RE: Important Update Regarding the Tax Abatement Program

Dear Community Partner,

For many years, the City of Altoona has used its Urban Revitalization Tax Abatement Program to encourage new housing, support investment, and strengthen our community. Unfortunately, recent action by the Iowa Legislature has left cities like ours with little choice but to suspend this program. Effective 7/20/2026, a residential subdivision final plat that does not have council approval by 12/21/2026, will not be eligible for tax abatements. Furthermore, home improvement projects will no longer be eligible for tax abatement on or after February 2, 2027.

This decision is the result of Senate File 2472 (SF 2472), signed into law on May 3, 2026. While the legislation made broad changes to Iowa's property tax system, one provision significantly affects communities that use tax abatement. Under the new law, tax-abated property values are no longer counted as new construction for the City's general fund. As a result, cities can continue offering tax abatements but no longer receive the financial benefit that previously helped offset the cost of the program.

Continuing the program under these new rules would place additional pressure on the City's budget and, ultimately, on all taxpayers. After consulting with legal counsel, the City Council will consider an amendment to the Urban Revitalization Plan to suspend acceptance of new applications effective 7/20/2026, following a public hearing at the 7/20/2026 City Council meeting.

Final plats submitted and approved by City Council on or before the 12/21/2026 council meeting will continue to receive tax abatement benefits under the current program. The Urban Revitalization Plan will remain in place, allowing the City to reinstate the program if future legislative changes restore its financial viability.

We recognize this news will be disappointing, especially for those planning to invest in Altoona. We share that disappointment. This is not a change the City sought, nor does it reflect a reduced commitment to responsible growth or economic development. Rather, it is a response to state law that has significantly limited our ability to offer this incentive while remaining fiscally responsible.

We encourage you to share your perspective with your state legislators. They should understand how SF 2472 affects local communities, homeowners, builders, and businesses. Input from those directly impacted can help inform future discussions about restoring effective, locally controlled economic development tools. The City remains committed to supporting a strong local economy and advocating for policies that preserve local decision-making. Should future legislative action restore the viability of tax abatement, we will evaluate reinstating the program and communicate any updates promptly.

Thank you for your continued investment in Altoona and your partnership in building a strong community. If you have questions regarding this change, please contact City Hall.

Sincerely,

Dean O'Connor
Mayor, City of Altoona

900 Venbury Dr. Suite A ▪ Altoona, IA 50009 ▪ (515) 967-5136 ▪ FAX (515)967-0842

RESOLUTION NO. 07-20-2026 #01

Resolution Approving Amendment the Urban Revitalization Plan for the Altoona Urban Revitalization Area

WHEREAS, pursuant to the provisions of Chapter 404 of the Code of Iowa (the "Act") the City of Altoona, Iowa (the "City") has designated all real property situated within the City as an urban revitalization area (the "Altoona Urban Revitalization Area") and has adopted an Urban Revitalization Plan (the "Plan") for such Urban Revitalization Area; and

WHEREAS, the City Council is monitoring anticipated reductions in municipal revenues and increased financial pressures resulting from changes to Iowa law enacted pursuant to Senate File 2472 on May 18, 2026, which may materially affect the City's ability to fund essential governmental operations and services; and

WHEREAS, in order to protect the financial stability of the City and the interests of its taxpayers and to allow time to assess the actual budgetary impacts of this legislation, the City Council deems it advisable to amend the Plan to suspend the acceptance of new applications for property tax exemption benefits under the Plan, until further action is taken by the City Council to repeal such suspension; and

WHEREAS, pursuant to the provisions of the Act, before amending the Plan, the City must prepare an amendment to the Plan, hold a public hearing thereon, and otherwise comply with the procedures set forth therein; and

WHEREAS, an amendment (the "Amendment") to the Plan has been prepared and presented to the City Council for consideration in accordance with the provisions of the Act, said Amendment being in a form and having the contents as set forth in Exhibit A attached hereto and by this reference made a part hereof; and

WHEREAS, pursuant to the provisions of the Act, the City Council has held a public hearing on the Amendment on July 20, 2026;

NOW, THEREFORE, Be It Resolved by the City Council of the City of Altoona, Iowa, as follows:

Section 1. The Amendment is hereby adopted in the form attached hereto as Exhibit A.

Section 2. All resolutions or parts of resolutions in conflict herewith are hereby repealed, to the extent of such conflict.

Passed and approved July 20, 2026.

Mayor

Attest:

City Clerk

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There being no further business to come before the meeting, it was upon motion adjourned.

Mayor

Attest:

City Clerk

EXHIBIT A
AMENDMENT

The Altoona Urban Revitalization Plan is hereby amended to add the following language to Section L of the Urban Revitalization Plan:

Suspension of Acceptance of New Applications. The City Council is monitoring anticipated reductions in municipal revenues and increased financial pressures resulting from changes to Iowa law enacted pursuant to Senate File 2472 on May 18, 2026, which may materially affect the City's ability to fund essential governmental operations and services.

In order to protect the financial stability of the City and the interests of its taxpayers, and to allow time to assess the actual budgetary impacts of this legislation, the acceptance and processing of applications for property tax exemption benefits under this Plan shall be suspended as follows:

1. **Rehabilitation and Additions to Existing Residential Structures.** Applications for property tax exemption benefits for improvements consisting of the rehabilitation of, and additions to, existing residential structures on qualified real estate assessed as residential within the Urban Revitalization Area shall be suspended for applications received on or after February 2, 2027.

2. **New Residential Construction.** Applications for property tax exemption benefits for improvements consisting of new residential construction on qualified real estate assessed as residential within the Urban Revitalization Area shall be suspended unless the final plat for the property is approved by the City Council on or before December 21, 2026.

Applications for tax exemption benefits for improvements described in paragraph 1 that are received prior to February 2, 2027 shall be reviewed and processed in accordance with the provisions of this Plan and Iowa Code chapter 404 in effect as of the date of receipt, unless otherwise lawfully withdrawn, denied, expired, or rendered ineligible under applicable law.

Applications for tax exemption benefits for improvements described in paragraph 2 shall be reviewed and processed in accordance with the provisions of this Plan and Iowa Code chapter 404 in effect as of the date of receipt, provided the final plat for the property was approved by the City on or before December 21, 2026, unless otherwise lawfully withdrawn, denied, expired, or rendered ineligible under applicable law.

This suspension shall remain in effect until modified or repealed by formal action of the City Council, including by amendment to this Plan or other duly authorized legislative action under Iowa Code chapter 404, as amended.