A large, leafy tree in a suburban neighborhood with houses and a mailbox.

03

HOUSING

Chapter highlights

- Overview
- Housing Inventory and Analysis
- Opportunities and Challenges
- Goals and Actions



OVERVIEW

A diverse housing stock with access to open space and essential goods and services is vital to a healthy, sustainable, and resilient community. The future growth and success of Albert Lea are dependent on resident access to quality and affordable housing. This section of the comprehensive plan evaluates the city's existing housing stock to identify needs and areas of potential growth.

Albert Lea has a role and responsibility to balance and facilitate the availability of diverse housing for all city residents, in all stages of life. Residential uses currently account for approximately 27 percent of the city's land area, making it the most abundant land use in Albert Lea. Given the abundance and importance of this use, it is necessary to plan for the future by preserving affordability and expanding housing choice.

HOUSING INVENTORY AND ANALYSIS

Type of Housing and Household Size

As residents age and transition from one life stage to another, the city aims to provide enough diversity in housing types to allow residents to continue residing with the city—or “age in place.” Diversity in housing stock provides residents with more options to meet their needs as time passes and increases market resiliency for the overall community. Too many homes of one type can result in an imbalanced housing market or create a barrier for residents attempting to relocate within the community as their needs change.

Albert Lea has approximately 8,672 units of housing, 75 percent of which are single-family detached or single-family attached housing. Table 3-1 below displays the number and share of housing types.

TABLE 3-1 HOUSING TYPES

Type of Housing	Number of Units	Percentage
Single-family, detached	5,988	69.0%
Single-family, attached	496	5.7%
Duplex	362	4.2%
Three or four units	275	3.2%
Five to nine units	268	3.1%
10 to 19 units	303	3.5%
20 or more units	807	9.3%
Mobile home	173	2.0%

Source: 2016 – 2020 American Community Survey

Aging Housing Stock and Maintenance of Housing

Albert Lea’s housing stock is aging. Approximately 1 in 4 housing units (2,058 units) were built before 1940, and over half the housing units were built before 1960. Additionally, 25 percent of units were built from 1970 to 1980. An estimated 80 percent of the housing units in the city are 40 years old or older. For comparison, only 55 percent of housing in all of Minnesota was built before 1980. While many of the homes built in this period are in good condition, these housing units are at higher risk of becoming substandard or functionally obsolete due to higher and more frequent maintenance costs.

FIGURE 3-1 OWNERSHIP AND AGE OF HOUSING STOCK



Housing Value and Affordability

Affordable housing can be defined in a variety of ways. In this Plan, Albert Lea considers housing affordable when individuals or households pay no more than 30 percent of their income on housing costs. A household is said to be cost-burdened when it pays more than 30 percent of its income toward housing expenses. (Source: U.S. Department of Housing and Urban Development or “HUD”). In 2020, the median household income is estimated to be \$44,210 in Albert Lea, 44 percent lower than the \$63,816 in the Southeast Development Region and 16 percent lower than Freeborn County (\$51,213) overall. With a median income lower than partner jurisdictions, it is more likely Albert Lea residents lack access to affordable housing and have less disposable income to pay for other goods and services such as clothing, food, childcare, transportation, and medical expenses. In addition, residents with lower incomes have significantly fewer housing choices to meet their family needs.

It is estimated that 44 percent of all renter households (1,051 households) pay more than 30 percent of their income on housing in Albert Lea, much higher than the surrounding area (24%) and slightly higher than the state of Minnesota (43%). This share decreases as proportionally with income. An estimated 70 percent of renters with incomes below \$35,000 are cost burdened while only 31 percent of owners with incomes below \$50,000 are cost-burdened in Albert Lea. Renter household percentages are on par with Minnesota, as 73 percent of renter households with incomes below \$35,000 are cost burdened and substantially higher with 50 percent of owner households with incomes below \$50,000 identifies as cost-burdened.

Rental Housing

The majority of rental housing in Albert Lea is considered Naturally-Occurring Affordable Housing. An estimated 73 percent of rental units in Albert Lea have median monthly contract rents ranging from \$250 to \$749. Only 9 percent of rental units have rents of more than \$1,000. This translates to most existing market rate rental units being affordable at 40 to 50 percent of area median income.

A strong economy and job growth in Albert Lea and the surrounding area will likely generate rental housing demand over the next several years. Albert Lea has a very low rental housing vacancy rate (1.9%) signifying market demand for rental housing. The equilibrium vacancy rate for rental housing is considered 5 percent, which allows for normal turnover and an adequate supply of alternatives for prospective renters. The vacancy rates in Albert Lea are well below 5 percent suggesting a strong need for various rental product types.

