

Land use patterns play a significant part of defining community identity. The organization of residential, business, and public uses influences how people choose to live, work and play in the community. Land use relationships that help Faribault achieve its Vision will ultimately create a desirable community. Within the context of this Comprehensive Plan, the Land Use element promotes strong residential neighborhoods, a flourishing industrial base, a vibrant downtown core, focused commercial areas, and numerous recreational opportunities.

The Land Use Element looks at broad community patterns. How much growth should be anticipated and accommodated? Where should growth occur? How do land uses relate to the natural environment and to one another? The goal of the Comprehensive Plan is to guide the use of land in a manner that achieves the vision for the future of Faribault.

In a perfect world, the market would operate within this framework and meet the development needs of the community. Unfortunately certain community needs will be not be met relying solely on land use regulations and market forces. One such area is housing. Housing is not just a land use, but a defining characteristic of Faribault.

- The quality of the housing stock is a basic community characteristic. The provision of safe and decent housing is an essential objective of the Comprehensive Plan.
- Housing is not a single, one size fits all, commodity. Personal housing needs change as life passes from single adult to family to elderly. This concept of life cycle housing allows people to live in Faribault for an entire lifetime, not just for pieces of it. Household income influences the housing choices for Faribault residents.
- Housing provides the foundation for economic growth. People living in Faribault provide the demand for goods and services. Housing provides the customer base needed to support business retention and expansion. The amount of income required for housing expenses influences support of local businesses and demand for government services.

## Statutory Charge

Many municipal powers related to housing come from the housing and redevelopment authority statutes (Minnesota Statutes, Sections 469.001 to 460.047). The HRA Act lists the following activities as public purposes:

- to provide a sufficient supply of adequate, safe, and sanitary dwellings in order to protect the health, safety, morals, and welfare of the citizens of this state.
- to clear and redevelop blighted areas.
- to perform those duties according to comprehensive plans.
- to remedy the shortage of housing for low and moderate income residents, and to redevelop blighted areas, in situations in which private enterprise would

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not act without government participation or subsidies.

These statutory objectives provide a framework for the Housing section of the Comprehensive Plan.

## HRA Strategic Plan

The Faribault Housing and Redevelopment Authority (HRA) leads the City's efforts in the area of housing. The HRA's mission is to provide a vehicle to eliminate blight and fulfill the housing needs in the Faribault community. The vision of the Faribault HRA is that people of all socio-economic classes in the community have access to affordable, attractive and quality housing.

Guided by this mission and vision for the future, the HRA creates strategic planning objectives. These objectives become guiding principles in local housing initiatives. Among the key strategic housing objectives for the Faribault community are:

- Keep Faribault a great place to live and to work.
- Meet community housing needs that will not be fulfilled without public actions.
- Ensure that an adequate quantity of housing is available for all income levels.
- Encourage the maintenance of the existing housing stock and the prevention of blight.
- Minimize barriers to homeownership.

The Housing Element of the Comprehensive Plan builds on the strategic planning framework of the HRA.

## County Study of Housing in Faribault

The Comprehensive Plan builds from a significant base of information about housing in Faribault that comes from the Rice County Housing Study. This Study, conducted in 1999, examined specific housing needs facing cities in Rice County and recommended approaches for addressing these needs. The city of Faribault is a significant element of the study. Sixty-four pages of the Study report deal solely with housing in Faribault.

The Housing Study draws on a variety of data sources to describe the characteristics of the housing stock in Faribault. The primary sources include:

- U.S. Census data for 1990 and earlier
- Minnesota State Demographer's Office
- Claritas, Inc. (data reporting service in Arlington, VA)
- Woods & Poole Economics, Inc. (data reporting service in Washington, DC)

Much of this data continues to offer timely and useful information about Faribault. Tables that rely exclusively on Census data have been updated to include the results

of the 2000 Census. These updated tables are included in the demographic data in Appendix B of the Comprehensive Plan.

With the exception of the updated tables, this Housing Element does not attempt to duplicate the contents of the Rice County Housing Study. The Study (in its entirety) should be used as a resource for continued planning and public initiatives related to housing. Instead, the Comprehensive Plan uses the findings and recommendations of the Study as a framework for the Housing section of the Plan.

### ***Housing Strengths***

The Rice County Housing Study identified the following factors as strengths for housing development in Faribault:

- Faribault is a regional center providing employment, shopping, professional and governmental services, health care, and cultural amenities. These factors attract and sustain growth.
- The natural amenities of Faribault attract visitors and support growth.
- Existing neighborhoods provide a relatively large stock of affordable housing.
- The housing stock in Faribault has become increasingly diverse. The Study cites a mixture of ownership and rental options combined with a growing range of options, such a twin homes, townhomes and cooperatives.
- The land supply in Faribault supports continued growth in all sectors.
- The growth experienced in Faribault during the 1990's is projected to continue.
- Faribault has a diverse economy, without an over dependence on a single industry or employer. The City and its Economic Development Authority have worked to create economic diversity.
- City government has supported housing. The Study notes that Faribault was one of the first cities in Minnesota to build publicly-owned, market rate housing. Over the years, the City has used a variety of tools and programs to meet local needs.
- Faribault's services and amenities provide a desirable location for seniors and retirees.
- The development community in Faribault is active and willing to invest in housing projects.
- The City provides support for housing in the form of Community Development/HRA staff.
- The City has experience in obtaining outside funding and uses these resources to address local housing needs.
- The quality of public and private education options in Faribault supports continued housing development.
- Faribault has become more ethnically and culturally diverse.

