (HB 507)
- Subdivisions for non-MIHP communities (Dec 31 deadline)
- Tax increment financing
- 2025 deadline for water conservation elements in general plans
- 2025 deadline for station area plans
- Whatever comes out of the Unified Economic Opportunity Commission

What do you want ULCT to prioritize for 2025?

What problem needs solving?

What ideas do you have to solve them?

ULCT Board will prioritize later this spring.

Contact Karson
at keilers@ulct.org

Contact ULCT

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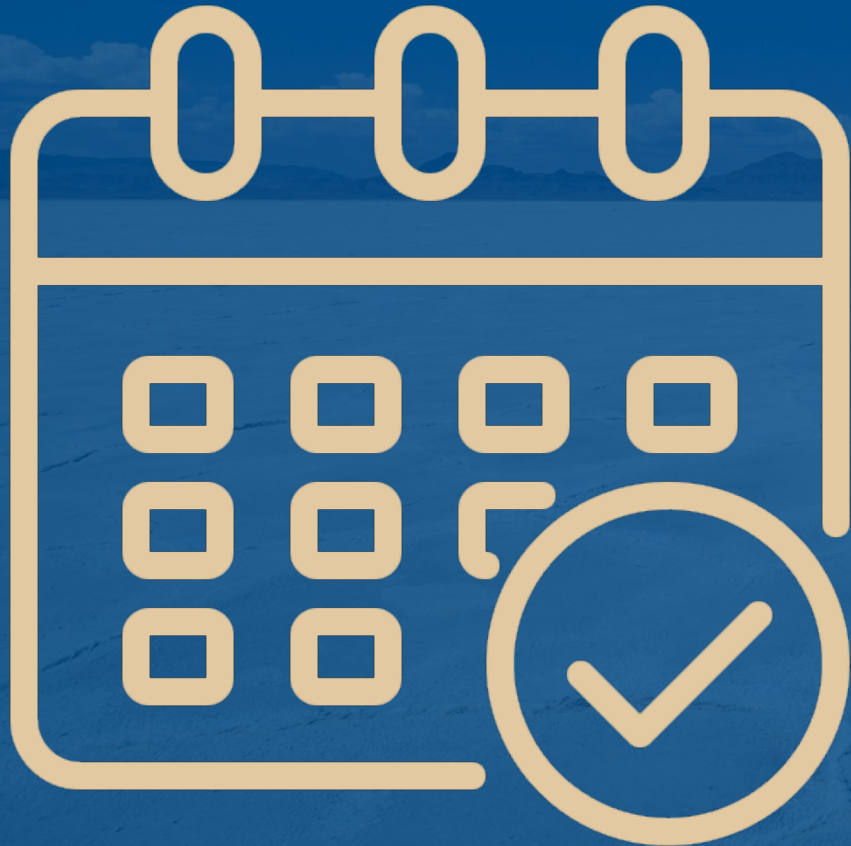
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IMPORTANT DATES 2024



- **March 26:** Spring Training on Transportation Bills, Noon (zoom)
 - **March 28:** Spring Training on Government Admin Bills, noon (zoom)
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- **April 17-19:** ULCT Midyear Conference, St. George
 - **April 23:** MIHP training, Noon (zoom)
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- **May 8-10:** APA Conference, Cedar City
 - **May/June:** Regional Meetings w/AOGs
 - **May 14-15:** Likely Legislative Interim Meetings (first interim LPC is TBD)