The development of new general occupancy rental housing would benefit residents of Albert Lea and the community by increasing the variety of housing and providing housing opportunities for a market that currently has limited options available. Additional housing will be a boon to the economy in the area by producing additional tax dollars and support for local businesses. It will also assist in filling vacant employment positions and potentially luring other businesses to the market area that are drawn by a strong workforce.



Infill Potential and Vacant Lots

There are still several existing, platted lots immediately available for development in the city. All of these sites are planned and zoned for low density residential development, with densities at 3 to 6 units per acres. Table 3-2 identifies these lots.

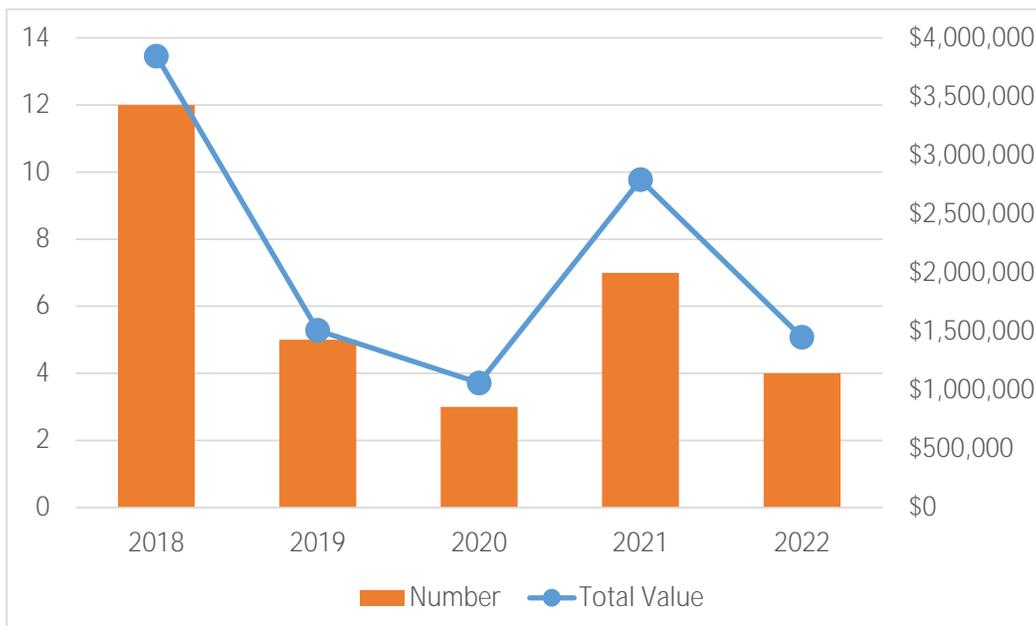
TABLE 3-2 VACANT LOT INVENTORY (AS OF 12/12/22)

Location	Number of Lots
Chapeau Shores (located on the west side, adjacent to White Lake)	27
East Gate (located east of the County fairgrounds)	11
Tiger Hills (located south of CR 92, north of Goose Lake)	37
Wedgewood Cove (located on the west side, adjacent to golf course and Pickeral Lake)	98
Total	173

There is an approved preliminary plat for an additional phase of Tiger Hills. As the current development builds out, is it likely this area will be final platted.

Since 2018, the city has issued 31 permits for new 1-2 family residential units, or an average of 6 new units per year. At this rate of growth, it appears the existing platted lots should more than meet the demand for new single family homes. The city should continue to emphasize the use of these available lots for new single family development. However, these lots may not meet the specific needs and demands, especially for rental and affordable units. It will be important to identify and utilize potential redevelopment sites to accommodate the specific immediate housing needs in the city.

**FIGURE 3-2 NEW CONSTRUCTION BUILDING PERMITS
1-2 FAMILY RESIDENTIAL**





Neighborhood Design

The City of Albert Lea is largely comprised of residential neighborhoods. A goal of this plan, one that has been carried forward from previous comprehensive plans, is to “create vibrant and well-connected neighborhoods.” In other words, the plan seeks to ensure both new and existing neighborhoods are connected to one another and to parks, schools, trails and community gathering spaces.

Neighborhood design can have different forms, from traditional (grid street patterns) to suburban (larger lots on cul-de-sacs and curvilinear streets) to conservation or cluster (cluster lots to preserve open space and natural features). In any design, what makes these neighborhoods livable and sustainable is the ability to connect to other areas through trails and sidewalks, and the ability to access open space and play areas through walking or biking. Albert Lea’s zoning and subdivision ordinances currently include provisions requiring, whenever possible, street connections, sidewalks, consideration for natural features, and the provision of open space. The key will be to carry these provisions forward, and to provide other requirements or incentives that will further facilitate sustainable and accessible neighborhoods.