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The information gathered through the process of preparing the Comprehensive Plan reinforces these findings as strengths for housing development in Faribault. The planning process also raised several other housing strengths that should be noted:

- Faribault benefits from its location in the region. Interstate 35 provides convenient access to the employment, shopping, services and amenities of the Twin Cities metropolitan area.
- Housing in Faribault is more affordable relative to competing Twin Cities suburbs. The 2000 Census reported the median value of owner-occupied housing in Faribault as \$100,300. This compares with \$141,200 for Twin Cities SMSA.
- Faribault provides a variety of settings for housing development.

All of these factors combine to form a strong foundation for housing in Faribault.

### ***Housing Barriers***

The Rice County Housing Study also identified three factors that posed barriers or limitations to certain housing activities.

- Faribault competes with other communities for new development. The Study lists Northfield, Owatonna and several smaller cities as very attractive options for residential growth. Development around area lakes is also seen as competition for higher value homes.
- Housing options for low wage employees are seen as very limited.
- Faribault is experiencing some of the by-products of growth. Examples cited in the Study were traffic, crime, struggles with diversity and need for more services.

### ***County Study Recommendations***

The Rice County Housing Study makes 25 recommendations for housing initiatives in Faribault. These recommendations are divided into five categories: rental housing development, home ownership, single-family housing development, housing rehabilitation, and other housing issues. A supporting rationale accompanies each recommendation in the Study report. The recommendations of the housing study are:

#### **Rental Housing Development**

1. Need for 60-65 general occupancy market rate rental units.
2. Need for 30-36 senior market rate rental units.
3. Need for 50-55 tax credit moderate income rental units
4. Need for 2-24 senior assisted living units.
5. Monitor the need and opportunity to construct future subsidized rental units.
6. Support the development of 8 to 10 special needs and transitional housing units.

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## Home Ownership

7. Utilize and promote all programs that assist with homeownership.
8. Initiate employer involvement in home ownership programs.
9. Continue to administer the MURL Program.
10. Consider development of a Lease to Purchase Program
11. Consider a local down payment assistance program.

## Single-family Housing Development

12. Promote/assist with affordable housing construction/subdivision development.
13. Monitor the need for future lot development.
14. Continue cooperation with other groups supporting home ownership.
15. Promote town house, twin home and cooperative housing development.
16. Support construction of high cost housing.
17. Develop home ownership awareness programs.

## Housing Rehabilitation

18. Promote owner-occupied and rental housing rehabilitation programs.
19. Continue downtown rehabilitation efforts.
20. Continue the Rental Registration Program.
21. Promote a purchase/rehabilitation program.
22. Work with rental property owners on the 4d Property Tax Classification Program.

## Other Housing Issues

23. Continue to promote programs in the Mobile Home Parks.
24. Promote awareness of diversity.
25. Consider implementation of an Acquisition/Demolition Program.

## 2000 Census

The 2000 Census contains a wealth of information about the housing stock in Faribault. In addition to community data, the Census contains information on smaller geographic components of the City called “block groups.” A detailed analysis of block group level data is beyond the scope of the Comprehensive Plan. A sampling of this information, does however, provide useful guidance about housing issues in Faribault.

Three block groups have been selected to illustrate the diversity of housing stock and issues in Faribault:

- Block Group 4 in Census Tract 9709 is located in the Central Residential planning area.

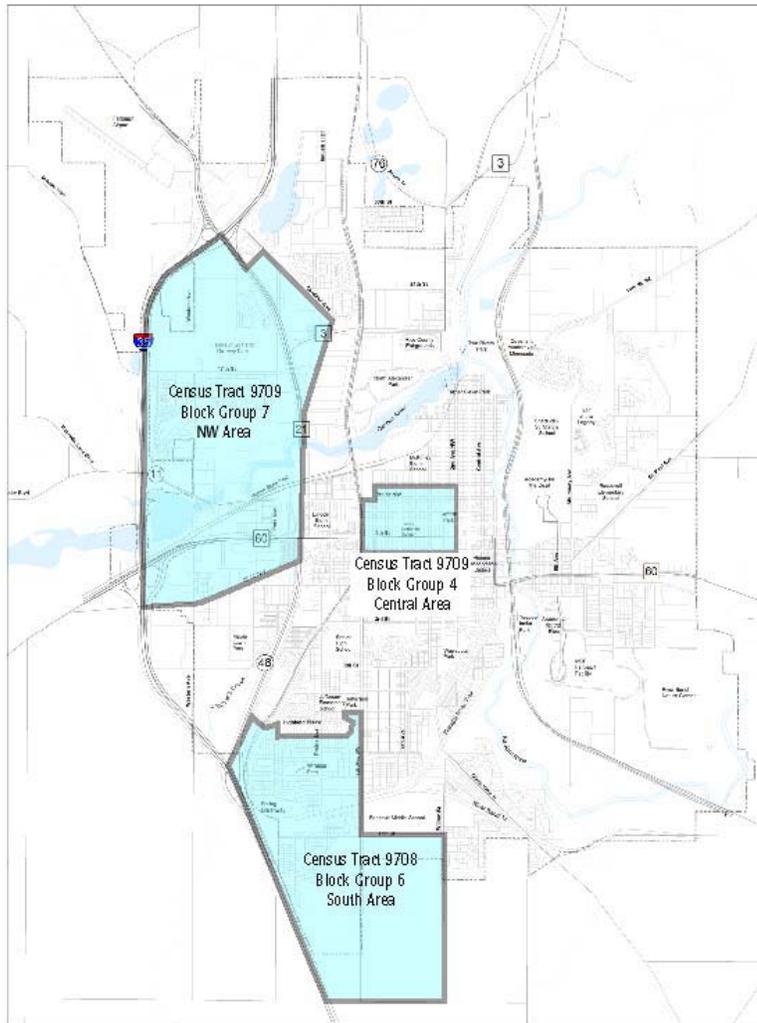


Figure 6-1  
Census Block Groups

- Block Group 7 in Census Tract 9709 is located north of 4<sup>th</sup> Street and west of Highway 21 in the 17<sup>th</sup> Street NW Neighborhood planning area.

