



Tuesday, March 18, 2025

Chair Ann Rest  
Senate Taxes Committee  
75 Rev. Dr. Martin Luther King Jr. Blvd.  
Capitol, Room 328  
St. Paul, MN 55155

Chair Rest and Members of the Senate Taxes Committee,

On behalf of the Saint Paul Downtown Alliance and our recently launched Downtown Development Corporation, I write to express strong support for S.F. 0768, the Catalyzing Underutilized Buildings (CUB) Credit. This legislation is a critical tool to revitalize Minnesota's downtowns and main streets, particularly in Saint Paul, where office vacancies continue to rise at an alarming rate.

Downtown Saint Paul's office vacancy rate has surged from **22% in 2023 to 32% in 2024** (BOMA Market Report), leaving many properties underutilized. Without intervention, these vacant buildings will further erode property values, shift tax burdens onto homeowners and renters, and stall economic recovery. The CUB Credit provides a targeted solution to repurpose these spaces into housing and mixed-use developments, increasing vibrancy and economic activity.

#### Why S.F. 0768 is Essential:

- **Revitalizing Downtowns & Main Streets:** Converting vacant offices into housing and mixed-use properties will attract residents and businesses, bringing much-needed foot traffic and economic growth.
- **Addressing Minnesota's Housing Shortage:** A Gensler study found that converting strong candidate buildings in downtown Saint Paul alone could create **over 2,000 new housing units**, helping alleviate the regional housing crisis.
- **Stabilizing Property Taxes & Local Budgets:** The declining commercial tax base shifts burdens to homeowners and renters. Reuse of vacant buildings strengthens downtown tax revenue, benefiting the entire city.
- **Sustainability & Economic Growth:** Conversions prevent **100,000+ tons of CO2 emissions** compared to demolition and new construction while maximizing past public investments in infrastructure.
- **Low-Risk, High-Return Incentive:** The tax credit is only paid out upon project completion, ensuring state funds are used effectively.

S.F. 0768 is a smart, pragmatic investment in Minnesota's future. It leverages existing infrastructure, fosters economic resilience, and supports housing growth. I urge you to support this bill and help catalyze the transformation of underutilized buildings into thriving community assets.

Sincerely,

A handwritten signature in blue ink that reads "Joe Spencer". The signature is fluid and cursive, with a long horizontal line extending from the "J" and a checkmark-like flourish at the end of "Spencer".

Joe Spencer, President