

PRATT ENSLEY

FRAMEWORK PLAN

EXISTING HOUSING

DENSITY + LAND USE

HOUSING AGE + VALUE

FUTURE HOUSING

APPENDIX B: HOUSING ANALYSIS

City of Birmingham |
Regional Planning Commission of Greater Birmingham

DECEMBER 2018



This project was supported by funding from the Regional Planning Commission of Greater Birmingham (RPCGB), the Birmingham Metropolitan Planning Organization (MPO) Building Communities Program, and the City of Birmingham. The contents of this document do not necessarily reflect the official views or policies of the Birmingham MPO or the RPCGB.

This plan was prepared as a cooperative effort of the U.S. Department of Transportation (USDOT), Federal Highway Administration (FHWA), Federal Transit Administration (FTA), the Alabama Department of Transportation (ALDOT), MPO and RPCGB as a requirement of Title 23 USC 134 and subsequent modification under Public Law 114-94 (FAST Act) December 2015. The contents of the plan do not necessarily reflect the official views or policies of the USDOT.

ACKNOWLEDGMENTS

CITY OF BIRMINGHAM

Randall Woodfin, Mayor
Edwin Revell, Director of Planning Engineering & Permits
Christopher Hatcher, Deputy Director of Planning Engineering & Permits
W. Thomas Magee, Chief Planner
Timothy Gambrel, Principal Planner
Kimberly Speorl, Senior Planner
Jason Hjetland, Senior Planner
Donald Wilborn, Senior Planner
Michael Ward, Senior Planner
Christina Argo, Senior Planner

CITY OF BIRMINGHAM PLANNING COMMISSION

Ex-officio Members:

Randall Woodfin, Mayor
Steven Hoyt, Council District 8
Valerie Abbott, Council District 3
Fred Hawkins, City Engineer

Brian Ruggs, Chairman
Michael Morrison, Vice-Chairman
Selena Rodgers-Dickerson, Chairman Pro-Tempore
Dr. Nyesha Black
Ronald Crenshaw
Dr. Kathryn Doornbos
Zakee Iddeen
Haley Colson Lewis
Patty Pilkerton
Devon Sims
L'Tryce Slade
Mashonda Taylor

CITY OF BIRMINGHAM CITY COUNCIL

Lashunda Scales, District 1
Hunter Williams, District 2
Valerie Abbott, District 3
William Parker, District 4
Darrell O'Quinn, District 5
Sheila Tyson, District 6
Jay Roberson, District 7
Steven Hoyt, District 8
John Hillard, District 9

REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Charles Ball, AICP, Executive Director
Scott Tillman, Director of Planning and Operations
Lindsay S. Puckett, AICP, Principal Planner
Mikhail Alert, Senior Planner
Maria Hines, Project Manager
Hunter Garrison, Community Planner
Samuel Parsons, Transportation Planner
Ayumi Byrd, Planning Intern
Brett Isom, GIS Manager
Marshall Farmer, Senior GIS Analyst

CONTENTS

INTRODUCTION	9
1.1. Introduction	10
1.2. Housing Unit Trends	10
1.3. Housing Permits Issued	10
DENSITY + LAND USE	15
2.1. Gross Housing Unit Density	16
2.2. Housing Unit Type.....	16
HOUSING AGE + VALUATIONS	23
3.1. Age of Housing Units.....	24
3.2. Housing Vacancy and Tenure	25
3.3. Housing Affordability.....	27
3.4. Strategies and Recommendations	34