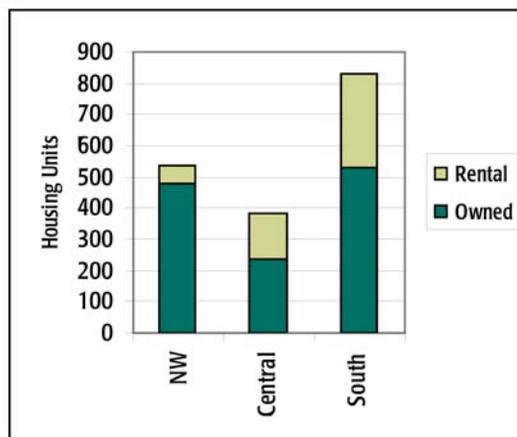


Figure 6-2  
Tenure of Occupied Housing Units

- Block Group 6 in Census Tract 9708 is located in the Southside Neighborhood planning area.

The locations of these block groups are illustrated in the map found in Figure 6-1.

Housing tenure varies across these neighborhoods. The Northwest area is predominantly (89%) owner-occupied housing. The other areas offer a greater supply of rental housing (see Figure 6-2).

The traditional single-family home (1 detach) is the largest single housing style, 71% of the combined total in the three neighborhoods. The rental options in the South neighborhood concentrates on “apartment” buildings, with 88% of the rental housing in structures containing more than 4 units. The Central neighborhood provides a greater variety of rental options. Twenty-two percent of the single-family detached units in this area are renter occupied (see Figure 6-3).

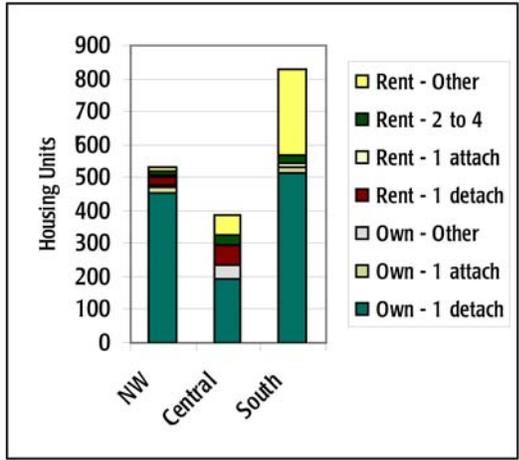


Figure 6-3  
Size and Tenure of Occupied Housing Units

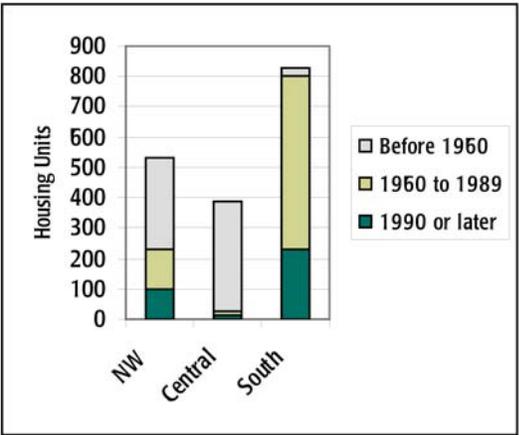


Figure 6-4  
Year Unit Built

The age of the housing stock is an important planning consideration (see Figure 6-4). Age shapes the character and identity of a neighborhood. Age points to need for maintenance and reinvestment. The vast majority of the Central neighborhood is more than 40 years old. The median structure age is earlier than 1940. There has been little replacement of these units. Only 16 new units were constructed since 1990.

The other neighborhoods contain a mixture of ages. The median age of structure in the Northeast area is

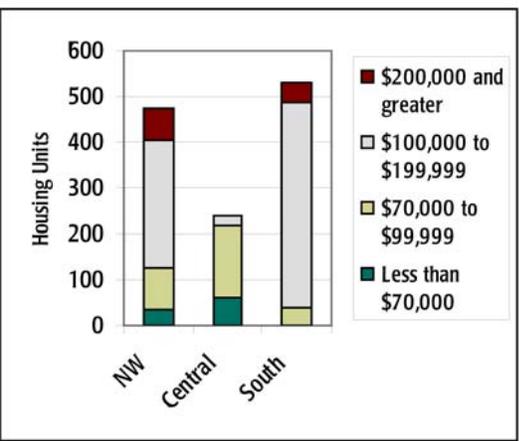


Figure 6-5  
Value of Owner-Occupied Housing Units

1958. Interestingly, the rental units tend to be older, with a median age predating 1940. The South area has a relatively young housing stock, a median age of 1984. There is little difference between the median age of owned (1986) and rental (1982) units.

