

March 26, 2025

Re: Catalyzing Underutilized Building Across Minnesota - SF 0768

Dear Chair Rest and Members of the Senate Taxes Committee:

I am writing as an architect with HGA Architects and Engineers to express my support for the CUB Credit (SF 0768). Our firm works with developers throughout the State of Minnesota, and we recognize the ongoing challenges they face to make their projects economically viable.

Our Minnesota cities are experiencing significant challenges with vacant building inventory, plaguing the vitality and vibrancy of our downtowns. As an architect working in downtown Rochester every day, I am constantly aware of these vacancies, often old buildings that are not only vacant but deteriorating. They are not being utilized for any purpose and continue to deteriorate the environment of our downtowns.

Developers will need considerable incentives to step up to meet the challenges of repurposing underutilized buildings and justify the risk to purchase and repurpose older vacant buildings and support revitalization.

Repurposing buildings has numerous benefits to our State of Minnesota citizenry.

1. Repurposing existing buildings versus building new is one of the most effective ways of achieving sustainability goals.
2. Achieves vibrancy by eliminating vacant buildings and activating storefronts.
3. Offsets the impacts of the post-COVID economy by incentivizing building reuse to bring back a critical mass of retail, entertainment, and office use in our downtowns. Achieving critical mass is essential to attract traffic and more development.
4. Potential to gain some much-needed real estate tax relief. By getting more buildings in a condition to participate in generating higher levels of taxes, some of the pressure on existing stock to generate taxes to sustain our appetite for taxes to support public needs will be relieved.
5. The CUB Credit will create jobs in real estate development, construction and design by incentivizing the reuse of vacant and/or underutilized properties. Rochester, Minnesota has over 400,000 SF of unoccupied space in the downtown area alone, not including Mayo Clinic Campus space.

To encourage developers to pursue re-use developments, new incentive ideas need to be developed. There is considerable risk for developers in our current environment, with high cost of construction, high interest rates, and unpredictable leasing market conditions. Adding CUB to incentives such as Tax Increment Financing, Tax Abatement, and/or Opportunity Zones will further enhance assistance to encourage development.

I encourage you to support this legislation to provide developers the necessary incentives to pursue projects that revitalize our cities.

Sincerely,

A handwritten signature in black ink, appearing to read "Hal Henderson". The signature is fluid and cursive, with the first name "Hal" and last name "Henderson" clearly distinguishable.

Hal Henderson, AIA
Principal and Vice President
HGA Architects and Engineers