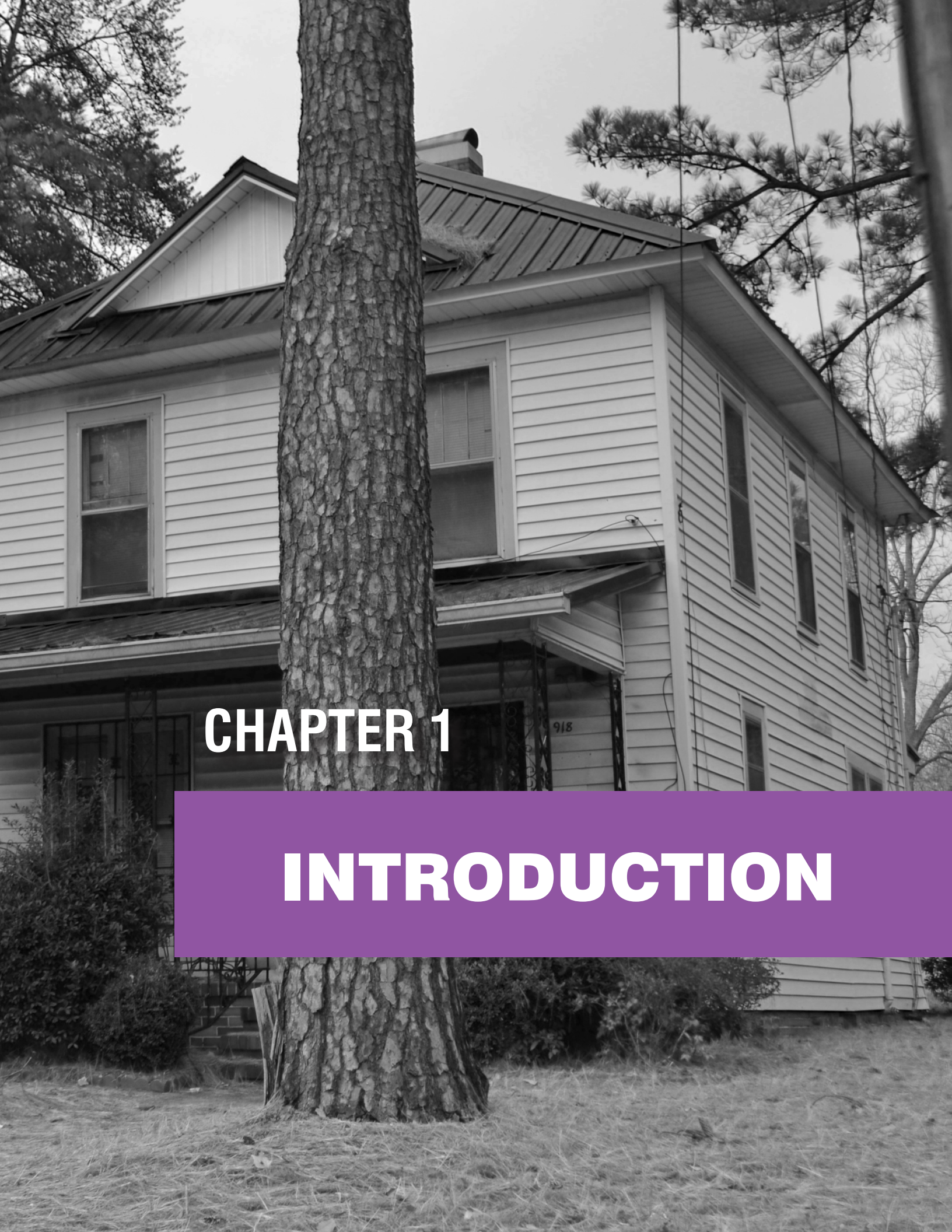
FIGURES

Figure 1.1: City of Birmingham Residential Building Permits (1980 - 2015)	11
Figure 1.2: Pratt Ensley Residential Building Permits (2010 - 2015).....	11
Figure 1.3: Pratt Ensley Framework Area Residential Construction Locations (2010 - 2015)	12
Figure 2.1: Comparison of Housing Units by Type	17
Figure 2.2: Residential Housing Types by Zoning Classification in the Pratt Ensley Area.....	17
Figure 2.3: Percent of Residential Units by Residential Zoning Type	19
Figure 2.4: Percent of Residential Acreage by Residential Zoning Type	19
Figure 2.5: Residential Land Usage in the Pratt Ensley Framework Area	20
Figure 2.6: Percent of Non-Utilized Residential Land by Zoning Type.....	20
Figure 3.1: Percent of Housing Units by Year Structure Built.....	24
Figure 3.2: Percentages of Owner-Occupied Housing Units by Valuation (2000 - 2016)	24
Figure 3.3: Median Home Sales by Pratt Ensley Area Neighborhoods (December 2016).....	25
Figure 3.4: Comparison of Rental Property Vacancy Rates (2010 - 2015)	26
Figure 3.5: Comparison of Homeowner Property Vacancy Rates (2010 - 2015).....	26
Figure 3.6: Estimated Mortgage Cost as a Percent of Household Income (2010).....	27
Figure 3.7: Estimated Mortgage Cost as a Percent of Household Income (2015).....	28
Figure 3.8: Estimated Gross Rent as a Percent of Household Income (2010).....	29
Figure 3.9: Estimated Gross Rent as a Percent of Household Income (2015).....	29
Figure 3.10: Comparison of Mortgage Costs as a Percentage of Income (2010 - 2015)	30
Figure 3.11: Comparison of Median Gross Rent (2010 - 2014).....	30
Figure 3.12: Comparison of Gross Rental Costs as a Percentage of Income (2010 - 2015)	31

TABLES

Table 1.1: Housing Units in the Pratt Ensley Area (2000 - 2016)	10
Table 2.1: Residential Zoning Types as a Percentage of Residential Land.....	18
Table 3.1: AMI and Expenditures for Owner-Occupied and Renter Occupied Housing	32
Table 3.2: Existing Owner Occupied Units	32
Table 3.3: Number of Owner-Occupied Units by Estimated Residential Property Values	33





CHAPTER 1

INTRODUCTION

1.1. INTRODUCTION

The City of Birmingham is the largest population and economic center in the State of Alabama. With its history rooted in the railroad and industrial sectors, Birmingham grew around these activities as it evolved into the economic engine for central Alabama. While much of Birmingham's residential housing stock was built during the post-World War II housing boom, housing construction has continued within the suburban fringes of the City as well as through infill and redevelopment efforts. Much of Birmingham's housing construction trends have been focused on multi-family construction in the last several decades. The 2008 national economic recession and housing market crisis significantly slowed housing construction in Birmingham, though recent trends are positive. Increased financial regulations and lower household incomes have further impacted the housing market by restricting the buying power of perspective homeowners. This has also affected a homeowner's ability to sell their property. Current median home property valuations for the City of Birmingham are estimated at \$92,653.

1.2. HOUSING UNIT TRENDS

Birmingham's Pratt Ensley Framework Plan Area, consisting of the Pratt City and Ensley Communities, are characterized as established urbanized areas. According to U.S. Census figures, there were approximately 10,277 housing units in the Pratt Ensley Area of Birmingham in 2000. By 2010 this had decreased to 9,144, a decrease of 1,133 (11%). Much of this decrease is due to an aging housing stock and a lack of residential construction investment. In 2016 it is estimated that the total housing inventory has increased to 9,422 units, with much of this new construction due to area redevelopment and infill resulting from the devastating tornado outbreaks in 2011. According to the Census estimates, the Pratt Ensley Area has added over 278 newly constructed housing units since 2010, an average of 46 units per year.

