



# MEMO

**To:** Mayor and City Council  
**From:** Renee Hall, City Clerk  
**Date:** June 19, 2026  
**Subject:** Packet of Communications to Council

Listed below are the communications to the City Council known to staff as of June 19, 2026:

1. Deborah Pitt, Ames Resident – June 5, 2026  
**RE:** Four way stops in Bloomington Heights
2. Shelley Ackermann, Ames Resident – June 8, 2026  
**RE:** Consider Hyde Avenue as a snow route
3. Sharyl Black, Ames Resident – June 10, 2026  
**RE:** Public Nuisance Code – Container Gardens
4. Katy Phelps, Ames Resident – June 12, 2026  
**RE:** Duff Avenue proposal objections
5. Steve Shickell, Ames Resident – June 15, 2026  
**RE:** 2702 North Dakota, request to split homestead
6. Mark Lambert, City Attorney – June 19, 2026  
**RE:** City Assessor Term of Office
7. Kelly Diekmann, Planning & Housing Director – June 19, 2026  
**RE:** Plan 2040 Urban Fringe Amendment
8. Steven L Schainker, City Manager – June 19, 2026 **(REVISED)**  
**RE:** Impacts of SF2472 – Related to Property Taxes

## Hall, Renee

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**From:** Deborah Pitt <dpitt58@gmail.com>  
**Sent:** Friday, June 5, 2026 8:29 PM  
**To:** City Council and Mayor  
**Subject:** Hyde Avenue From Stone Brooke to Welbeck

Some people who received this message don't often get email from dpitt58@gmail.com. [Learn why this is important](#)

[External Email]

Thank you in advance for the opportunity to present this idea to you.

My main concern with the increase of traffic, especially during the school year, is Hyde Avenue. With the upcoming increase of housing at the west end of Harrison (east of RR tracks) and the new upcoming Auburn trail housing project, would it be possible to have the single mailboxes from Stone Brooke to Welbeck on Hyde Avenue be consolidated into a collective USPS large mailbox as we have in other areas of Bloomington Heights?

Stone Brooke to Harrison on Hyde has this.

I know change is not easy for anyone these days.

It may be time to think about 4 way stops in Bloomington Heights. Harrison and Hyde. Harrison and Welbeck. Stone Brooke and Hyde. There are others.

Thank you for your consideration. My reason for presenting these ideas is first and foremost, safety.

Deborah Pitt  
3911 Westlawn Dr  
Ames  
515 236-1583  
[dpitt58@gmail.com](mailto:dpitt58@gmail.com)

## Hall, Renee

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**From:** M S ACKERMANN <shelleyack@msn.com>  
**Sent:** Monday, June 8, 2026 7:34 AM  
**To:** City Council and Mayor  
**Subject:** Please consider making Hyde Ave a snow route

[Some people who received this message don't often get email from shelleyack@msn.com. Learn why this is important at <https://aka.ms/LearnAboutSenderIdentification> ]

[External Email]

Good morning,

Please seriously consider making Hyde Avenue a snow route. It is a heavily traveled street in Ames for several reasons:

- 1) Families living north of Bloomington Road are part of the Gilbert school district. Many families and students use this route to get to school.
- 2) There are many housing developments (including new ones coming soon) as well as Vintage Cooperative on the route.
- 3) Other than Grand/Hwy 69, it is the only major route to 190th, Gilbert, and other areas north of Ames.

In addition, cars are constantly parked along family homes along the first several blocks just north of Bloomington Road. Snow plows cannot clear the road to the curd resulting in heavy ice forming and staying for days and even weeks.

Because of these factors, I respectfully request consideration of making Hyde Avenue a winter snow route.

Thank you,  
Shelley Ackermann  
2015 Leopold Drive  
Ames  
515-240-5966  
shelleyack@msn.com

## Hall, Renee

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**From:** Sharyl Black <sharylblack@gmail.com>  
**Sent:** Wednesday, June 10, 2026 6:56 AM  
**To:** City Council and Mayor  
**Subject:** Public Nuisance Code

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[External Email]