OPPORTUNITIES AND CHALLENGES

Expanding Housing Choice



To expand housing choice and preserve affordability, Albert Lea will encourage the development of medium- to high-density residential housing in certain areas of the city, as identified on the Future Land Use Map. While approximately 75 percent of all Albert Lea's current housing is single-family, leveraging the city's general affordability towards new two-family and multi-family housing could help support new planned growth.

There is evidence of high demand for rental housing in Albert Lea that currently outweighs the supply of rental units. A rental townhome development could attract family households as well as empty-nesters and shallow-subsidy rental housing will draw from a wide variety of population segments, including low-wage workers, single-parent households, and low-income families.

Maintaining Affordability



Demand for affordable housing of all types is growing in Albert Lea. Like many communities in Minnesota, Albert Lea is anticipated to continue needing housing at all densities and below a price point of \$300,000. This can be achieved through upzoning around existing commercial nodes, planning for smaller lot sizes in new single-family residential developments, and enacting policies that preserve existing affordable housing in the city. Further, infill development can reduce the costs of extending infrastructure, which will contribute to affordability.

Aging Housing Stock



Albert Lea has a substantial inventory of aging residential building stock. This means there will be continued needs for maintenance, reinvestment, renovation, and (as appropriate) replacement of homes throughout the community. Maintaining the existing housing stock through maintenance and renovation will be necessary to keep Albert Lea's quality of life high while keeping the cost of living low.

Mixed Use Development



The city is aware that much of our younger and older demographic values higher-density housing and proximity to urban services, amenities, and entertainment. To serve this demographic, Albert Lea is planning to designate the downtown area surrounding the intersection of S Broadway Avenue and E Main Street as Mixed-Use. This will be especially important as the largest age cohort in Albert Lea—residents ages 55 to 64—ages into retirement.

Albert Lea currently lacks a zoning designation for mixed-use development at medium- to high-residential densities. Greater understanding and public marketing will be needed to gather support for the required levels of housing density. The city will also need to identify potential locations for mixed-use development and study the housing types that will be viable in the community.

Sustainable Housing



In the Climate Action Plan for Albert Lea, the plan suggests a multitude of policies and tools for climate resiliency. Many of the initiatives proposed in the plan include efforts to improve efficiency for homes and reduce the number of vehicle trips. Suggestions include switching to all-electric heating and cooling, green energy (solar, wind, and geothermal), and complete neighborhoods. More ideas can be found in Albert Lea's Climate Action Plan.





GOALS & ACTIONS

Few elements of a city have a more direct role in quality of life than housing. The housing goals introduced below strive to increase quality of life in Albert Lea by expanding housing choice and affordability, preserving existing housing stock, and creating vibrant neighborhoods.

Goal 1: Expand Housing Choice and Affordability

Objective 1.1. Identify, prepare, and advertise locations that could support new residential development, particularly multi-family.

Objective 1.2. Work with developers to support the construction of medium- to high-density housing in appropriate locations such as in the downtown area and around existing commercial areas.

Objective 1.3. Review and update existing, housing regulations, land use policies, and codes to allow for and promote a greater diversity of housing typologies in addition to ensuring the enablement of diverse development, redevelopment, mixed-use development, and infill.

Objective 1.4. Revise city Zoning Code, Subdivision Ordinance, and Capital Improvements Plan (CIP) to accommodate and facilitate desired new residential development typologies and supportive land use designations.

Objective 1.5. Identify and package economic incentives that could be leveraged to encourage housing at accessible price points viable.

Goal 2: Preserve and Enhance Existing Housing Stock

Objective 2.1. Develop and support existing programs that incentivize the maintenance and restoration of aging housing stock.

Objective 2.2. Develop and advertise programs to maintain the affordability of existing housing.

Objective 2.3. Continue to enforce existing standards for housing and yard maintenance through building codes and other city regulations.



Goal 3: Create Vibrant and Well-Connected Neighborhoods

Objective 3.1. Encourage the construction of parks and open spaces in each new residential development within the city.

Objective 3.2. Encourage neighborhood groups to organize community events to support neighborhood livability and a sense of community.

Objective 3.3. Encourage the use of universal design principles in new housing developments to ensure accessibility and barrier-free housing types.

Objective 3.4. Protect residential areas from the encroachment of incompatible uses and promote the removal of existing incompatible uses.

Objective 3.5. Integrate housing with safe and convenient access to key destinations such as employment nodes, schools, parks and green space, and commercial services.

Objective 3.6. Encourage including sustainable and climate resilient design within new and existing development.