Table 1.1: Housing Units in the Pratt Ensley Area (2000 - 2016)

Year	Total Units	Numeric Growth	Percent Growth
2000	10,277	N/A	N/A
2010	9,144	-1,133	-11.0%
2016	9,422	278	3.0%

Source: U.S. Census Bureau and Environmental Systems Research Institute (ESRI) forecasts for 2016

1.3. HOUSING PERMITS ISSUED

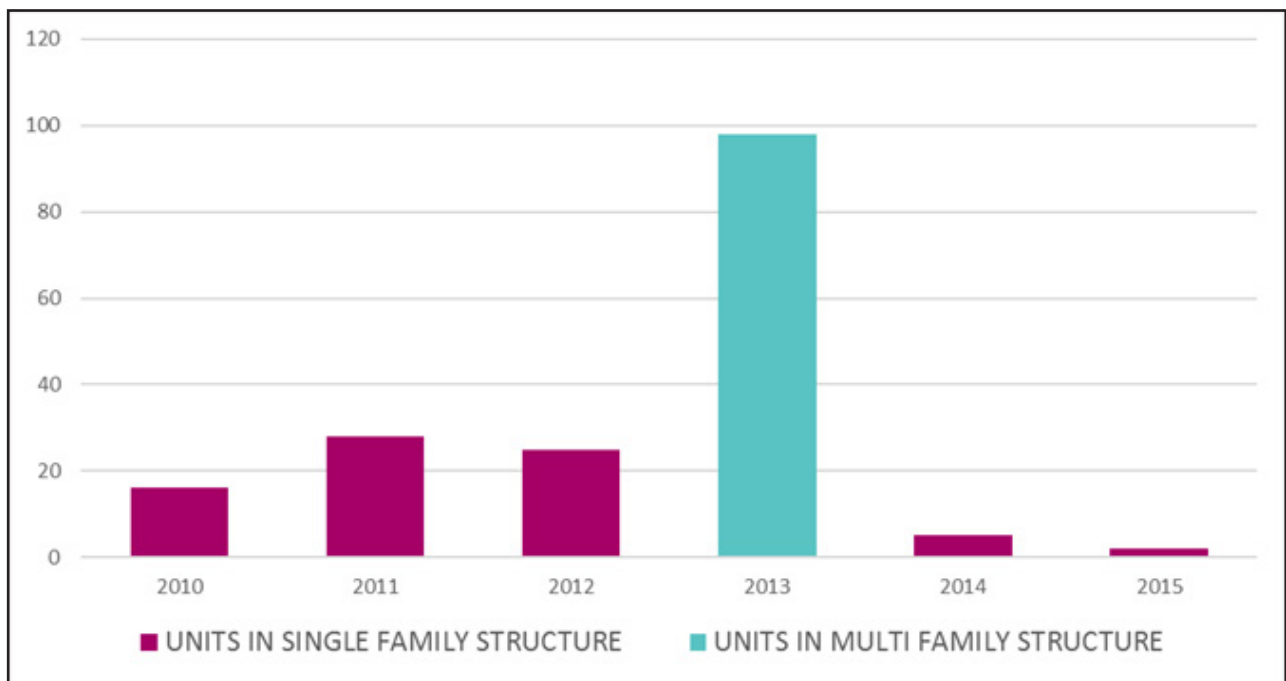
Based on residential housing construction permit data reported by the U.S. Department of Housing and Urban Development (HUD), construction of new housing units in the City of Birmingham has historically been dominated by multi-family housing. Since 1980, 65% of the housing permits issued were for multi-family construction while 35% for single family units. Housing construction trends in the Pratt Ensley Area differ slightly. Estimates of local permit issuances indicate that 56% of new residential construction in the Pratt Ensley Area was for multi-family units while just 44% were for single family units since 2010.

Figure 1.1: City of Birmingham Residential Building Permits (1980 - 2015)



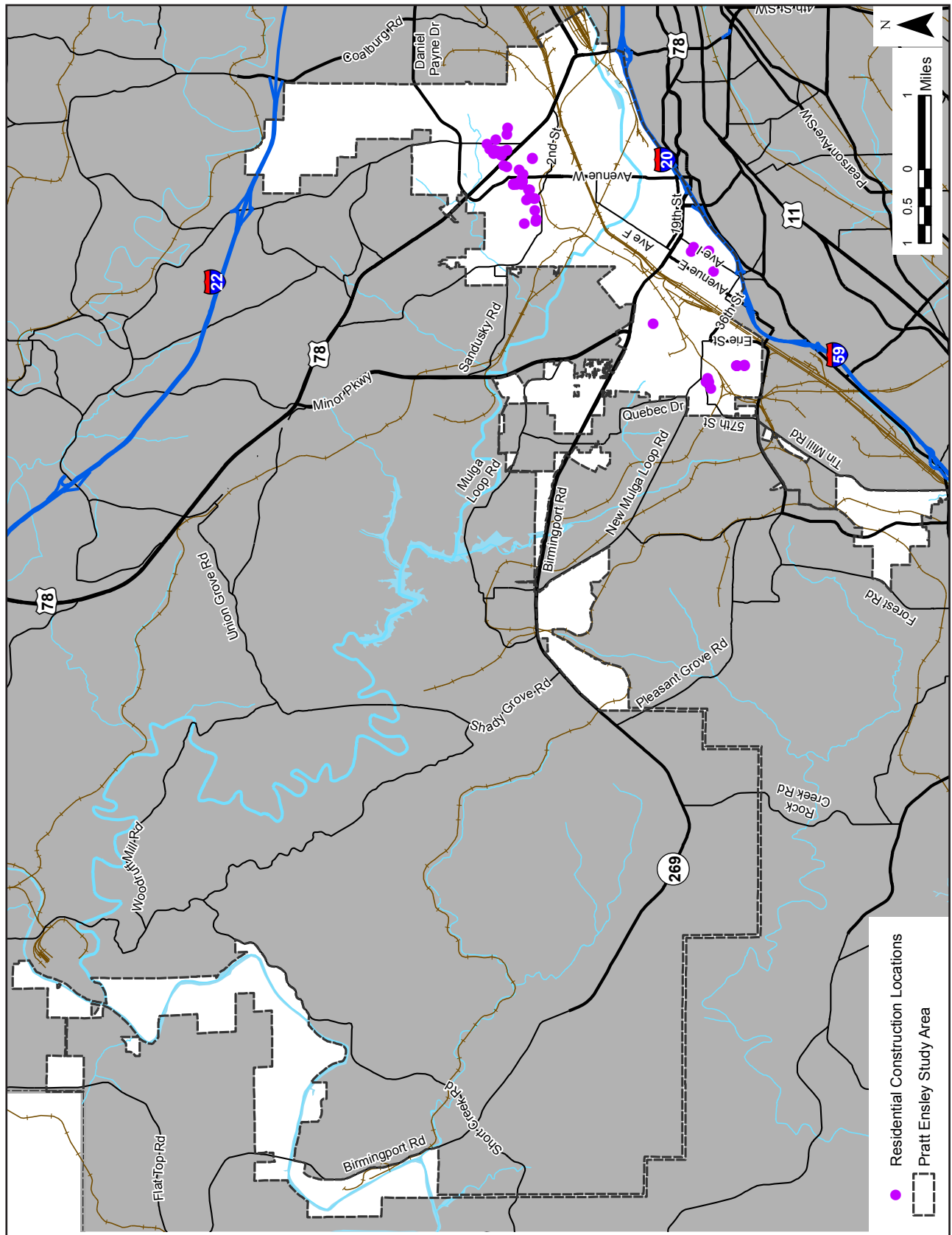
Source: U.S. Department of Housing and Urban Development (HUD)

