



**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 writing today to express our strong support for the CUB Credit, SF768. I represent the Laurentian Chamber of Commerce - more than 260 member businesses and their associated employees - and the Laurentian Main Streets for the cities of Eveleth, Gilbert, Mountain Iron, and Virginia, as well as the surrounding communities on the Iron Range. Our work is deeply connected to the vitality of our rural communities in northeastern Minnesota, where we continue to face significant challenges in maintaining and redeveloping our downtown spaces.

We face a significantly different landscape than metro Minnesota. While urban centers are seeing large office-to-residential conversions, rural towns like ours are facing vacant downtown buildings that are falling into disrepair or being demolished. Without intervention, this cycle perpetuates blight, weakens our local economies, and reduces the vibrancy of our communities.

We strongly support SF768, the "CUB Credit," as a necessary tool to catalyze adaptive reuse of vacant and underutilized buildings in our region. The cost to redevelop historic downtown properties is often prohibitively high, making investment unattractive without financial incentives. For example, in downtown Virginia, a building currently for sale at \$60,000 has seen its estimated market value fluctuate as low as \$24,000 in recent years. Yet, the cost of rehabilitating the property into viable tax-generating space is more than \$500,000, conservatively. This includes critical improvements such as a new roof (\$120,000+), HVAC, electrical, and more. Without SF768, properties like this will remain vacant or deteriorate further, ultimately requiring costly demolition that burdens our communities.

This legislation presents a significant opportunity to drive economic growth, promote sustainability, and unlock the potential of Minnesota's existing building stock. The CUB Credit will:

- Create jobs in real estate development, construction, and design, keeping money circulating in Minnesota.
- Encourage reuse of existing structures, reducing construction waste and cutting carbon emissions.
- Help stabilize local property tax base by increasing property values and generating long-term revenue for our local governments
- Provide a crucial incentive for converting underutilized second and third floors into housing, helping to alleviate our ongoing workforce housing shortage.
- Make small-town redevelopment more competitive with metro-area projects by addressing the financial gap in rural investment.
- Without additional incentives, we will continue to see our communities struggle to attract developers and meet the needs of our workforce. If we do not act now, we risk becoming seasonal destinations rather than thriving year-round communities.

I urge you to support SF768 to help rural Minnesota communities revitalize our downtowns, reduce blight, and create sustainable economic opportunities. Thank you for your leadership and consideration. I welcome any opportunity to discuss this further and share additional insights from our region.

Respectfully,
Teresa Appelwick
President/CEO