



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 write to you in my capacity as a Partner at Onward Investors, a Minnetonka-based alternative investment firm specializing in real estate-related opportunities. As you may be aware, we have recently purchased multiple high-profile office buildings in downtown Minneapolis, including both the Wells Fargo Center and the Ameriprise Financial Center.

I am in support of S.F. 0768, the “CUB Credit”, as I believe such legislation to be critical to catalyze adaptive new uses for vacant and underutilized buildings, of which there are a significant number given the change in office use post-pandemic.

As an example, Ameriprise Financial announced in December 2022 that it intended to vacate its headquarters building in downtown Minneapolis, the Ameriprise Financial Center, upon lease expiration in October 2025. The result will be a fully vacant 960,000 square foot, 31-story tower in downtown Minneapolis. While the building is only 25 years old, Ameriprise completed minimal upgrades since its original construction, and a very significant amount of capital will consequently need to be invested into the building to re-lease it as office.

As a result of this reality, we purchased the building on January 30, 2025 for \$6.25 million, nearly \$194 million lower than the previous sales price of \$200 million in September 2016. As we look ahead to Ameriprise vacating the building in October of this year, we are beginning to explore uses for the building other than office, and the CUB Credit would be a vital piece of the financing for any alternative use of the building.

This transaction highlights the grim reality facing local governments across the country as a significant portion of their tax base is eroded due to the reduction in demand for office. Ameriprise Financial

Center is assessed at just under \$71 million for tax year 2025, a sizable premium to our \$6.25 million purchase price, and the expectation is that the assessed value will fall significantly from current levels in coming tax years without substantial new investment in the property. Adaptive re-use incentives, like the CUB Credit, will prove critical to facilitating such investment, which in turn can mitigate increased residential property tax levy needs for areas historically reliant upon tax revenues from office buildings that have largely become vacant or underutilized.

In summary, I believe legislation like S.F. 0768 is vital to catalyze the necessary re-imagination of existing vacant and underutilized properties in the face of commercial real estate demand changes post-pandemic, and I strongly urge you to support S.F. 0768.

Regards,

A handwritten signature in blue ink, appearing to read 'Jon Lanners', with a long horizontal flourish extending to the right.

Jon Lanners
Partner
Onward Investors