Figure 1.2: Pratt Ensley Residential Building Permits (2010 - 2015)



Source: U.S. Department of Housing and Urban Development (HUD)

Figure 1.3: Pratt Ensley Framework Area Residential Construction Locations (2010 - 2015)



THIS PAGE IS INTENTIONALLY LEFT BLANK.





CHAPTER 2

**DENSITY +
LAND USE**

2.1. GROSS HOUSING UNIT DENSITY

Gross housing unit density, the number of residential housing units per total acreage of the Pratt Ensley Area, has slightly decreased since 2000. In 2000, the housing unit density in the Pratt Ensley Area was 0.66 units per acre, and by 2016 the density decreased to 0.61 units per acre. The low gross density is due to the large areas of undeveloped and vacant industrial properties associated with the United States Steel Corporation particularly in north Smithfield Estates, the Ensley Works properties, and the Port Birmingham area. Net housing unit density, a calculation of total residential units per total residential acreage (not inclusive of Agriculturally or Mixed-Use zoning) used within the Pratt Ensley Area, is currently 2.0 units per acre. Over the last several years, the majority of residential construction has been single family detached housing in the form of small subdivisions and infill projects.

As of 2016, an estimated 67% of the land acreage in the Pratt Ensley Area is zoned to accommodate residential uses. However, less than half of all residentially zoned land is developed. The majority of undeveloped residential property is zoned as Agriculture. Of the residentially used zoned land, an estimated 70% is used for single family homes (about 35% of this larger lot homes), and 30% is for multifamily (apartments, duplex and condos) and mixed uses. About 65% of all residential properties are zoned for medium and higher density housing units.

Higher density R3 residential zoning is the most prevalent residential zoning type. Much of the R3 zoning includes areas throughout both Pratt City and Ensley. An estimated 73% of all housing units in the Pratt Ensley Area fall within this zoning classification. Medium density R2 residential zoning, found only within the Sandusky and Dolomite neighborhoods, makes up just 6% of all residential units. Multiple Family zoning districts make up roughly 3% of all residentially zoned land and consist of approximately 14 apartment complexes and several multiplex subdivisions. Multiple Family housing makes up approximately 8% of all housing in the Pratt Ensley Area.

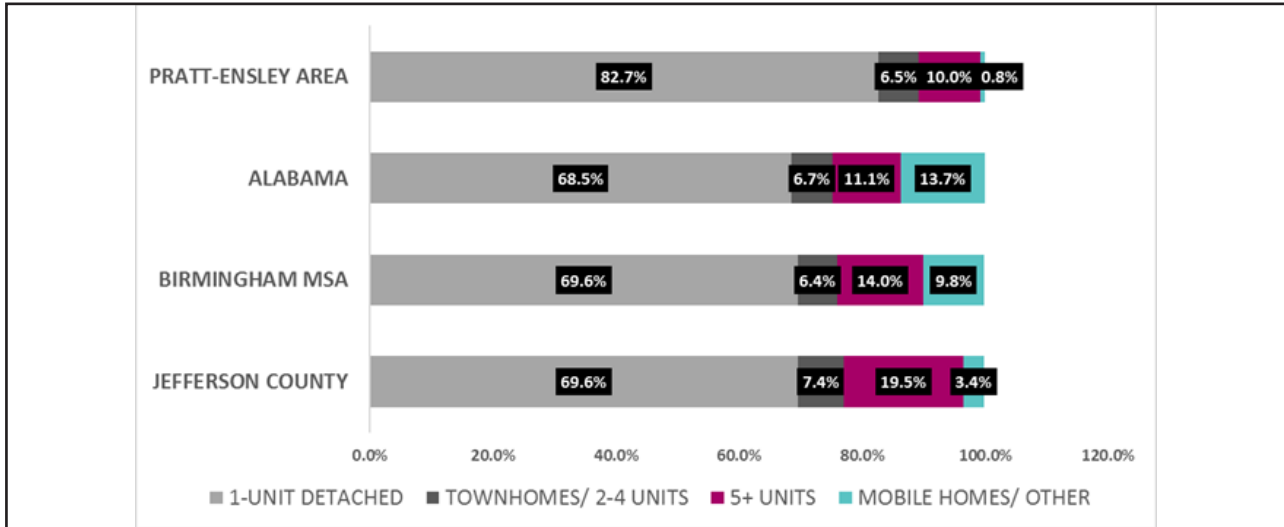
Some of the effects of the economic recession on the housing market, in addition to a general decline in construction activity overall, was a reduction of homeownership due to increased financial regulations in the banking industry. An increased demand for rental units was a consequence of these increased regulations which limited the ability to purchase a home. Despite a large number of apartment units, much of this increased demand was accommodated through an increase in the number of owner-occupied units being converted into rental properties after the recession. Furthermore, with estimated median rental rates in Pratt Ensley approaching \$500 per month and rental rates increasing at an average of 1.3% annually since 2010 in Birmingham, demand for additional multifamily units may have been reduced due to financial limitations and/or by more convenient multifamily options made available by recent apartment construction elsewhere in the region. Additionally, recovery efforts in Pratt City after the 2011 tornado also responded to meet local demand for affordable housing needs, some of which came in the form of rental units. Despite the number of available rental units, an increase in demand for affordable multifamily units should be expected in the future in the Pratt Ensley Area.