Good morning

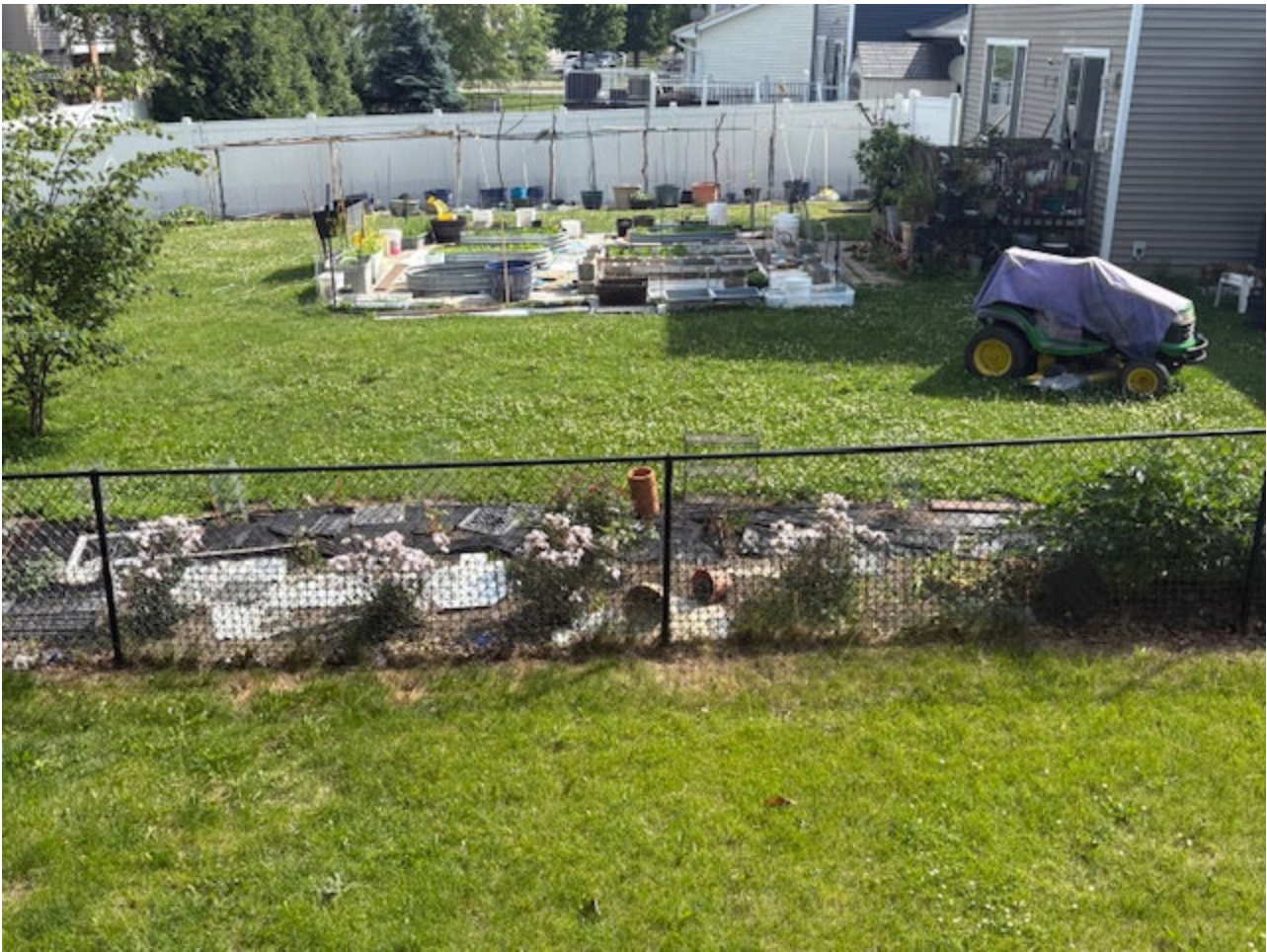
I have reached out to Sheryl Reynolds to inquire about my neighbors container garden (see attached photos). I learned from Sheryl there are no guidelines for container size or quantity so the neighbor can continue to maintain and add to this disaster.

Obviously my neighbors container garden is a significant eyesore.

I am asking you to set more specific and reasonable guidelines for container gardens to avoid allowing such an eyesore that none of us, including you, would want to look at everyday in your backyard.

Thank you very much

Sharyl Black, owner  
1002 Poe Ave Ames  
(712)202-6685







## Hall, Renee

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**From:** Katy Phelps <katyleepatterson@gmail.com>  
**Sent:** Friday, June 12, 2026 10:07 AM  
**To:** City Council and Mayor  
**Subject:** Duff Avenue: Objection to proposed changes  
**Attachments:** Duff Avenue proposal objection.docx

Some people who received this message don't often get email from katyleepatterson@gmail.com. [Learn why this is important](#)

[External Email]

To the Mayor and City Council, please find attached my strong objections to the ideas contained in the survey about proposed changes to how vehicle traffic uses Duff Avenue.

Best,

Katy (Patterson) Phelps, resident NE Ames.

To the City of Ames Leadership,

I am writing today in opposition to the proposed alterations to the Duff avenue traffic flow. I am a liberal, progressive voter and am overall in favor of making cycling and walking easier in Ames. However, these proposed alterations do not make anything better for anyone. The vast majority of Ames residents are never going to adopt cycling or walking as their primary mode of transportation. Our lives are too crowded and too harried to accommodate the time it takes to bike or walk everywhere. Additionally, all but the most committed, or the most resource poor, are going to walk or cycle when it is snowing, blisteringly hot, or pouring down rain.

The wholesale restructuring of one's life to be focused around cycling, walking, or taking the bus is either a privilege most of us simply cannot indulge in, prohibited by limited mobility, age, or chronic health condition, or the consequence of means (or the lack thereof). For most of us, going for a bike ride or taking a walk is exercise, enjoyment of a pretty day, or a social event with friends. Turning more of Duff Avenue into a congested mess isn't helping the majority of Ames residents in the course of their daily lives.

Additionally, creating longer lines of traffic increases driver irritation, meaning they are more likely to act out against each other and against pedestrians or cyclists. The re-striping of Duff north of 16<sup>th</sup> street has not accomplished what you wanted. No one uses that sorry excuse for a bike lane, it is unsafe. It's too narrow, a seam between asphalt and concrete runs right through the middle of it, it is often full of debris and trash, people driving past go too fast and come too close for comfort, and all too often drivers aren't paying attention and they drive in the bike lane. A week ago I was headed home from Ace Hardware and was behind a driver who I can only assume was driving on mental autopilot because she exactly followed the old curve and lanes of Duff, putting her solidly in that bike lane a lot of the time.

Additionally, forcing Duff to be one straight lane and one turn only lane at the intersection of Duff and 16<sup>th</sup> has been an absolute nightmare. Traffic backs up south to nearly the intersection with 13<sup>th</sup> street. People often end up in the turn only lane accidentally and then try to slip into the straight lane, or people who are aware of the turn only get into the left lane before the intersection with 13<sup>th</sup> street and end up adding to the traffic being backed up. Again, increased driver stress and agitation. Making that intersection into only a 2-way stop, though, doesn't solve the problem either because then the people on 16<sup>th</sup> street never get a chance to go. There are an awful lot of us who live in this part of town who use 16<sup>th</sup> street to bypass the hideous messes of the Duff and 13<sup>th</sup> and Duff and Grand intersections. It is also the primary way for many high school kids in these neighborhoods to get to and from the high school (the high school traffic situation is a whole other problem).

The idea of a round-about at the Duff and 16<sup>th</sup> intersection is an even worse idea. You propose taking people's HOMES to input a roundabout that no one wants, to solve a problem that you all created, a problem that would easily be solved by simply re-striping Duff back to two lanes in each direction?? That's absolutely foul.

