



## Economic Development Department

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To: Sandy City Council  
From: Kasey Dunlavy, Senior Project Manager  
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**RE: Housing and Transit Reinvestment Zone**

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Senate Bill 217, passed in the 2021 legislative session, created a new economic development tool Housing and Transit Reinvestment Zones. This tool was designed to help Utah tackle its housing issues by facilitating mixed-use, multi-family and affordable housing development within a 1/3-mile radius of UTA FrontRunner stations. Additionally, Community Reinvestment Area's (formerly known as RDA's) are becoming more challenging to garner taxing entity participation. More specifically, taxing entities such as school districts have a hard time supporting housing development.

HTRZs enable a portion of incremental tax revenue growth, very similar to the mechanics of a Redevelopment Project Area, to be captured over a period of time to support costs of development. This tool aligns with the Wasatch Choice 2050 vision and key strategies including more transportation choices, preservation of open space, supports increased housing options, and links economic development with transportation and housing decision making.

Under the bill, a city can propose development and zoning within 1/3 mile radius of a FrontRunner station that:

- Promotes higher utilization of public transit
- Increases availability of housing, including affordable housing
- Conserves water resources through efficient land use
- Improves air quality by reducing fuel consumption and motor vehicle trips
- Encourages transformative mixed-use development and investment in transportation and public transit infrastructure in strategic areas
- Uses strategic land use and municipal planning in major transit investment corridors; and
- Increases access to employment and educational opportunities.

Development proposals that utilize an HTRZ are required to be mixed use, average at least 50 housing units to the acre, and have at least 10% affordable housing.

The city application/proposal to the Governor's Office of Economic Opportunity (GOEO) would identify the costs and revenues necessary for the public infrastructure associated with the increased

development in the HTRZ. The proposal will be subject to an independent financial “gap analysis” conducted through the Governor’s Office of Economic Opportunity. Once the analysis is completed, the proposal would be submitted to a committee, made up of the relevant public entities, taxing entities, and transportation agencies. If the committee approves the proposal, then a portion of incremental local property tax revenues would be captured as needed to support the development costs based on the approved terms. Once approved, the City Council will enter into an inter-local agreement with the RDA to administer the funds.

In an area with an HTRZ, the state would also participate by contributing an amount equal to 15% of the incremental growth in state sales tax collected in the HTRZ into the state’s Transit Transportation Investment Fund (TTIF). Transit projects in HTRZs would be given priority consideration for TTIF funds.

There are two development projects staff is evaluating that fits within the parameters of the HTRZ. This includes the Red Sky apartment development behind target and residential tower parcel of the Summit Project that is not within the Civic Center North Project Area. Staff is working with Lewis Young Robertson and Burningham (LYRB) to evaluate these projects and assist with the HTRZ proposal.

**Staff is asking for Council approval to move forward on the HTRZ application to the Governor’s Office of Economic Opportunity.**