2.2. HOUSING UNIT TYPE

The comparative housing type composition between the Pratt Ensley Framework Plan Area, the State of Alabama, the Jefferson County, and the Birmingham-Hoover Metropolitan Statistical Area reinforces the urbanized nature of the Pratt Ensley Area despite the prevalence of single family detached homes. Though this prevalence exists, the Pratt Ensley Area has a measurably lower percent share of multifamily housing units than its comparatives, and it contains many fewer mobile home units, a housing type more common in rural areas. This is likely due to the prevalence of rentable single family units

in the area, offsetting higher market demands for multifamily units. In order for housing demand to increase, housing policies and investment should focus on improving the existing neighborhoods and not necessarily building new units. However, the housing unit composition in the Pratt Ensley Area is likely to change in the future with added multiplex and townhome developments, but the change will be modest. Demand for single family detached housing will still dominate the local housing market, though new single family housing construction will likely primarily occur within the context of mixed use developments.

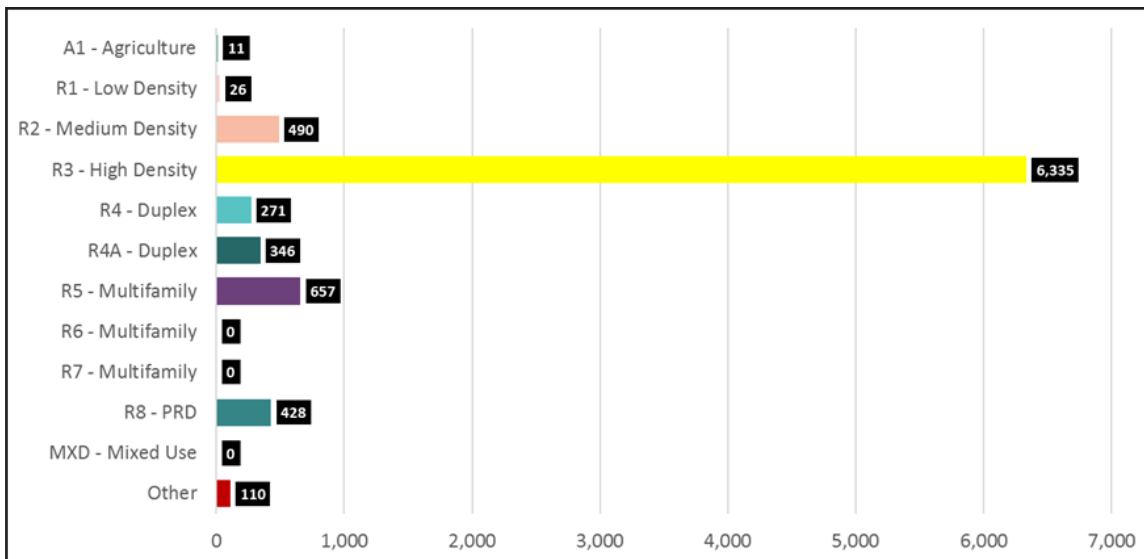
Figure 2.1: Comparison of Housing Units by Type



Source: U.S. Census Bureau, 5-Year American Community Survey

A comparative assessment of residential housing types by zoning classification was conducted in order to determine the estimated quantities and percent share of existing units within the Pratt Ensley Area. This comparison identifies predominate housing characteristics and can be compared against estimated housing costs and income. As shown, High Density R3 housing units make up the largest share of residential units in the Pratt Ensley Area. These units are primarily located on 6,000 square foot lots (0.14 acres) and the homes are generally no larger than 1,400 square feet in size. Most have been constructed as part of the post-World War II housing boom within the City in the late 1940's through the 1960's.

Figure 2.2: Residential Housing Types by Zoning Classification in the Pratt Ensley Area



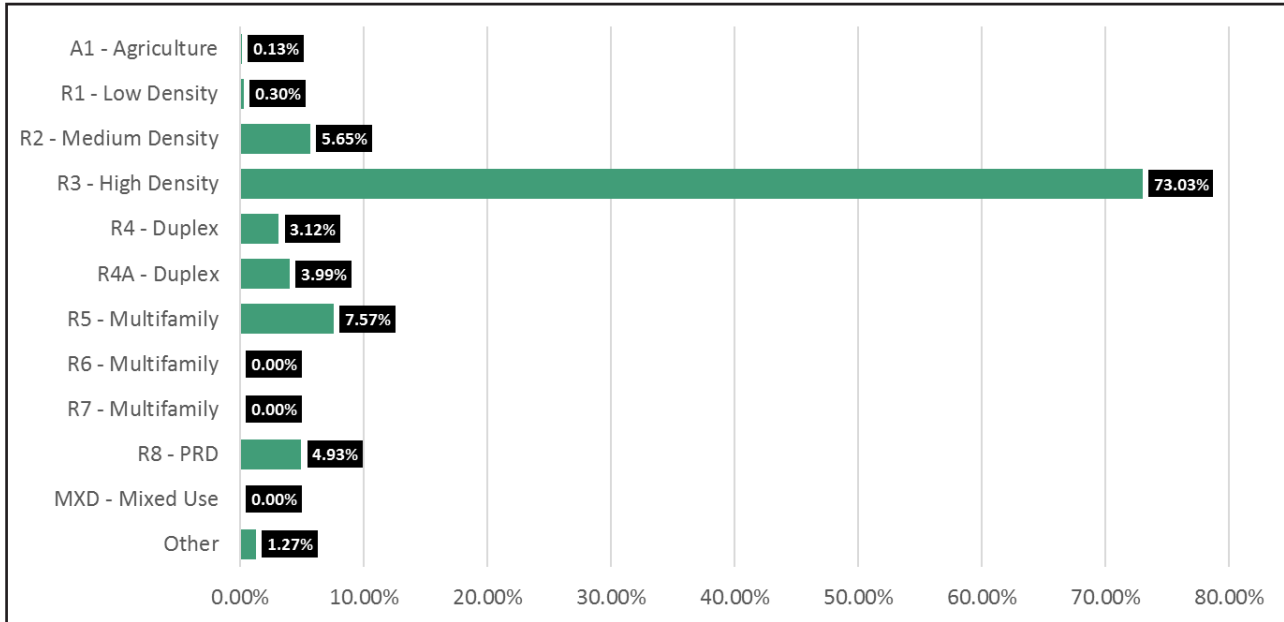
Source: RPCGB and City of Birmingham Zoning