The addition of a 4-way stop at the intersection of Duff and 24<sup>th</sup> has worked out. That gives pedestrians and cyclists a safe way to cross to the Miracle Park. There is a button-triggered crosswalk for Meeker Elementary that can be sued by anyone just south of where O'Neil/East

O'Neil cross Duff. There's the stop at Duff and 16<sup>th</sup>. Then the crosswalk button at Duff and 13<sup>th</sup>. There are lots of opportunities for people to safely cross Duff north of 13<sup>th</sup>.

If you want to support pedestrian use of that corridor, fix the danged sidewalks, and at city expense. There is already pedestrian infrastructure in place, but it's all crumbling and so a pain to walk or run on. Forcing individual home-owners on limited budgets, especially in this economy, to pay to fix those sidewalks is untenable. Put some community resource into fixing those.

If you want to improve cyclist use of the area, and have a means for cyclists to travel North/South across town, do more with the neighborhoods between Duff and Grand, similar to how Clark was designated as a cyclist route. Another side note, the paving on Clark needs some attention.

The population in Ames has grown considerably in the 24 years I have lived here. There are more houses, more apartment building, more businesses, more ISU students, and yes more vehicles. Shrinking one of the two primary ways for people to move N/S in this town is absolutely in contradiction to that increasing population. I would actually say your proposals are contraindicated, in the way certain medications are for some people.

Also, as someone who works with surveys for a living, I have to strongly object to how the question about the 16<sup>th</sup> and Duff intersection was written. That question gave the respondent only two options: which do you prefer, option A or option B. There was no choice to either leave the question unanswered or to chose neither option. Forcing someone to make a choice between two negative options in order to complete the survey is ignorant at best and deceitful at worst. Since you have already published and promoted the survey this way, you must be extremely careful what you do with or say about the resulting data. You cannot, for example, say something like "the majority of respondents support the implementation of option A" because that is not the question you asked. You asked (forced) respondents to choose between two distasteful options, and gave them no ability to provide a null or neither answer. I truly expected better from what I know to be an educated city council.

In summary, I not only am adamantly opposed to the entire suite of proposals put forth in the survey, I encourage Ames leadership to also reconsider the modified striping you already put in place north of Duff and 16<sup>th</sup>, and to wholesale reconsider this road diet tool you have apparently made your favorite traffic strategy. There are other way to improve the pedestrian, cyclist, and resident traffic safety and usage than by funneling all vehicle traffic from downtown to where Duff meets Grand into a single lane in either direction.

Thank you all for your time and consideration.

Sincerely,

Katy Phelps, Northeast Ames resident.

# Ames Planning and Zoning

In reference to the proposed property split at 2702 North Dakota Avenue, Ames Iowa, I have been instructed that there are Three covenants that must be addressed.

- 1 Covenant for annexation
- 2 Covenant for water service
- 3 Covenant for assessment of cost of improvements

I am not interested in being annexed. There will be no need for water service. There should be no need for assessment as the remainder will be farm land. Therefore, I request a waiver for these three covenants as I do not need or cannot use them.

Respectfully yours  
Steven Shickell



# MEMO

## Legal Department

**To:** Mayor Haila, Ames City Council

**From:** Mark O. Lambert, City Attorney

**Date:** June 19, 2026

**Subject:** City Assessor term of office

At the April 14, 2026 Conference Board meeting, the Board engaged in a discussion with Ames City Assessor Shari Plagge about her term of office.

Ms. Plagge's current term as City Assessor ends December 31, 2026. In discussions with the Iowa Department of Revenue (IDOR), the IDOR suggested that the Ames City Council should consider creating an ordinance clarifying that the City Assessor serves a six-year term (as established by state law), and that the next term begins on January 1, 2027.

The Conference Board (which includes the Ames Mayor and Council members) passed a motion referring the matter to the Council.

**Staff requests that the Council direct the City Attorney to draft an ordinance clarifying the City Assessor's term of office, to be considered on the July 14 Council meeting agenda.**

(I'll note that we'll be asking the Council to suspend the rules and do all three readings at the meeting on July 14, as the Conference Board will be discussing the re-appointment of Ms. Plagge at its July 23 meeting.)



**To:** Mayor and City Council

**From:** Kelly Diekmann, Planning & Housing Director

**Date:** June 19, 2026

**Subject:** Request for Plan 2040 Urban Fringe Amendment to Change from Urban Reserve to Rural Residential

### **Background:**

City Council received a request (see attached) from Chuck Winkleblack and Justin Dodge, Hunziker Companies, regarding a 35-acre parcel of land in Story County on the south side of W 190<sup>th</sup> and north of the Bella Woods development. The site is to the southeast of Alluvial and known as the Mangels property based upon prior ownership. A location map is attached.

Hunziker Companies purchased the property in the fall of 2024 with an interest in developing rural housing on the parcel without annexation into the City of Ames. **Earlier this spring, Hunziker Companies applied for a Story County land use change to their C2C Comprehensive Plan to allow for rural residential development of up to 20 homes. The Board of Supervisors voted to approve the change on April 14<sup>th</sup>.**

**Although the County has approved changing the use of the site, the developer is still subject to City subdivision review standards because the property is within 2 miles of the City. Staff advised the applicant, that without City Council approval of a change to Plan 2040 there would be no basis for the City to support waivers of subdivisions standards, such as sanitary sewer service requirements, to allow for rural development. Because of this, the Developer requests the City approve a policy change related to the site that would support applying in the future for a rural subdivision.**

### **Ames Plan 2040**

Ames Plan 2040 designates the property as part of the City's Urban Reserve. The designation was the result of City's scenario planning for Ames Plan 2040 and the, since abandoned, Ames Fringe Plan discussion with Story County.

Urban Reserve is described as areas not intended for immediate annexation and development, but are areas where City services could be feasibly extended in the future. Because this potential to meet urban development interests, Plan 2040 does not contain policies that support rural development within the Reserve designation. See attached Plan 2040 Policy Framework excerpts.