The value of housing is an indicator of both development pattern and affordability. The 2000 Census reported the median value of owner-occupied housing in Faribault is \$100,300. Values in the Central neighborhood are among the lowest in the community (see Figure 6-5). The median value is \$82,100. Only 19 units (8%) have a value in excess of the City median. The median values in the other areas are higher than the city median value - Northwest (\$124,100) and South (\$137,000). Almost three-quarters of the owned units in the Northwest exceed the city median value. The amount is higher in the South, with 93% above the city median value. The statistics show that affordable owned housing tends to be concentrated in older neighborhoods.

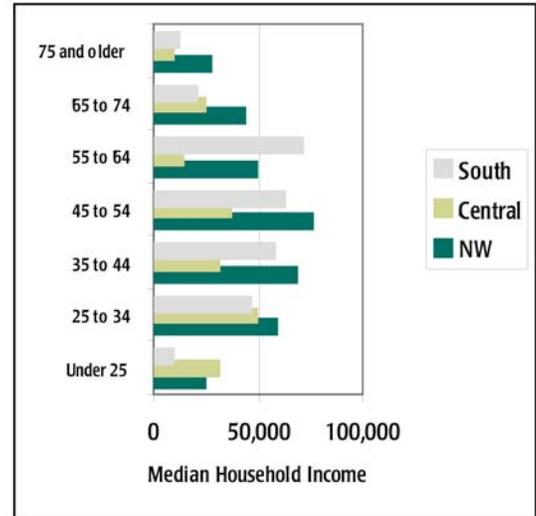


Figure 6-6  
Median Income by Age of Householder

Housing values can be indicators of other demographic factors. Household income follows the pattern for housing values. The median household income in the Central neighborhood (\$30,068) is below the City median of \$40,865. Only one age group living in the area (householder age 25 to 34 - \$48,981) has a median income higher than the City's. In the South, the median household income (\$42,366) is similar to the City as a whole. There is significant variation in income depending on age of the householder. The median income in the Northwest (\$57,679) is significantly above the City median. Only the youngest (under 25) and oldest (75 and older) groups fall below city-wide levels (see Figure 6-6).

## Role of the City

In a perfect world, the role of the City in housing would not extend beyond land use controls. The Comprehensive Plan, zoning ordinance, and subdivision regulations would set the pattern of development. Market forces would respond and provide the housing needed by the community. Unfortunately, the real world does not operate this way. The Rice County Housing Study and the 2000 Census point to housing needs in Faribault. The City of Faribault must play a role in meeting these needs. These roles involve a combination of policy guidelines for decision-making and implementation strategies for specific initiatives.

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## ***Affordable Housing***

It is impossible to talk about community planning without using the term “affordable housing”. Some people interpret affordable housing as a politically correct term for low income housing. Housing for people and families with low incomes is only one part of affordable housing. The issue has far broader implications for Faribault.

Planning for the future must begin with a common understanding of affordability. In broadest terms, affordability represents the share of overall income consumed by housing related expenses. The implications of housing affordability extend into many aspects of community development.

- Housing affordability affects the local economy. If housing becomes more affordable, then more household income is available to local government services and local businesses. The reverse is also true. Tight budgets increase the reluctance of residents to support local businesses and local governmental programs.
- Affordability determines who lives in Faribault. The relationship is simple. People cannot move to Faribault without adequate housing options. This situation applies to employees for local businesses. It affects the ability of children to return and live in Faribault. It determines if elderly on fixed incomes can stay in Faribault.
- Affordability applies to the housing “system.” The housing system must provide affordable housing at different levels of income and life style. Encouraging housing mobility within the community promotes a desirable mix of options. A young family moving into a bigger home may create an affordable starter home for another person. Housing that allows seniors to transition into alternative units provides units for family housing.
- Affordability has implications for maintenance of the housing stock. Just as affordability influences the disposable income available for other goods and services, it affects spending on housing maintenance. As homes age, parts of the house must be replaced. As families change, houses need to adapt. Failure to address these maintenance needs leads to inadequate and deteriorating housing.

The remainder of this section examines planning issues related to affordable housing in Faribault.

### **Affordable in Faribault**

Measures of housing affordability compare housing costs to gross household income. The general industry standard is that housing is affordable if housing expense equals 30% or less of gross household income. In its Affordable Housing Primer, the Minnesota Housing Partnership suggests the following thresholds:

- Ownership - 80% of median income. A family earning 80% of the median household income would spend not more than 30% of gross income on housing expenses.

- Rental - 50% of median income. A family earning 50% of the median household income would spend not more than 30% of gross income on housing expenses.

What do these thresholds mean for Faribault? According to the 2000 Census, the median household income in Faribault was \$40,865. If a family earns 80% of the median, the 30% criteria would allow \$817 per month to support housing costs. The basic components of the monthly mortgage payment include principal and interest, property taxes and insurance. Under the current property tax system, about 20% of the monthly expense should be allocated to taxes and insurance. The supportable mortgage will vary according to interest rate and term.

We are currently in a period of historically low interest rates. Assuming a 30 year, fixed rate loan at an interest rate of 6.00%, the income remaining after taxes supports a loan of \$109,000. If the interest rate rises to 8.00%, the supportable loan drops to \$89,100.