The majority of residentially zoned land in Birmingham’s Pratt Ensley Framework Plan Area has been constructed as high density housing. These housing units account for nearly 73% of the total housing stock. Much of the historical construction and market preference in the Pratt Ensley area has been centered on this housing type, and more recent construction has remained consistent with this type through infill and higher density developments. The prevalence of higher density housing is firmly situated in the context of typical urban neighborhood growth models. The ongoing dominance of this housing type is due more to historic trends and relative affordability rather than any active municipal policy. High and medium density housing, including multifamily, together make up nearly all of the housing units in the Pratt Ensley community, while lower density housing makes up less than 1%.

Table 2.1: Residential Zoning Types as a Percentage of Residential Land in the Pratt Ensley Area

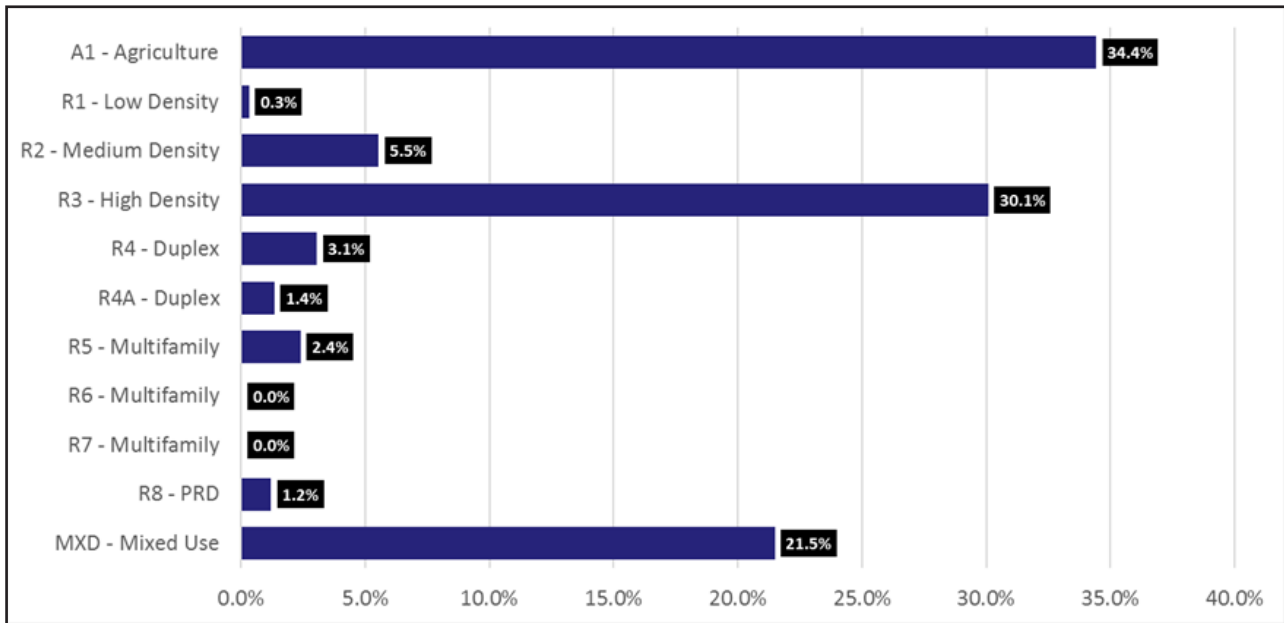
Zoning Type	Min. Lot Area	Estimated Units	% Of Total Units	% Of All Residential Land	% Utilized
A1 - Agriculture	1 Acres	11	0.1%	34.4%	9.2%
A2 - Agriculture	15,000 SF	0	0.0%	0.0%	0.0%
E1 - Estate	0.5 Acres	0	0.0%	0.0%	0.0%
R1 – Low Density	15,000 SF	26	0.3%	0.3%	79.4%
R2 – Medium Density	10,000 SF	490	5.6%	5.5%	61.7%
R3 – High Density	6,000 SF	6,335	73.0%	30.1%	69.8%
R4 – Multiple Family (Semi-attached)	2,500 SF	271	3.1%	3.1%	48.4%
R4A – Multiple Family (Semi-attached)	2,000 SF	346	3.9%	1.4%	78.9%
R5 - Multifamily	2,000 SF	657	7.6%	2.4%	80.5%
R6 – Multifamily (4+-stories)	1,000 SF	0	0.0%	0.0%	75.0%
R7 – Multifamily (4+-stories)	500 SF	0	0.0%	0.0%	0.0%
R8 – Planned Residential Development	-	428	4.9%	1.2%	76.4%
MXD – Mixed Use	-	0	0.0%	21.5%	12.6%
All Other	-	110	1.3%	0%	-