Plan 2040 also identifies Rural Residential areas intended for development in unincorporated locations. These areas are located in existing Rural development area and beyond the Urban Reserve to avoid limiting future annexation opportunities. **If a property is designated Rural Residential, Plan 2040 policies allow for consideration of rural subdivisions without meeting City standards because there is no expectation of future annexation. This is the request of the applicant, to become Rural Residential with no plan for annexation.**

### **Staff Comments**

Urban Reserve properties do not typically abut the City as they are viewed as development areas for later in the life of Plan 2040. The Mangels property is situated uniquely in that it does not currently abut the City, but could be annexed in combination with Bella Woods subdivision to the south that is subject to annexation covenants with the City. The Bella Woods subdivision was approved under the old Ames Fringe Plan as a Residential Transition Area and included waivers of completing full urban infrastructure with the development and to have covenants to annex at the direction of the City.

Without Bella Woods, annexation would rely upon the Christ Community Church to voluntarily annex some or all of their land to connect to the City along George Washington Carver Avenue. The closest property City property would be the AGCC after the City completes the planned annexation of AGCC later this year. Staff is not aware of any interest by Christ Community to annex to the City, they do not require or desire any City services.

The Urban Reserve designation is meant to coincide with the City's planned urban service area where municipal services, most notably sanitary sewer, that could be feasibly extended without excessive costs. This area of the Urban Reserve would be served by Xenia to City standards for water.

Although the applicant has not addressed the feasibility of utility services to the property, City staff did estimate the feasibility in relation to the recent review of options to extend sanitary sewer to the Irons Subdivision. Staff determined that gravity fed sewer for the Mangel's would be unlikely based upon the current sewer extension plan. However, a private force main could be used to make a connection to City sewer.

Design issues for utilities are formally considered with subdivision review, but this information does help to guide the policy discussion for the amendment.

While sewer service is a primary component of the decision process for the City regarding development options, the City Council could also have concerns about how rural development adjacent to the City affects City resources that are nearby. Substantial increases in rural development do impact the City street systems on the fringe of the City and affect the use of resources and ag land around the City.

**Option 1:**

If Council believes that the long-term potential of annexing the Mangels property is likely not desirable for the City, the request for a land use change should be put on future agenda to discuss initiating an amendment process for Plan 2040 that would allow for a Rural Residential land use designation for the property.

**Option 2:**

If Council believes that this land may be desirable to be annexed sometime in the future, then no further action will be needed and the current Urban Reserve designation will remain in place.

To: Honorable Mayor and Ames City Council

From: Chuck Winkleblack & Justin Dodge, Hunziker Companies

RE: Mangels farm

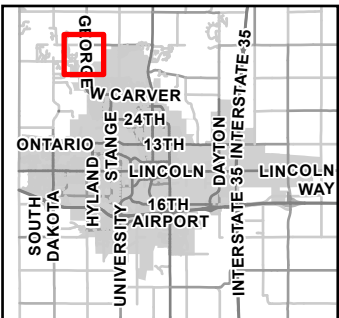
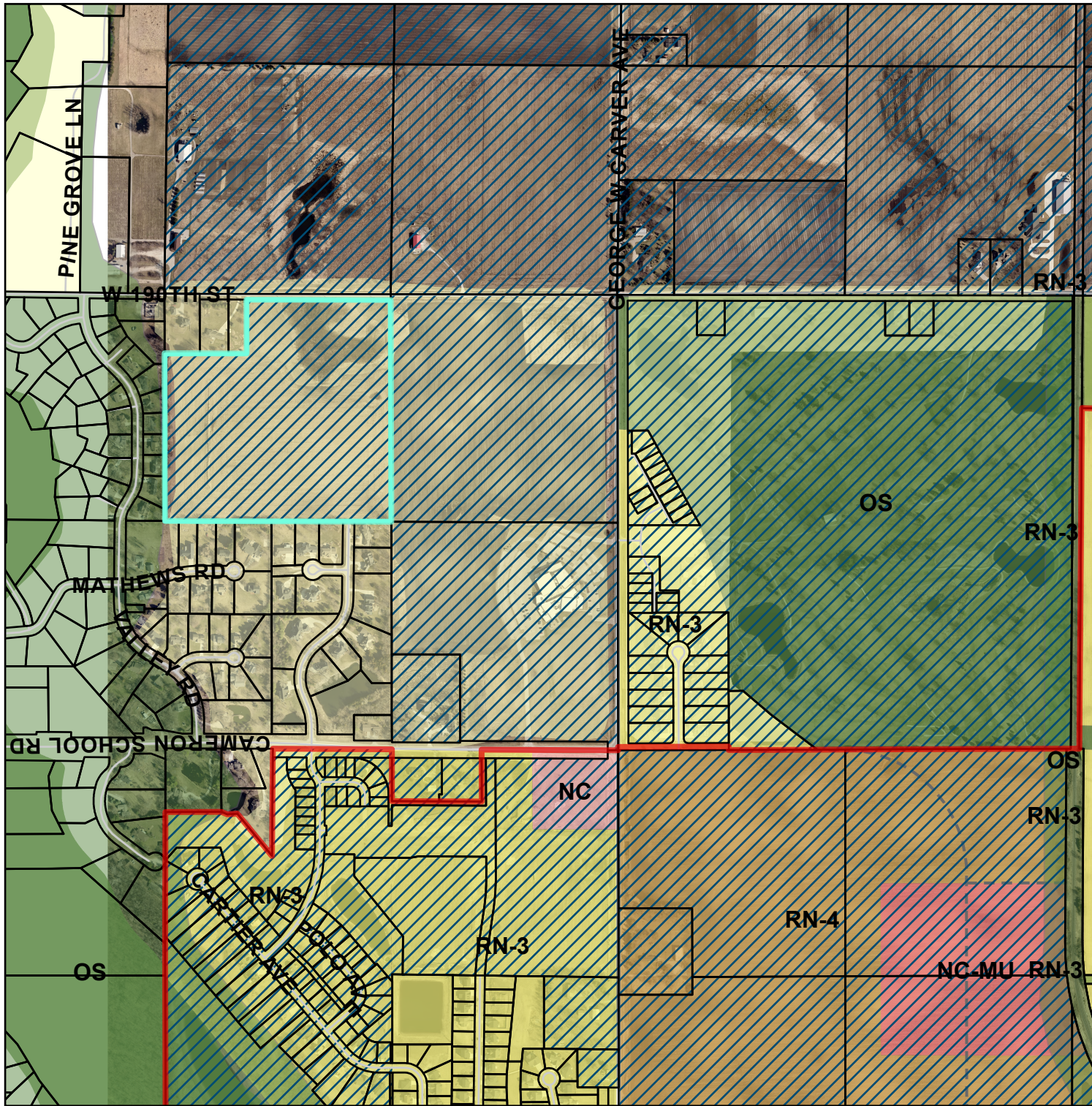
Date: April 9, 2026