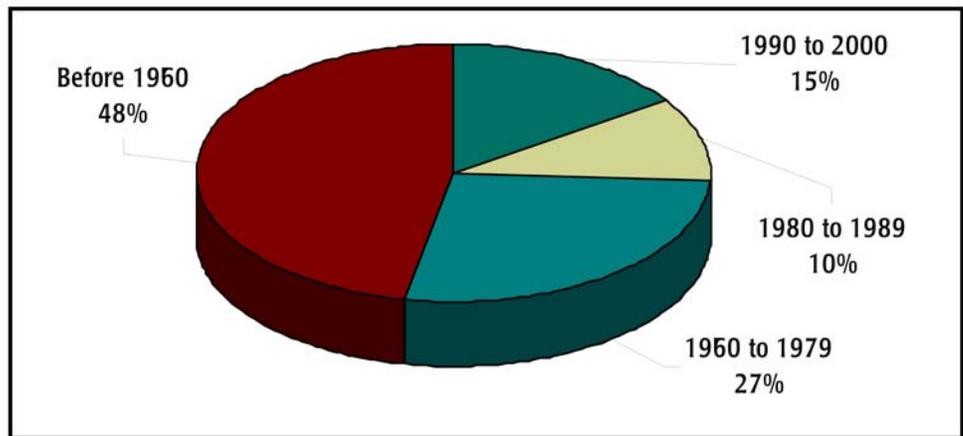


Figure 6-7  
Year Unit Built

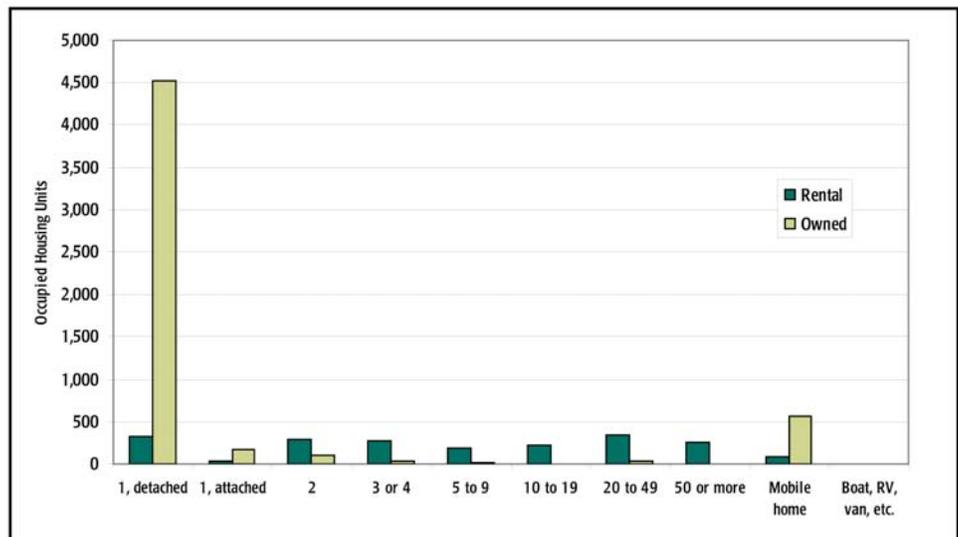


Figure 6-8  
Tenure of Occupied Housing Units

In general, affordable housing options can be found in Faribault. Several statistical measures help to examine the housing stock in terms of affordability.

- The 2000 Census set the median value of owner-occupied housing at \$101,962. This value falls below the “affordability” test described above.
- Faribault has a large supply of older homes. Almost 48% of all housing units in the 2000 Census were more than 40 years old (see Figure 6-7).
- Faribault’s housing stock contains a large supply of mobile homes. About 9% of the 2000 housing inventory was classified as “mobile home” by the Census. The majority of these units (88%) were owner occupied (see Figure 6-8).
- For rental housing, the affordability threshold is a gross rent of \$511 per month (30% of monthly income at 50% of the median household income). This compares to a median gross rent in the 2000 Census of \$499/month. According to the Census, over 70% of renter-occupied housing has gross rent of less than 30% of household income.

