



**WILLOW PEAK**  
COMMERCIAL REAL ESTATE

March 16, 2025

**Re: Letter of Support – SF 0768  
Catalyzing Underutilized Buildings**

Chair Rest and Members of the Senate Taxes Committee,

I am writing to express my strong support for SF 0768, the Catalyzing Underutilized Buildings (CUB) Credit, and to highlight its importance in revitalizing Minnesota's buildings and tax base. As the CEO of Willow Peak, a female-owned commercial real estate firm dedicated to acquiring and repositioning urban office properties, I have firsthand experience with the challenges and opportunities presented by the current state of vacant and underutilized buildings. Our mission is to transform distressed buildings into vibrant, mixed-use spaces that enhance economic vitality and community resilience.

We are currently look at buying a four-building portfolio out of receivership, to reposition it from office to mixed-use – ideally including condos (as we homeownership as a significant way to reverse the negative impacts of these buildings sitting vacant). But, we would only make this significant investment (which, for us would be putting all of our savings on the line) if we had the CUB Credit.

As someone with 20 years of experience representing owners and investors of office space throughout the Twin Cities, I foresaw the significant decline in property values as a result of declining office occupancy due to COVID-19 shutdowns and mandatory remote work, leaving many owners unable to refinance. As a consequence, a growing number of these buildings are reverting to lenders and selling at steep discounts—3-30% of their previous sale price (as we've seen with Ameriprise and Wells Fargo Center in downtown Minneapolis). This devaluation is not only leaving these buildings empty, but also has a profound impact on the revenue our government takes in, as drastically reduced property values lead to a significant drop in property tax revenues, shifting the burden onto homeowners.

The amount of vacancy created in office buildings in Minneapolis alone since the start of COVID-19 would take 32 years to backfill, assuming we had normal positive leasing like we did in the mid to late 2010s. But the fact is, we have had four straight years of negative absorption (ie. in 2024, we saw -400,000 square feet of negative absorption, continuously setting us back). Without the ability to reposition these buildings to something that serves



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the needs of society today, they will sit vacant and become dilapidated, resulting in further decline of our towns and cities, as well as our tax base.

The reality is that the cost to convert these buildings from one use to another is not economically feasible without some form of subsidy. Structural retrofits, mechanical system overhauls, and compliance with modern building codes create financial barriers that private capital alone cannot overcome. Without incentives like the CUB Credit, these buildings will remain underutilized, further weakening the economic and social fabric of our communities.

The CUB Credit will also play a vital role in stabilizing property values and preventing tax burdens from shifting disproportionately to homeowners and renters. With rising office vacancies impacting urban cores and smaller communities alike, it is imperative to support incentives that promote economic revitalization, create mixed-use spaces, and enhance overall urban resilience.

I urge the committee to support SF 0768 and recognize the transformative impact it will have on Minnesota's built environment. This legislation will help turn underutilized spaces into thriving hubs of economic and social activity, ensuring a stronger, more sustainable future for our communities.

Sincerely,

Erin Fitzgerald, CEO

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