Hunziker Development Group owns 35 acres of land just West of the Ames Country Club and North of the Bella Woods development. Story County planning and zoning commission recommended the change, and the Story County Supervisors amended the C2C plan and passed the rezoning from agricultural to rural residential on 1<sup>st</sup> reading on April 7<sup>th</sup>. The 2<sup>nd</sup> reading is already scheduled for Tuesday, April 14<sup>th</sup>.

Our request is to amend the City of Ames 2040 plan to allow housing on this tract of land. We intend for this to be a rural subdivision and not be annexed into the city of Ames. Our intention is to preserve the wetland areas and to develop the parcel into 16 to 18 single family homes. The parcel has adjacent single-family development on the South and West and Prairie Moon Winery to the North. We have attached an aerial photo from Beacon identifying the parcel.



# Ames Plan 2040



## Legend

- Parcels
- Subject Property
- Future Land Use Designations: Residential Neighborhood 3 - Expansion (RN-3)
- Residential Neighborhood 4 - Village (RN-4)
- Neighborhood Core (NC)
- Neighborhood Core - Mixed Use (NC MU)
- Open Space
- Story County Urban Reserve

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CITY OF Ames

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Miles

# URBAN FRINGE: POLICY FRAMEWORK

## Guiding Principles for the Urban Fringe

The following policies are the foundation for planning related to the two-mile Urban Fringe Area. Note that the two-mile Urban Fringe Area expands with every annexation of land by the city. These policies are intended to guide actions regarding development proposals subject to City of Ames review as well as the coordination of policies with other jurisdictions. In addition to the Future Land Use Map designations designed to guide annexation and development of the primary growth areas, the city has established land use classifications for the Urban Fringe Area to guide decision making prior to annexation. See Urban Fringe Area classifications within the map on page 71 and also references on pages 50-52.

### MULTI-JURISDICTIONAL PLANNING

#### UF1-1: Designated Limited Area for Rural Development.

Designate areas of existing rural development and limited areas for new rural development as they relate to future potential expansion for the city. A fundamental objective is for new development to occur within an urbanized area of the city after its annexation, limiting impacts to rural uses and providing urban infrastructure and services that support a compact and efficient development pattern for urban services.

**UF1-2: Regional Partnerships.** Work on regional partnerships for mutually beneficial planning of recreational uses, conservation areas, and watershed management.

### RURAL CHARACTER AREAS

**UF2-1: Existing Development.** An Existing Development designation applies to previously developed areas of varying density below three dwelling units per acre. These areas were primarily developed through rural subdivisions and lack urban infrastructure. They are subject to county zoning for limited levels of residential development. Only limited development of existing lots or minor subdivisions of existing lots with existing zoning are anticipated during the life of this Plan. Minimum lot sizes should reflect the rural character of the area and limited infrastructure capacity to

support development intensification. Annexation of these areas is undesirable due to the low-density of development and minimal infrastructure improvements. These developments fall under the Rural Character category of the land use plan.

**UF2-2: New Rural Residential.** Rural Development Areas reflect county planning interests and are limited to areas that are well beyond the potential Urban Reserve areas and city limits. Designation of this land use should consider impacts to infrastructure, adjacent agricultural uses and natural areas; changes to storm water runoff and drainage basins; and cumulative effects of development near other cities on county and state highways. The low suitability of the site for agricultural uses due to a CSR score of a LESA score does not alone justify change of use to rural development. County zoning will vary for density and use; typically, a rural subdivision would be limited to a minimum of one unit per net acre and a maximum density of 2.5 units per net acre and are to be developed as a subdivision plat. The city will review infrastructure needs for rural development and consider case-by-case waivers of urban infrastructure standards.

**UF2-3: Rural Non-Residential Development.** Certain areas adjacent to the city but in the county may include activities such as mining that are not desirable as an urban use or typically compatible with surrounding uses. In addition, limited areas of pre-existing commercial or light industrial uses also occur within two miles of the city. The largest such areas are within Boone County. The Urban Fringe Area recognizes these existing uses. However, further expansion of these non-residential uses is undesirable, especially within the growth areas, as they can impact the future plans for city expansion. Further development in these existing areas will be limited by current infrastructure improvements. The city will review infrastructure needs for rural development and consider case-by-case waivers of urban infrastructure standards.

### AGRICULTURE AND NATURAL AREAS

**UF3-1: Agricultural Preservation.** Agricultural areas are designated to preserve appropriate land for farming and limit the encroachment of residential and other uses into these areas. Land divisions are permissible only to allow for splitting off an existing homesite or farmstead from a farm area. Minimum lot sizes are proposed at 35 acres matching the Story County A-1 zoning standard.

**UF3-2: Natural Area Conservation.** Natural areas include sensitive areas of natural habitat, steep slopes, and waterways. Natural area designations are informational based upon the Environment Element and the 2006 AUPF. Creation of new parcels within these areas for new development is prohibited. Property divisions for land conservation purposes is permissible with city approval. Land conservation is typically for larger areas to be preserved within outlots under common or private ownership or to transfer ownership to a governmental or non-governmental organization for its management. Creation of private open space may not be appropriate under this designation. Natural areas adjacent to the city may still require annexation to further city goals for orderly development patterns and resource conservation.