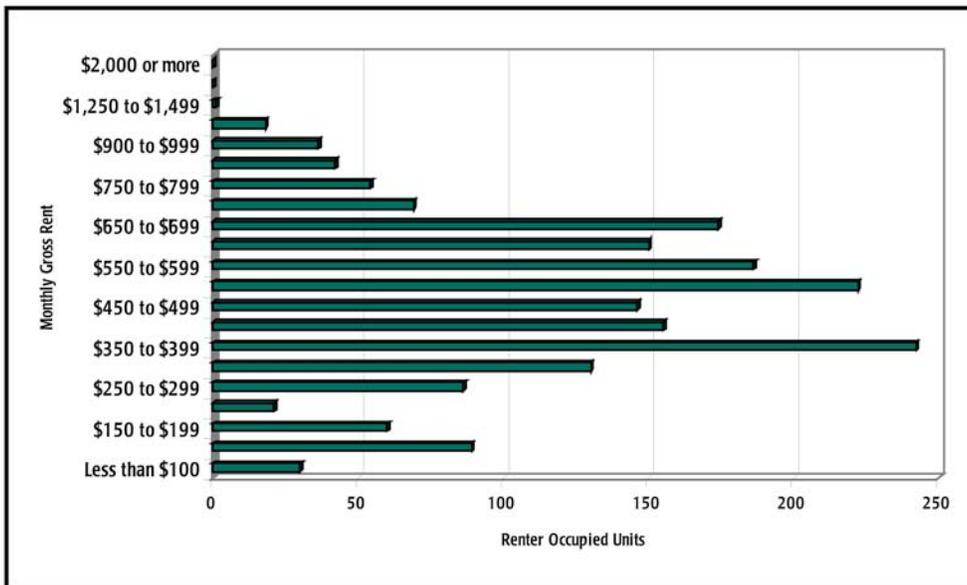


Figure 6-9

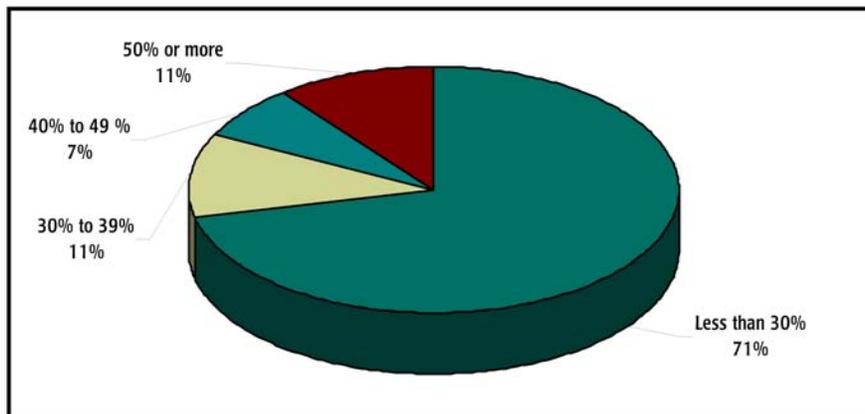


Figure 6-10  
Gross Rent as Percent of Household Income

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While these factors point to affordable elements of the housing stock, they fall short of demonstrating an adequate supply of affordable housing. This Census data only deals with the supply side of the housing equation. This data does not consider the demand for housing by current residents and by people seeking to move to Faribault.

Faribault's proximity to the Minneapolis-St. Paul metropolitan area provides the opportunity for residents to commute to jobs less than an hour away. Employment wages in the metropolitan area are generally higher than comparable positions in Faribault. Translated into housing, commuter residents may realize more affordable housing on the whole than those who live and work in Faribault. Although it is difficult to draw a direct correlation of the relationships of commuter wages and housing affordability, income and housing data supports the theory that housing may be more affordable for commuters. In the 2000 Census, the median household income in the seven county metropolitan area was \$54,332 as compared to \$40,865 in Faribault and median home values were \$140,507 and \$100,300 respectively. Clearly the numbers do support the perceptions of higher wages in the metropolitan area and lower housing values in Faribault.

The collection of data used in the 2000 Census began as early as 1998, although the Census Bureau uses a number of tracking methods to regularly update data through the end of the collection period. In the time from the Census to early 2003, household incomes and housing sales data has changed. For the purposes of Plan, the assumption is that there is a direct relationship of increasing household incomes and higher median sales price. Casual observance of recent sales information however, leads many to believe that home prices are much higher than assessed valuations and they are rising at a faster rate than income.

To verify this perception, housing sales prices were inventoried for the period beginning October 1, 2001 and ending September 30, 2002. During that year, a total of 314 sales were recorded in Faribault with a median sales price of \$132,000 (a 30 percent increase from the median value as recorded by the 2000 Census). The high sale was \$375,000, the low sale was \$36,400 and 58 homes sold for less than \$100,000. Although household income information over this period was not readily available, it is assumed that given the fact that the economy was in a recession, household income did not experience the same increase. The statistics support the perceptions that rapidly increasing housing prices is a market reality and affordable home ownership may be more of an issue than the 2000 Census conveys.

The City of Faribault and its Housing and Redevelopment Authority (HRA) operates a number of programs to help bridge the affordability gap. There are currently 435 households enrolled in a variety of housing programs and another 625 families on housing waiting lists. Current programs include:

- Section 8 Housing Choice Voucher Program
- A federally funded HUD public housing program
- A scattered site acquisition program administered by the City and its HRA

- The Robinwood Manor Section 8 apartment complex owned by the Elderly Housing Corp.
- Trails Edge market rate apartment project

The County's Housing Study identifies some of the housing gaps related to affordability. As a result of its investigations, the Study recommends specific community needs for affordable housing as a guide for public actions. This approach describes a long-term strategic perspective for affordable housing issues. The City/HRA must focus its attention on housing that will not be met without public actions. These issues require ongoing monitoring and planning. Specific housing needs, barriers and tools change over time.

### Planning Implications of Affordable Housing

Much has been written about the factors that influence the affordability of housing. This section examines the elements of housing affordability most closely connected to the Comprehensive Plan.

**Land Costs.** In 2000, the average building permit value for a new single family home was \$138,717. This amount does not include the cost of the lot. Information on lot values was not collected in the planning process. At a minimum, the additional expense of land pushes the cost of the average new home over \$160,000 and well outside the range of affordable housing.

The cost of land may not be seen as an issue for the Comprehensive Plan. Market forces set the value and price of land. However, local planning decisions influence land values and the cost implications for housing. The connections between local policies and land costs include the following:

- **Supply of development areas.** Basic economic theory states that scarcity increases price. This principle applies to land costs. By providing alternative locations for development, the City encourages competition and keeps prices in check.
- **Lot requirements.** Subdivisions reflect a combination of developer desires and local regulations. The City's zoning ordinance establishes the minimum area for a lot. Smaller lot sizes create the potential for reduced land costs. Creative approaches such as shared open space have been used to reduce lot area while still building strong neighborhoods.
- **Street design.** Local subdivision regulations and improvement policies determine the width of public right-of-way. Reducing street widths means that less land is needed to serve the same number of homes. This approach, when applied, must not impair the safe movement of vehicles and pedestrians, the provision of adequate space for public utilities, the ability to remove snow, and the ability to maintain the street system.

