



Tuesday, March 18, 2025

Chair Rest and members of the Senate Taxes Committee,

My name is Calvin Hayes, and I am an owner and the Vice President of Fendler Patterson Construction, Inc., a Minnesota-based construction firm specializing in commercial, multifamily, and industrial projects. As a leader in the industry, I have witnessed firsthand the shifting demands in the real estate market, particularly in office and commercial properties. Many buildings in our communities remain vacant or underutilized, which not only stifles economic growth but also burdens property tax bases.

I am writing to express my strong support for SF 0768, the Catalyzing Underutilized Buildings (CUB) Credit, which provides critical incentives to repurpose these spaces into new, vibrant uses. This legislation represents a forward-thinking solution to the challenges our industry and communities face.

At Fendler Patterson Construction, we have evaluated and budgeted over \$500 million in adaptive reuse and conversion projects, but none have proceeded because, under current conditions, they simply do not financially make sense. The high cost of construction, rising interest rates, and economic uncertainty have made it nearly impossible to make these projects viable without additional incentives like the CUB Credit.

The CUB Credit is essential for several reasons:

- It drives economic growth by creating jobs in real estate development, construction, and design, ensuring that Minnesota's workforce remains active and productive.
- It promotes sustainability, reducing construction waste and carbon emissions by encouraging adaptive reuse rather than demolition and new builds.
- It maximizes past public investments, utilizing existing infrastructure while strengthening downtown and suburban commercial areas.
- It helps stabilize property tax bases, preventing a shift in tax burdens from commercial properties onto homeowners and renters.

Minnesota needs a proactive approach to addressing its growing inventory of underutilized buildings. The CUB Credit will provide the necessary financial tools to unlock the potential of these spaces and make conversion projects feasible. Without this support, properties will remain vacant, and the burden of property devaluation will continue to impact our communities.

I urge the committee to support SF 0768 to catalyze investment in underutilized buildings and unlock the potential of Minnesota's built environment. This legislation is a strategic and necessary tool to ensure the continued economic resilience of our state.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Hayes'.

Calvin Hayes  
Owner & Vice President  
Fendler Patterson Construction, Inc.