**UF3-3: Park Areas.** Natural areas may allow for future recreational opportunities within the city or the county. The area south of Highway 30 and west of I-35 that is currently a quarry may be an area suitable for a future regional park. This is identified within the Parks, Trails, & Greenways Element.

### URBAN RESERVE AREAS

**UF4-1: Urban Reserve District.** Create an Urban Reserve area for the short- and long-term expansion of the city. These areas fall within the urban service area where municipal services, most notably sanitary sewer, can be feasibly extended. Only subdivisions that meet full urban development subdivision and improvement standards would be allowed.

**UF4-2: Annexation.** Urban Reserve Areas are appropriate for annexation to the city to meet future growth needs of the city. Areas are planned for residential, commercial, and industrial expansion based upon the scenario and Tiers analysis of this Plan. A precise determination of use will be determined upon annexation.

**UF4-3: Lot Subdivision.** Land divisions are permissible only to allow for splitting off an existing homesite or farmstead from a farm area. Divisions should not create parcels that can limit future annexation options. Land Divisions within the Urban Reserve Area shall meet a minimum lot size of 35 acres.

**UF4-4: Infrastructure.** All developments are subject to urban infrastructure standards unless a conditional waiver is granted by the City Council.

Staff Report

**IMPACTS OF SF 2472 - RELATED TO PROPERTY TAXES**

June 19, 2026

At the June 9, 2026 meeting, the City Council passed a motion requesting a memo from staff regarding how the City's current property tax abatement and Tax Increment Financing incentives work with the new state tax laws and what, if any, suggestions staff might have for changes.

**During the 2026 legislative session, the Iowa Legislature adopted Senate File 2472 (SF 2472), a comprehensive property tax reform bill that significantly modifies Iowa's property tax system. The legislation includes changes affecting local government levy authority, property tax calculations, classifications, Urban Revitalization Areas (URAs), and Urban Renewal Area Tax Increment Financing (TIF).**

For many years, Iowa cities have utilized property tax incentives as a means of encouraging housing construction, redevelopment, business expansion, infrastructure investment, and economic development. Programs such as Ownership Housing Property Tax Abatement, Industrial Property Tax exemptions, Urban Revitalization Areas, and Tax Increment Financing have been designed to encourage private investment that may not otherwise occur by temporarily reducing property tax obligations or providing additional incentives associated with new development or redevelopment projects. Both Tax Abatement and TIF apply to increased value of properties due to improvements and neither of them impact the existing value of a property.

Historically, communities have viewed these programs as a collaboration between the public and private sectors. In exchange for financial assistance or temporary reduction in new property tax revenues, communities anticipated long-term benefits such as additional housing units, job creation, private capital investment, redevelopment of underutilized property, and future growth in the taxable property base to provide for community services and betterment. **The primary motivation for cities was that once tax abatements expired or TIF districts reached the end of their collection periods, the increased valuation would return to the tax rolls and contribute additional property tax revenue to support city services.**

**While SF 2472 does not eliminate the City's authority to utilize tax abatements, Urban Revitalization Areas, or TIF, the legislation significantly changes the long-term fiscal outcomes associated with these programs. As a result, the new legislation no longer provides to the City the same opportunity for future General Fund revenue growth that existed under the prior law.**

**It should be noted that the information contained in this report reflects staff's current understanding of SF 2472.** This understanding is based upon a comprehensive review of the legislation, discussions with the Iowa League of Cities, consultation with legal and financial advisors, and information provided by other local government organizations.

Because implementation guidance continues to evolve and certain provisions of the legislation have not yet been fully interpreted or administered, future guidance may result in different interpretations of the law. Should additional information become available that materially affects the City's incentive programs or financial planning, staff will provide updated information and recommendations to the City Council.

#### **IMPACT OF SF 2472 ON GENERAL FUND REVENUE GROWTH LIMITATIONS AND TREATMENT OF NEW VALUATION:**

One of the most significant provisions of SF 2472 is the limitation on annual General Fund property tax revenue growth. Beginning in FY 2027/28, cities generally may not increase General Fund property tax revenues by more than 2% annually, except for revenues generated from certain categories of "NEW CONSTRUCTION", which includes:

- New construction.
- Improvements to property that are not normal maintenance and repair.
- Annexations.

**Under the legislation, valuation that returns to the tax roll following the expiration of a tax abatement or Tax Increment Financing District is not considered "new construction" for purposes of exceeding the 2% cap on the General Fund revenue growth.**

**While the City will continue to receive property tax revenues associated with that valuation, the valuation does not create the same future revenue growth opportunities that traditional new construction, qualifying improvements, or annexations provide under the legislation.**

The following sections summarize the impacts of SF 2472 on each of the City's major incentive and redevelopment programs.

## **CITYWIDE OWNERSHIP HOUSING TAX ABATEMENT PROGRAM:**

The Citywide Ownership Housing Tax Abatement Program is administered through a citywide Urban Revitalization Area adopted by the City Council in 2024 pursuant to Iowa Code Chapter 404. The program was established to encourage new owner-occupied housing construction throughout Ames and to support the housing goals identified in Ames Plan 2040.

The program is currently set to run through the end of 2028. Houses that are issued building permits before December 31, 2027 and completed before December 31, 2028 are eligible for the partial property tax abatement on the first \$500,000 of improvement value. This means that the City may be approving qualified tax abatement applications through February 2029 to account for completed projects in 2028.

Eligible projects generally include new single-family homes, townhomes, condominiums, accessory dwelling units, and two-family homes that satisfy the requirements established within the Urban Revitalization Plan as owner occupied housing.

The current exemption schedule is:

- Year 1 – 100%
- Year 2 – 80%
- Year 3 – 60%
- Year 4 – 40%
- Year 5 – 20%

**Since the creation of the program, the issuance of building permits has not changed substantially.**

Single Family Building Permits Issued:

In 2023 61- preceded incentive

In 2024 59 - incentive for 7 months of the year (Program started April 28, 2024)

In 2025 68 - full year of incentive

The annual certification process in February 2026 for initial tax abatement applications was for 52 properties, which is less than any one year of permits issued. This is due to lag of construction timing and that not all constructed homes meet the criteria of being the primary residence of the property owner.

