

## Understanding Urban Renewal Taxes on your Property Tax Statement

### **The Concept of Urban Renewal**

If you live in Coos Bay, you may notice that your property tax statement includes property taxes for the Coos Bay Urban Renewal I and Coos Bay Urban Renewal II. This is because the City of Coos Bay has adopted two Urban Renewal Plans to fund economic and infrastructure improvements in the respective areas.

Urban renewal is a State-authorized program designed to help communities improve areas that are physically deteriorated, poorly planned or underdeveloped. Any municipality (city or county) can use urban renewal but it must establish an urban renewal agency and adopt an urban renewal plan. The City of Coos Bay established the urban renewal agencies as a tool to focus resources in underdeveloped areas to stimulate economic development and improve livability.

### **Where does the money go?**

Property taxes collected for the Downtown urban renewal area pay for debt issued to fund projects such as the 1988 Library Remodel; removal of the downtown mall canopies, streetscape improvements on Central, Anderson, Commercial, Bayshore, and Broadway; purchase of Central Dock; construction of the Firefighter memorial; construction of the new Visitor Information Center; rehabilitation of the Egyptian Theatre; and construction of the other downtown improvements.

The Downtown urban renewal area, Coos Bay Urban Renewal I, was allocated property taxes at a rate of \$1.0565 /\$1000 of a property's assessed. For a house with a tax assessed value of \$200,000, \$211.30 of the property tax assessment is allocated to this urban renewal area ( $\$200,000 / \$1,000 \times \$1.0565$ ).

The Empire urban renewal area pay for debt issued to fund projects such as the Empire Boat Ramp, street and sidewalk improvements along Newmark Avenue; widening of Newmark Avenue from Walmart to the "Y" at Ocean Blvd; and construction of the other improvements in the Empire area.

The Empire urban renewal area, Coos Bay Urban Renewal II, was adopted in 1995. This urban renewal area is allocated \$0.6462 /\$1000 of tax assessed value. For a house with a tax assessed value of \$200,000, \$129.24 of the property tax assessment is allocated to this urban renewal area ( $\$200,000 / \$1,000 \times \$0.6462$ ).

It is important to know property taxes are increased by the increase in assessed value of a property and by voter approved levies such as bond levies and local option levies. In general, allocation of property taxes for urban renewal does not increase total property taxes paid by a property. So how does the increase in property taxes for urban renewal work?

## **Division of Taxes for Urban Renewal**

Most urban renewal plans are funded through “Division of Taxes.” Division of taxes does not increase the total property taxes paid by a property but takes portions of the property taxes levied by other local governments and allocates it to urban renewal. That means that your property taxes are split or allocated between other taxing districts/entities (such as the School District, the County, the City of Coos Bay, etc) and the urban renewal area. The split or allocation is recalculated each year to take into account growth in the urban renewal area. As growth occurs in the urban renewal area, more of your property taxes are allocated for the urban renewal area and less is allocated to the other taxing districts/entities. That is, the other taxing districts/entities are giving a portion of their property tax levies to urban renewal so the overall amount of taxes paid by the property owner is not changed by this division of taxes. Division of tax affects some bond and local option levies that are levied to raise a particular dollar amount by causing those tax rates to be higher in order to raise enough tax to cover both the levied amount as well as the division of tax amount.

The concept that the other taxing districts/entities are giving a portion of their property tax levies to urban renewal is that in the long term, when the urban renewal plan is complete and the urban renewal area is retired, the increase in assessed value goes back onto the tax rolls, from which all taxing districts will benefit.

Also maximum indebtedness limits are established for urban renewal plans so taxes allocated to urban renewal do not keep increasing at the sacrifice of other government districts/entities.