



BIGOS
MANAGEMENT

**Letter of Support – S.F. 0768
Catalyzing Underutilized Buildings Across Minnesota**

Tuesday, March 18, 2025

Chair Rest and members of the Senate Taxes Committee,

I am reaching out to express my full endorsement of S.F. 0768, also known as the CUB Credit. This legislation, proposing a tax credit for the conversion of underutilized buildings, promises an opportunity to propel economic growth, fortify sustainability efforts, and unleash the transformation of Minnesota's current building inventory.

As a Minneapolis native, I have been in the apartment business for more than 50 years, investing in Minnesota's housing stock across the state and metro area. Owning and operating more than 50 residential apartment communities and 11,000 apartment units, Bigos Management is currently proposing a project to convert downtown St. Paul's Galtier Plaza into 170 apartment units. Transforming the former shopping mall, then Cray Supercomputer HQ, and now largely vacant commercial space, into a skyway hub with new life, all while preserving a postmodern architectural building full of charm. The CUB Credit will significantly benefit our project, the state as a whole by providing more critical housing units, as well as our entire industry, promoting the reimagining and redevelopment of underutilized properties for new uses, in addition to driving jobs in construction, where 70% of adaptive reuse is labor rather than material that stays local, design, and ongoing property management.

This legislation provides a path for owners, developers, and dreamers to envision new life for once great buildings. It has become prohibitively difficult to make conversion projects financially work. We have been working on Galtier Plaza for 5 years. Due to the extensive costs of retrofitting an existing building to the needs of residents and updated building codes, the continued rise in interest rates, and now added economic uncertainty, we have never been able to achieve a basic return that would allow us to move forward. The costs to retrofit an entire building to meet the needs of residents and updated building codes have prevented most office-to-residential conversion concepts from getting started.

The changing dynamics and economics of our cities have accelerated rapidly following the shift to significant remote work. To ensure we maintain the economic engines that are St. Paul and Minneapolis, we must make equally dynamic shifts to keep up. The change in values of these buildings represents a massive portion of our city and state tax rolls and maintaining a stable local property tax base is crucial. Repurposing underutilized buildings, in both the Twin Cities as well as out state Minnesota, presents a strategic opportunity to enhance their value, thereby creating steady, enduring revenue streams for both property owners as well as local and state government. This approach not only cultivates an environment conducive to investment but also secures the ongoing prosperity of our communities.

The importance of implementing the CUB tax credit can't be overstated, especially as our core downtowns face the looming threat of widespread office vacancies. This credit represents a significant opportunity to tackle the urgent demand for mixed-use commercial and residential spaces within our downtowns. By doing so, we can contribute to a thriving urban landscape that is better equipped for the future of how we all live, work and play.

In conclusion, I urge you to champion S.F. 0768 and push for its swift approval. By harnessing tax incentives to encourage the repurposing of underutilized buildings, we position organizations like Bigos Management to unlock latent potential, ignite economic growth, and build lasting value for our state and the wider real estate sector.

Thank you for your attention to this matter, and I greatly appreciate your anticipated support for this essential legislation.

Sincerely,

Ted Bigos
Owner; CEO
Bigos Management