**Due to the 100% abatement in year one, under the new law, the City will not realize any new construction valuation for homes in this program.**

Because returned valuation after completing the abatement schedule does not qualify as new construction, the long-term fiscal benefits historically associated with the expiration of residential tax abatements are reduced.

**A review of the building permit data does not seem to indicate that this incentive spurred additional single-family housing construction. Additionally, at the time of housing development incentive discussions in December some developers indicated appreciation for the program, but instead preferred direct incentives them as a method to increase housing production as they did not feel the abatement had created additional demand.**

If the City Council chooses to modify this program, no existing beneficiary would be impacted. A change would only impact the receipt of new applications for abatement.

### **INDUSTRIAL PROPERTY TAX EXEMPTION PROGRAM:**

The City of Ames also offers an Industrial Property Tax Exemption Program authorized under Iowa Code Chapter 427B. This program is separate from the City's Urban Revitalization Area program and is intended to encourage investment in industrial, manufacturing, research and development, warehouse, distribution, and technology-related facilities. This program applies citywide regardless of zoning. Not only does it apply to a limited set of specific uses it is based upon completion of improvements in one year and only applies to longer buildouts if granted prior approval by Council.

The City currently offers a five-year declining exemption schedule on the value added by qualifying industrial improvements:

- Year 1 – 75%
- Year 2 – 60%
- Year 3 – 45%
- Year 4 – 30%
- Year 5 – 15%

The purpose of the program is to reduce the initial tax burden associated with significant capital investments, encourage business expansion, support job creation, promote research and innovation, and enhance Ames' competitiveness for industrial and technology-related development projects. Most communities within Iowa utilize this program.

Similar to residential tax abatements, valuation returning to the tax roll following expiration of an industrial property tax exemption is not considered new

construction for purposes of calculating allowable General Fund revenue growth.

City staff reviewed data from the City Assessor from the past 14 years and determined that approximately 18 properties benefit from the program for an average of about two per year. Two in the last four years, Wyffels and Chevron/REG requested, and were granted, the two year preapproval in order to get the maximum benefit of the program. Year 1 abated improvement value ranged from \$294,000 to \$21,600,000.

Currently, there are four properties receiving this benefit. If the program is eliminated, they would continue to receive the abatement benefit. Staff is only aware of potentially one project starting construction in 2026/2027 that may be eligible for this program.

### **URBAN REVITALIZATION AREAS:**

The City of Ames also maintains several Urban Revitalization Areas pursuant to Iowa Code Chapter 404 that are intended to encourage reinvestment, redevelopment, historic preservation, and economic activity in targeted areas of the community. The City utilizes qualifying criteria to control the types of eligible projects within an area.

Urban Revitalization Areas are designed to encourage private investment by providing temporary property tax exemptions on the value added by qualifying improvements. In general, improvements must increase the assessed value of a property by at least five percent in order to qualify for tax abatement. Applications are administered by the Department of Planning and Housing and are reviewed by the City Council and City Assessor as part of the verification process.

Property owners generally may select from one of three exemption schedules:

<b>Year</b>	<b>3-Year Schedule</b>	<b>5-Year Schedule</b>	<b>10-Year Schedule</b>
<b>1</b>	100%	100%	80%
<b>2</b>	100%	80%	70%
<b>3</b>	100%	60%	60%
<b>4</b>	N/A	40%	50%
<b>5</b>	N/A	20%	40%

<b>6</b>	N/A	N/A	40%
<b>7</b>	N/A	N/A	30%
<b>8</b>	N/A	N/A	30%
<b>9</b>	N/A	N/A	20%
<b>10</b>	N/A	N/A	20%

The following are the urban revitalization areas currently accepting applications:

***Downtown Urban Revitalization Areas***

The Downtown Urban Revitalization Area, created in 2001, is intended to encourage rehabilitation and reinvestment in Downtown properties through building improvements and redevelopment projects. The program focuses on improving building facades, promoting occupancy of vacant buildings, encouraging retail and commercial activity, preserving historic building character, and supporting continued investment in the Downtown district.

Eligible projects must increase property value by at least five percent and satisfy design, occupancy, and use requirements established by the City. The program also requires compliance with Downtown Design Guidelines. The program was established in conjunction with the Downtown Facade program. Its criteria was recently adjusted to apply to broader range of project types, including residential mixed use. The program has been rarely used for tax abatement purposes because generally rehabilitation does not increase the value of the building as an improvement.

***Campustown Urban Revitalization Area***

The Campustown Urban Revitalization Area, created in 2001, and substantially amended in 2006 and later years, is intended to encourage redevelopment of underutilized and blighted properties, support mixed-use development, increase structured parking, improve urban design, and strengthen the commercial core serving Iowa State University and surrounding neighborhoods. Projects may qualify through redevelopment of blighted properties, construction of mixed-use projects with structured parking, or adaptive reuse of older buildings. Additional design standards encourage pedestrian-oriented development, high-quality building materials, commercial activity, and compatibility with the Campustown district.

This program supported a number of student housing projects in the prior decade, but has since not been used for redevelopment. Currently, the Cranford

apartment building at the corner of Lincoln Way and Stanton is benefitting from approximately \$300,000 of abatement value attributed to the rehabilitation of the historic building when they made improvements to the building.

### ***North Sheldon Urban Revitalization Area***

The North Sheldon Urban Revitalization Area, created in 2006, is intended to encourage preservation and rehabilitation of historically significant residential structures. Eligible projects generally require retention of a substantial portion of the existing structure and preservation or restoration of original architectural materials and design features. This program has not been used.

### ***Other***

The City has two small URAs within existing the HOC zoned area of SE 16th and SE 5th. Furniture Mart on SE 5th is currently benefitting from a tax abatement schedule over five years. There are no other lots available for development with Furniture Mart.