Figure 2.3: Percent of Residential Units by Residential Zoning Type in the Pratt Ensley Framework Area



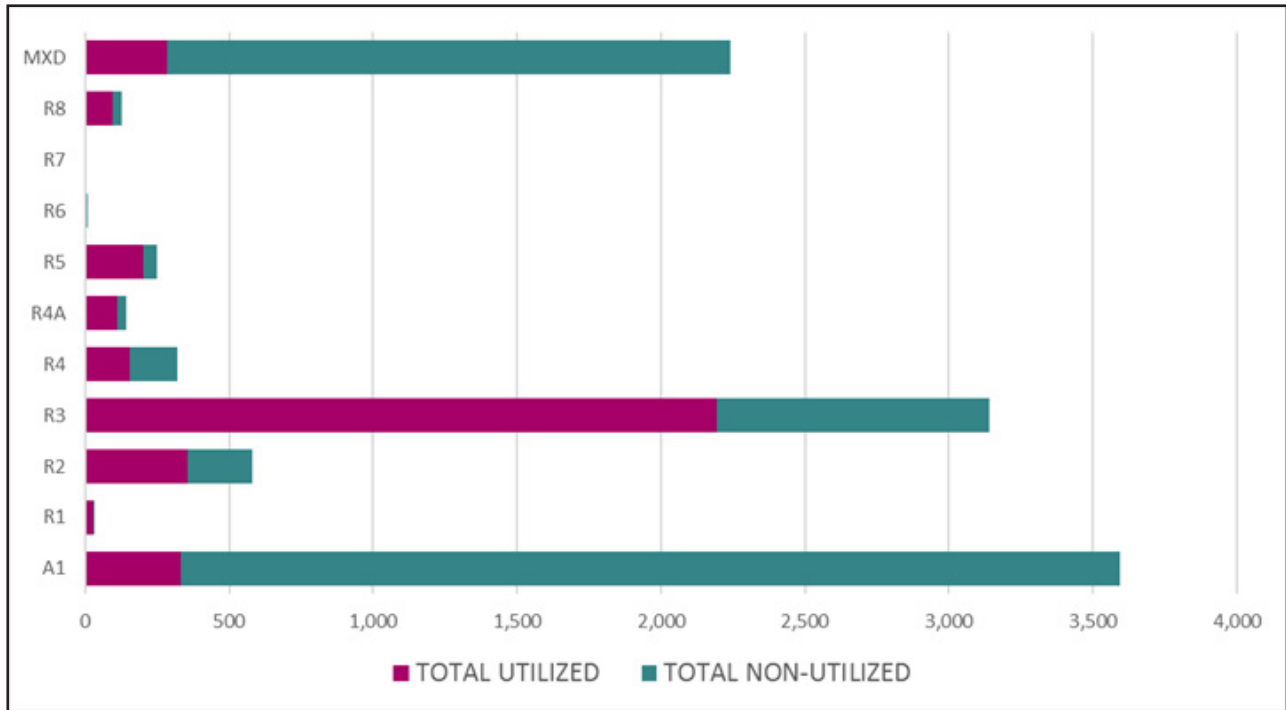
Source: RPCGB and City of Birmingham Zoning

Figure 2.4: Percent of Residential Acreage by Residential Zoning Type in the Pratt Ensley Framework Area



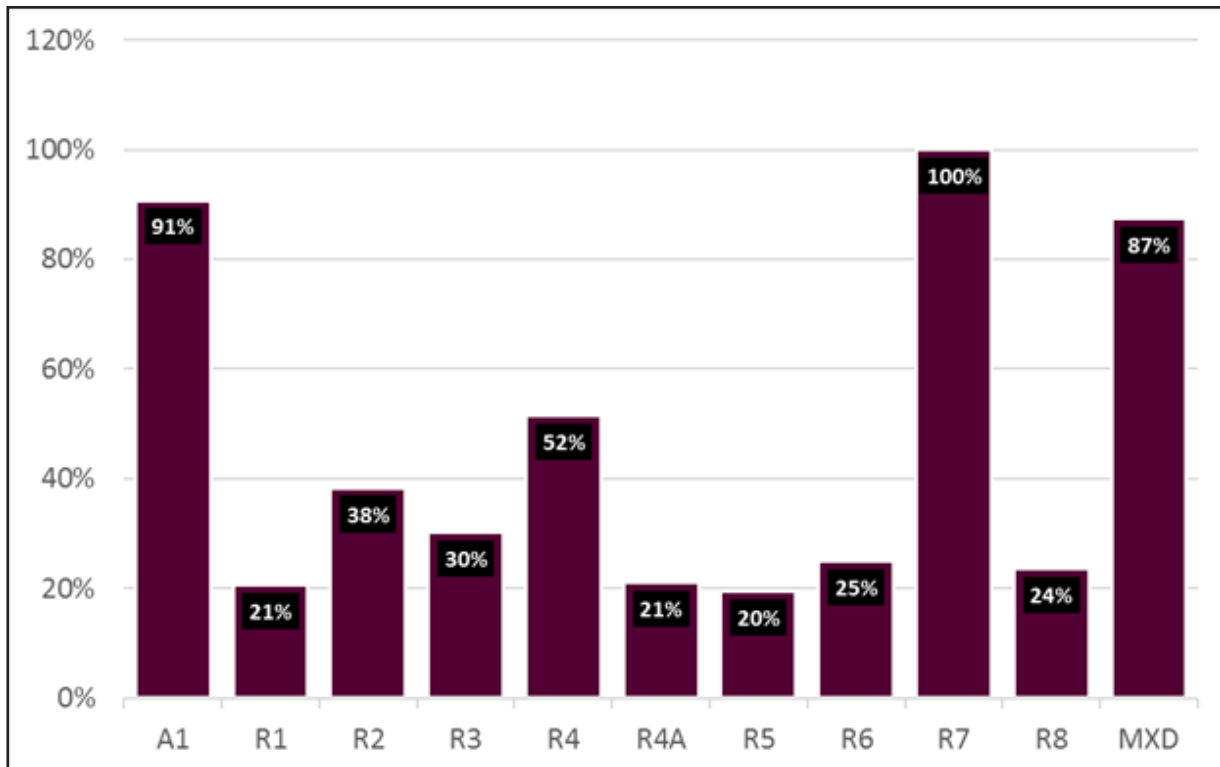
Source: RPCGB and City of Birmingham Zoning

