

SWERVO DEVELOPMENT CORPORATION

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Senator Ann Rest, Chair
Senate Taxes Committee
328 Capitol
St. Paul, MN 55155-1606

Re: Senate File 5194 – Credit for Conversion of Underutilized Buildings

Dear Senator Rest and Members of the Senate Taxes Committee,

I'm writing to you in strong support of Senate File 5194, also known as the Credit for Conversion of Underutilized Buildings ("CUB").

As a local developer and property owner, it's hard for me to see my buildings that were once bustling with professional services, creative firms and entertainment destinations now stand half empty. This is a direct hit to both my property values and the city. Less value on my buildings means less money coming from property taxes, forcing homeowners to carry more of that load.

The reality is that people aren't returning to offices at the rate we hoped. The trend of downsizing office use or closing them altogether remains a huge concern. I'm left to consider how to fill my buildings and bring life back to our downtown.

In the Warehouse District of Minneapolis, I own over 750,000 square feet of property. The style of these historic buildings, with smaller floor plates and windows that can open makes them great candidates for residential conversions. However, the costs to convert an office building to a residential one are incredibly high. It does not make financial sense given the current market rental rates, especially for affordable housing.

The proposed Credit for Conversion of Underutilized Buildings ("CUB") would provide the relief needed to make these conversions possible, even making it viable to potentially offer affordable housing options.

The time to take action is now. If we don't provide incentives like the CUB, empty buildings will continue to be an issue as more people choose not to return to office for work. We're four years out from COVID-19, and instead of improving, things are getting worse. We have a responsibility to act now before the problem grows even bigger and inevitably more expensive.

I'm asking the Taxes Committee and the Minnesota Senate: Please support and pass Senate File 5194. Our state has a chance to turn around, but we need your help to make it happen.

Sincerely,

SWERVO DEVELOPMENT CORPORATION

Ned Abdul

Ned Abdul
Chief Manager