Additionally, the former Deery auto dealership development on SE 16th Street includes five total properties with a benefit of being eligible for a 3-yr 100% tax abatement. This is the location of the recently completed Olive Garden. There is one more lot planned for development of McDonald's with the Deery area. A development agreement is in place with this URA that is also applicable to development in this area. Olive Garden will apply for tax abatement in January 2027

The City also has a commercial and vacant land policy for consideration of establishing new URAs. This policy is limited to HOC zoned land and among other standards focuses on brownfields, land vacant for 7 years or more, or development complicated by City well head protection and stormwater requirements. This policy has not been used to incentivize any project since 2015 when the Squeaky Clean laundromat building on Lincoln Way was approved. As being only a policy, no project benefits from it without Council formal approval of a URA, but at this time staff does present it as an option to developers that may be consistent with the policy.

### **URBAN RENEWAL TAX INCREMENT FINANCING (TIF):**

Historically, TIF has been one of the City's primary tools for encouraging select project-specific redevelopment, infrastructure investment, economic development, neighborhood revitalization, and public improvements necessary to facilitate private investment. TIF has been used throughout Iowa to finance public infrastructure, site preparation, utility improvements, streets, developer rebates and make other improvements that support development and redevelopment projects.

Historically, one of the significant benefits of TIF was that upon repayment of an obligation, the full taxable value returned to the taxing jurisdictions and contributed to future tax base growth. While the valuation still returns to the tax rolls under SF 2472, that valuation is not considered new construction for purposes of calculating allowable General Fund revenue growth. Consequently, although the City will continue to receive property tax revenues associated with the released valuation, it does not generate additional General Fund levy authority beyond the annual 2% limitation. **This change substantially alters one of the traditional long-term fiscal benefits associated with TIF districts and should be considered when evaluating future urban renewal projects.**

Urban Renewal Areas for collection of TIF exist across the community. However, currently, the City uses TIF for only two active projects. Barilla was granted a TIF rebate as a matching incentive for a plant expansion in 2019. More recently, the City entered into a development agreement for a TIF rebate for development along Bailey Avenue in the North Dayton Small Lot Industrial Subdivision.

Based upon City Council direction on incentives from December, staff believes that use of some TIF is likely to support the Greenbriar, Bluffs, Scholl Road, and Hayden Preserve projects. The TIF for these projects is tied to construction of infrastructure. Additionally, the Linc project planned along Lincoln Way as a catalyst project to the area is planned to include some level of TIF incentive, but the terms of this deal are not yet known.

#### **STAFF COMMENTS:**

While SF 2472 does not eliminate the City's authority to utilize tax abatements and TIF incentives, it significantly changes the long-term fiscal outcomes associated with these programs. Therefore, as requested, staff would offer the following policy changes for the City Council to consider to mitigate the impact of SF2472:

#### **OPTION 1: CONTINUE WITH THE CURRENT PROPERTY TAX INCENTIVE PROGRAMS**

(Ownership Housing Tax Abatement, Industrial Property Tax Exemption, Urban Revitalization Tax Exemption, and Tax Increment Financing Programs)

The City Council could support this option if you are optimistic that, no later than the next state legislative session, the property tax law will be revised or clarified so that valuation

coming off of an abatement or TIF incentive will be considered new construction for purposes of exceeding the 2% cap.

In the short term, the City has the ability to transfer some eligible expenses in the General Fund to the Trust and Agency Levy from the General Levy thereby improving the City's ability to meet the 2% General Fund revenue cap. However, there is a finite amount available for transfer, so that this cannot be a long-term strategy to avoid the impact of the existing law.

### **OPTION 2: TEMPORARILY DISCONTINUE THE USE OF TAX ABATEMENT OR TIF INCENTIVE PROGRAMS UNTIL VALUATION COMING OFF OF ABATEMENT OR TIF IS CONSIDERED NEW CONSTRUCTION**

A recent article in the Des Moines Register indicates that in response to this new legislation, the City of Des Moines suspended the use of use of TIF and is now considering discontinuing its tax abatement program as well. In addition, a small city, Pleasant Hill, has halted indefinitely its tax abatement program.

Given the City's ability to transfer expenses to the Trust & Agency in the short-term, this option to discontinue all incentive programs appears to be too drastic. However, one incentive that could be considered relates to the Ownership Housing Tax Abatement program.

Since a review of the building permit data does not seem to indicate that this incentive spurred additional single-family housing construction and the local developers who the City has been working with recently to promote more housing starts have indicated a preference for direct incentives as a method to directly increase housing production, a case can be made to discontinue this program. If the City Council chooses to terminate this program, no existing beneficiary would be impacted. A change would only impact the receipt of new applications for abatement.

### **OPTION 3: REDESIGN THE TAX ABATEMENT AND TIF INCENTIVES SCHEDULES WITH NO EXEMPTIONS OR PAYMENTS TO DEVELOPERS IN FIRST YEAR.**

The current legislation only counts new construction in the first year when the valuation is added to the tax rolls. For example, if the City's abatement or TIF incentive program grants a 100% tax incentive in the first year of ten year schedule, the City will never be allowed to count this valuation as new construction. Given the fact that most of our most significant projects are seeking either a tax abatement or TIF incentive, this option will prove helpful to the City.

**Under this option, the City will realize the valuation as growth when the improvement is added to the tax rolls in the first year. The incentive schedules will have to be redesigned for this option.**

**Option 3 appears to be a viable option for the Council to consider. Meeting the 2% cap will prove more difficult in the coming years, especially should the Council in the future support new facilities and/or services that will be require additional General Fund subsidy not included in the base budget.**

**OPTION 4: ESTABLISH NEW PRIORITIES AND REVIEW EACH OF THE PROPERTY TAX INCENTIVE PROGRAMS**

**This option could be pursued should the City Council desire to establish more performance related eligibility criteria for City property tax incentives such as: housing production, workforce housing objectives, wage levels, project timing, private capital investment, job creation, building preservation, redevelopment, etc.**

**This option would likely result in fewer awarded incentives, assuming that the criteria are more selective, but incentivized projects would be more in line with the Council's priorities.**

**Should the City Council desire to pursue Options 2,3, or 4 the changes should be implemented by December 31, 2026.**