



March 17, 2025

Re: SF0768 Letter of Support

Chair Rest and members of the Senate Taxes Committee,

My name is Kristen Anderson, Vice President of Design and Construction of Hempel Real Estate. I am writing you to express my support for SF 0768, the “CUB Credit” to catalyze adaptive new uses for vacant and underutilized buildings. I have worked in the design, construction, and real estate field for over 10 years, having a Master of Science in Historic Preservation from Pratt Institute, experience at a general contractor, architecture firm, and now for most of my career and advocacy for building reuse have worked at Hempel Real Estate. Hempel is a local real estate developer that has been investing in the state of Minnesota for over 20 years through building reuse, repositions, and new construction in the office, retail, medical, multi-family, hospitality, and entertainment sectors.

Hempel currently owns and operates just under 3 million square feet of office space in the Twin Cities and of this 3 million we estimate about 30% of it no longer has the demand for office. We are exploring our opportunities to convert some of our buildings to housing and consolidating office use so better placed office buildings are full, and housing can occupy the others. However, the economic impacts of high interest rates and unprecedented increases in construction costs (up 30% - 35% since 2020) these projects underwrite at a negative return. We have seen over the past decade and particularly since the COVID 19 pandemic the significant shifts in the ability to convert buildings from one use to another without State or Federal assistance. Federal and State historic tax credits have been an incredible financial tool to convert and rehabilitate our *historic* building stock. With the major economic and social influences caused by the COVID 19 pandemic, we are now seeing a new stock of office buildings, *many* of which are non-historic, no longer viable to maintain in their current use.

SF 0768 modeled similarly to the Federal and State historic credits fills a significant financial gap to make these projects viable. Converting these buildings, and particularly buildings located near retail and entertainment hubs, into housing will create a domino effect to bring more economic activity to their surrounding areas as increased populations encourage new businesses to open nearby. Our organization also owns and leases retail and entertainment properties in both urban and suburban markets and without residential or commercial traffic (i.e. office traffic) there is little demand for new retail and entertainment businesses to open.



Passing SF 0768, the “CUB Credit”, will drive significant economic growth throughout the Twin Cities and greater Minnesota while reusing our existing building stock, supporting sustainable building reuse practices, and will create immediate jobs in the development, design, and construction industries as well as long term jobs as more business open near and surrounding these future projects. I again request your support for SF 0768 and greatly appreciate your consideration.

Sincerely,

Kristen Anderson
Vice President of Design and Construction
Hempel Real Estate
Kanderson@hempelcompanies.com
(612) 202-0358