**Public Improvements.** Streets and municipal utilities allow land to be developed. Typically, all of these costs are passed to the home buyer. In this manner, the nature and design of public improvements directly affect the cost of housing.

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It is dangerous to take an overly simplistic view of the relationship between improvement costs and affordability. The primary goal of improvement policies should be creation of strong and sustainable neighborhoods. This goal seeks to balance quality and affordability. Cheap may have lower, initial cost but add expense in the future. The overall design of new subdivisions can reduce costs without compromising community objectives. For example:

- Excluding sidewalks reduces development costs, but diminishes the quality of neighborhoods. Sidewalks reduce the safety conflicts between vehicles and pedestrians. Sidewalks encourage people to come out of their homes and cars.
- Eliminating park dedication requirements makes housing more affordable. However, few people would suggest that neighborhoods are better without parks.

Housing Style and Size. Local land use controls influence the style and size of housing. These factors affect the amount of land and the costs of construction. In reality, the City only controls one part of this equation. Housing styles are also shaped by broader demographic and economic forces.

Building permit trends illustrate this point. From 1990 through 1997, the City issued 474 building permits for new single-family detached homes and 6 permits for attached single-family units. Less than 0.02% of all new single-family housing was in a form other than traditional freestanding home. The trend shifted significantly over the next four years (1998-2001). Attached housing made up 22% (80 of 358) of new housing units during this period.

These trends in Faribault followed similar changes throughout the region. Townhomes and other forms of attached housing make up larger shares of new housing starts. It is likely that this form of housing will continue to evolve over the life of the Comprehensive Plan.

### ***Life Cycle Housing***

The Comprehensive Plan seeks a housing stock that allows people to live in Faribault for a lifetime. Achieving this objective requires an understanding of community characteristics and housing needs. In broad terms, the elements of a life cycle approach to the housing stock include:

- Young adults seeking to locate in (or return to) Faribault typically have lower incomes and assets. They require rental or affordable owner-occupied housing.
- Families come in a wide range of types, sizes and economic conditions. A challenge for local planning efforts will be to provide sufficient options in terms of tenure, style, size and cost.
- As people age and children leave home, housing needs change. “Empty nesters” may seek smaller homes and less maintenance. Other older residents may need housing that includes varying levels of support services.

Life cycle housing is not a commodity, but a holistic view of the housing supply. As

people transition to another form of housing, they provide units for another. The young family that leaves an apartment for a single family home adds to the supply of available rental housing. This single family home may come from a retired couple moving into senior housing.

The results of the 2000 Census offer some insights on this issue. According to the Census, almost 43% of the households in owner-occupied housing had lived in their home more than ten years (see Figure 6-12). About 22% of owner-occupied households had resided in the same unit for over 20 years. This data points to a potential lack of “turnover” in the housing stock. As residents stay in a home for longer periods of time,

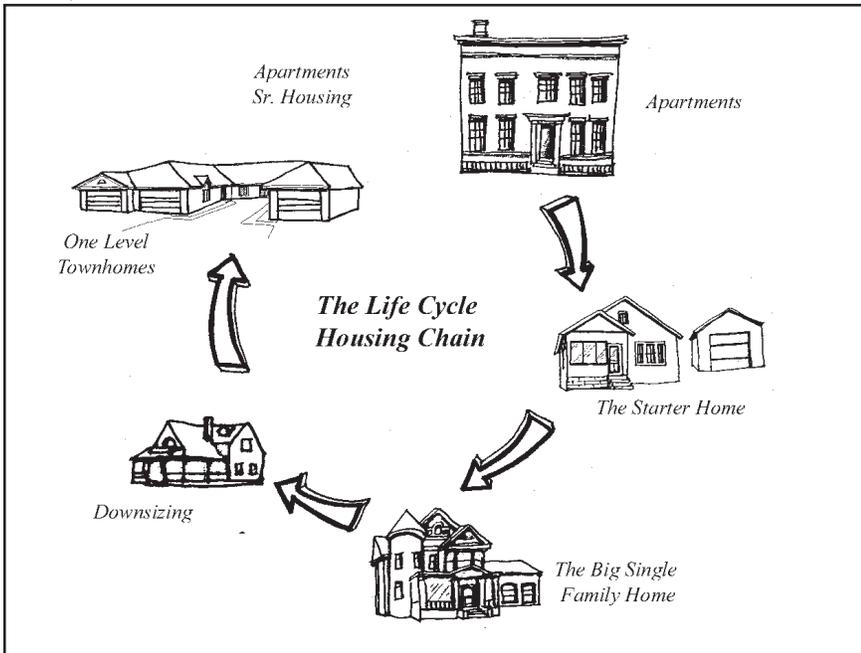


Figure 6-11  
Life Cycle Housing Chain

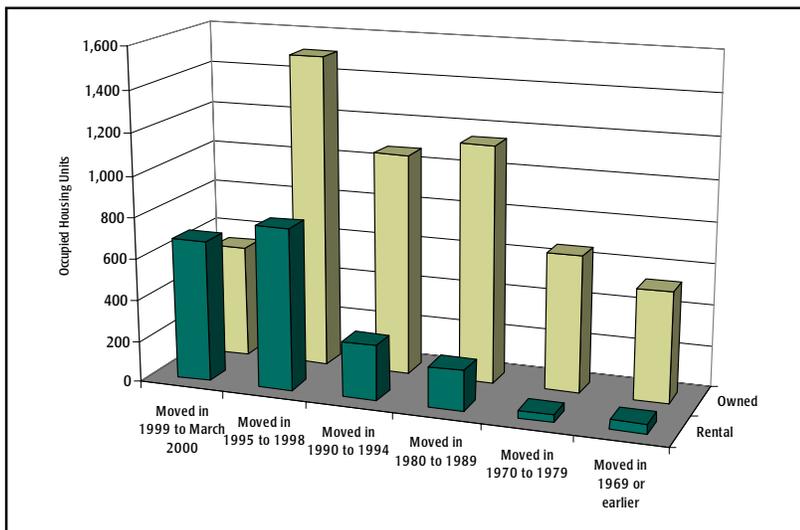


Figure 6-12  
Year Moved Into Unit

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these units are not available for other households. Without the resale of existing homes, new housing must satisfy the needs of a larger portion of new residents.

