



April 3, 2024

Dear Chair Rest and members of the Senate Taxes Committee,

AIA Minnesota would like to express its support for SF5194, which would create a tax credit for conversion of underutilized buildings.

The impact of the pandemic on building use continues to be felt in cities throughout Minnesota. Repurposing existing buildings to meet today's needs for housing and new uses will help keep main streets vibrant, invigorate local economies, and reduce the significant carbon footprint and waste created by the teardown of old buildings and creation of new ones. It will also ensure that our communities have efficient, resilient built spaces that accommodate the needs of today and tomorrow.

In many cases, converting or repurposing buildings requires significant new design thinking, and solutions that may not fit the mold of traditional finance. There are projects all over the state that could begin if this new and impactful financial tool becomes available.

Architects have told us about a wide range of adaptive reuse projects that could benefit from this tax credit, from Little Africa Plaza on Snelling Avenue in the African Cultural District, which would rehab a building vacant for 10 years and slated for destruction, to the James J. Hill Center, an architectural gem with significant code and accessibility challenges that have kept it underutilized, to several buildings in Appleton that have been vacant for a long time and could be repurposed to revitalize the community's downtown. All of these projects will require design innovation and a complex web of financial tools to bring them to fruition, and this tax credit could significantly improve outcomes and speed up timelines for returning these assets to their role at the heart of communities.

Nationally and internationally, we have heard about the challenge of converting office and commercial spaces to housing; given the already complex nature of housing finance, innovative tools like this tax credit could create the space for innovation that will be required to make such conversions, which could have a dramatic impact on our housing shortage around the state. This tax credit will be another important tool in closing the gap on our housing needs in Minnesota cities and towns.

The most sustainable building is the one you don't have to build; preserving buildings reduces carbon footprint, and creating new opportunities to improve building performance can help us maintain the resilience of our existing building stock for decades to come. All projects could incorporate more energy modeling to make their operations more efficient, and advances in design can make them more accessible for all as they move into their next phase as community assets.

We urge you to advance this proposal to create an important tool we need to bring Minnesota communities into the future.

Sincerely,

A handwritten signature in blue ink that reads "Amy Kalar".

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