

How urban renewal works

Urban renewal is a way governments can set aside property tax money to reinvest in an area that is run-down, unsafe or economically stagnant.

1. Pick a spot

City leaders approve a map of the area they want included in an urban renewal district.



2. Cap taxes

The city caps the amount of property taxes flowing from the district into the general fund – for example \$100 million a year.



3. Add money

The city borrows money to pay for new projects and subsidize development in the district. Builders find the area attractive for investment.



4. Watch it grow

New development in the district increases property values. Over time, property taxes rise, say to \$120 million a year.



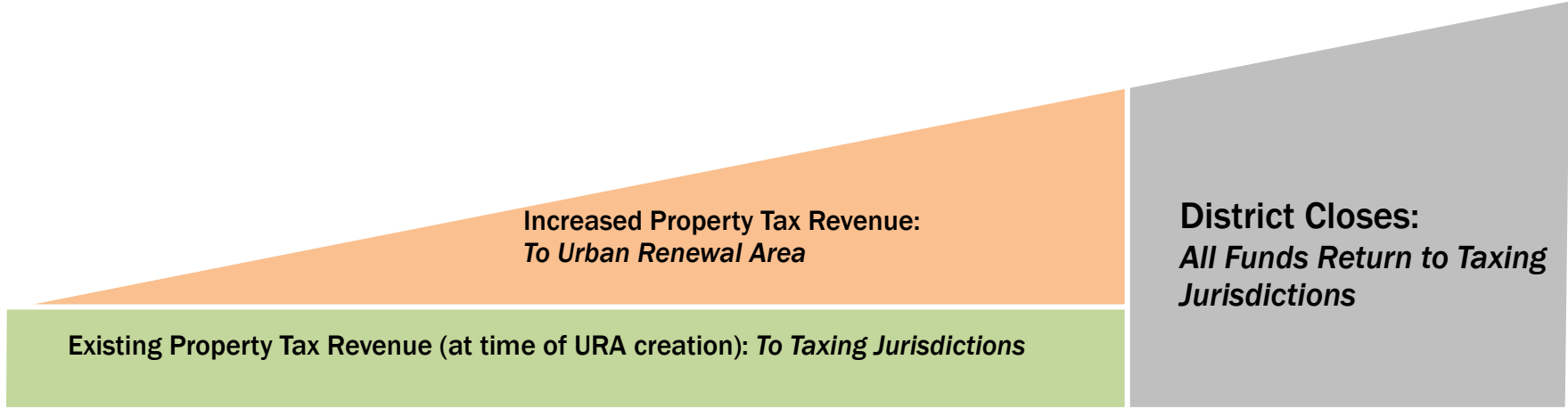
5. Collect taxes

The city uses the \$20 million difference between the tax cap and new tax income to pay off the loans. Once loans are paid, property in the district goes back on the city's general fund tax rolls to pay for basic services. Public investment in the area eventually means more tax money for the city.



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Property



Existing Property Tax Revenue (at time of URA creation): *To Taxing Jurisdictions*

Increased Property Tax Revenue:
To Urban Renewal Area

District Closes:
All Funds Return to Taxing Jurisdictions