New housing development not only attracts new people into Faribault, but also allows existing residents to move up within the community. A strong program of housing maintenance ensures that units in existing neighborhoods provide attractive and viable housing options.

### ***Neighborhood Preservation***

Making Faribault a “place to call home” is an important element of the vision for the future. Building and maintaining strong neighborhoods is a fundamental objective of the Comprehensive Plan.

For new neighborhoods, the focus will be on the creation of livable and sustainable places. New housing development should be consistent with the style and type of housing in the surrounding neighborhoods. Street design and use of pedestrian trails and sidewalks can be used to promote a greater degree of connection between neighborhoods. Good transportation planning and related capital investments help to minimize traffic on local streets.

Existing neighborhoods, particularly older ones, are an important part of the fabric of the community. These neighborhoods define the character and the heritage of Faribault. Older neighborhoods provide lower cost housing than new developments. Maintaining housing quality in these areas is an essential part of providing affordable housing.

The land use and demographic analysis performed in the planning process suggest possible threats to these neighborhoods:

- Housing values in older neighborhoods fall below other parts of the city. Part of the difference can be explained by differences in the housing stock. This difference may also be an indicator of a lack of reinvestment in older homes.
- Older neighborhoods show a higher proportion of renter occupied single family homes. Typically, these units were built as owner occupied and converted to rental. This trend has several implications. If the conversion is long-term, a more affordable unit is removed from ownership. Renters tend to live in a unit for shorter periods and build fewer connections with a neighborhood. Rental properties are investments and face different motivations for ongoing maintenance.
- Some larger single family homes have been converted to multiple units. These changes alter the character of a neighborhood.
- Non-residential uses creep into older neighborhoods. Commercial and office uses have been added to some housing units. Commercial and industrial uses nibble at the edges of neighborhoods. If not part of the Comprehensive Plan, these conversions threaten the stability of a neighborhood.

These trends should be more carefully examined as part of implementing and using the Comprehensive Plan.

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## Market Gaps

Market forces are not likely to fill all housing needs in Faribault. Furthermore, market gaps tend to change over time with demographic and economic changes in the community. City housing initiatives should focus on identifying these gaps and determining the appropriate responses.

Gaps may relate to the need for specific types of housing. For example, the Rice County Housing Study identified the need for more market rate rental units, tax credit moderate income rental units, senior housing, and special needs and transitional housing units.

Gaps are also linked to mortgage financing and market conditions. An ongoing concern is the down payment and other factors needed to qualify for a mortgage loan. The city and local banks can pursue programs to promote homeownership.

Finally, the physical deterioration of structures often creates a barrier to private investment. Rather than fix the problem, the market avoids the unit. If unchecked, blight may spread to adjacent properties.

## Policies

The following policies are statements of intent related to housing in Faribault. These policies are intended to guide decisions pertaining to housing development and redevelopment.

1. Provide a sufficient supply of adequate, safe, and sanitary housing that meets the needs of all residents regardless of age, gender, ethnicity, income, and physical condition.
2. Provide areas for new development that allow for a variety of housing options.
3. Disperse housing style, tenure and affordability options throughout the City.
4. Encourage maintenance of the existing housing stock.
5. Preserve and enhance the quality of residential neighborhoods.
6. Encourage affordable rental and owner-occupied housing.
7. Direct city programs and financial assistance to housing needs that will not be addressed by private developers.

## Initiatives

The process of preparing the Comprehensive Plan led to the following initiatives. These initiatives are actions to be undertaken by the City of Faribault to achieve the policy objectives related to housing.

1. The supply of land is a key to development and a factor in affordability. Part

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of administering the Comprehensive Plan will be to monitor the supply of land available for development to ensure an adequate supply for residential development. The supply should include variety in location and allowable types.

2. Use of the Comprehensive Plan affects housing in existing neighborhoods. In using the Plan and considering future amendments, the City should seek defined edges and buffers that minimize conflicts between residential and non-residential areas.
3. Housing and community needs related to housing are constantly changing. The City should maintain on-going dialogue with housing developers, realtors and bankers to gain understanding of changing trends, market gaps, and barriers to affordability.
4. The City should review local land use regulations and improvement policies to ensure that they remove barriers to affordable housing but will not adversely affect creating and sustaining quality neighborhoods.
5. The Faribault Housing and Redevelopment Authority should continue to provide leadership in meeting local housing needs. The Faribault HRA will have primary responsibility for the creation and implementation of specific programs to meet housing needs in Faribault. To ensure an ongoing focus on housing, the HRA should annually review housing needs, determine city actions and review progress.
6. Other entities can provide assistance in meeting local housing objectives. The City should establish and maintain strong working relationships with potential partners in housing, including the Rice County HRA, the Minnesota Housing Finance Agency, Habitat for Humanity and the Minnesota Housing Partnership.