Figure 2.5: Residential Land Usage in the Pratt Ensley Framework Area



Source: RPCGB and City of Birmingham Zoning

Figure 2.6: Percent of Non-Utilized Residential Land by Zoning Type in the Pratt Ensley Framework Area



Source: RPCGB and City of Birmingham Zoning

THIS PAGE IS INTENTIONALLY LEFT BLANK.





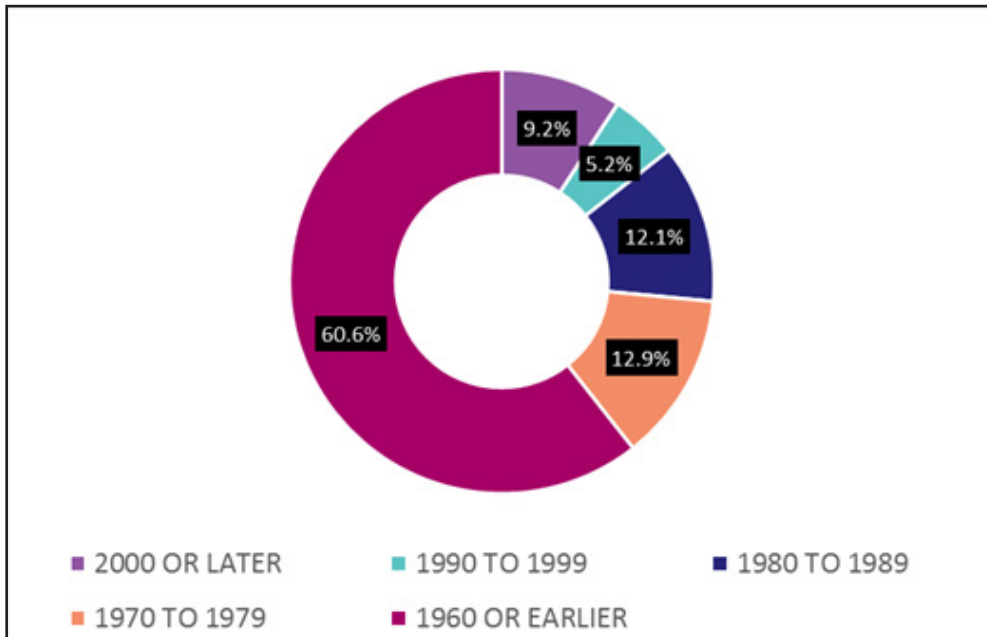
CHAPTER 3

**HOUSING AGE +
VALUATIONS**

3.1. AGE OF HOUSING UNITS

Birmingham’s Pratt Ensley Area offers a range of housing opportunities for perspective residents. The majority of Pratt Ensley’s housing, however, is relatively dated with nearly 74% of all housing having been constructed before 1980. Just 9% of all housing has been constructed since 2000. While this can add some limitations on a home’s appeal to potential buyers from an architectural and maintenance perspective, it can add to a home’s appeal from an affordability and investment perspective.

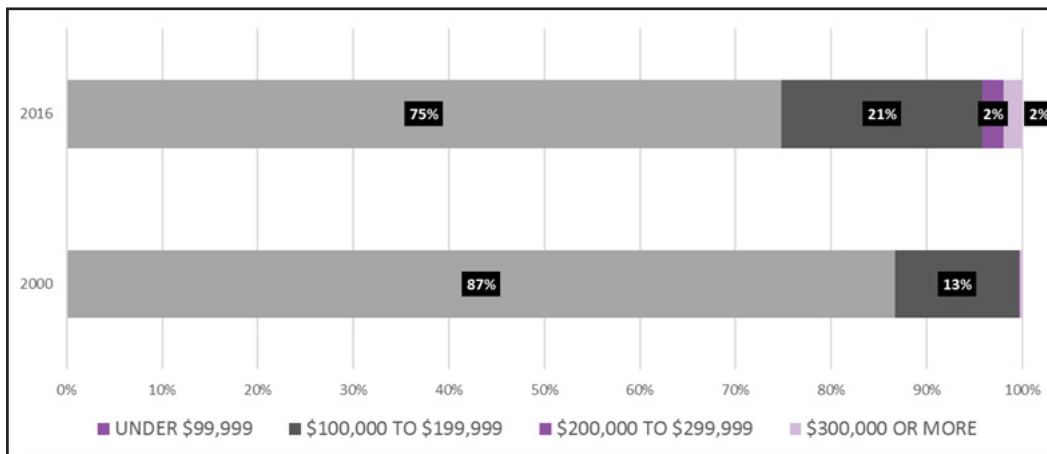
Figure 3.1: Percent of Housing Units by Year Structure Built in the Pratt Ensley Framework Area



Source: U.S. Census Bureau, 5-Year American Community Survey

Figure 3.2 displays the changing percentages of owner-occupied housing units by valuation in the Pratt Ensley Area. As shown, 87% of Pratt Ensley Area owner-occupied units were valued under \$100,000 in 2000, but that percentage has declined to 75% by 2016. In 2000, 100% of all owner-occupied units were valued under \$200,000, and by 2016 that percentage had dropped to 96%. This illustrates a rising demand in the Pratt Ensley Area for higher valued home construction and the rising market value of existing units.

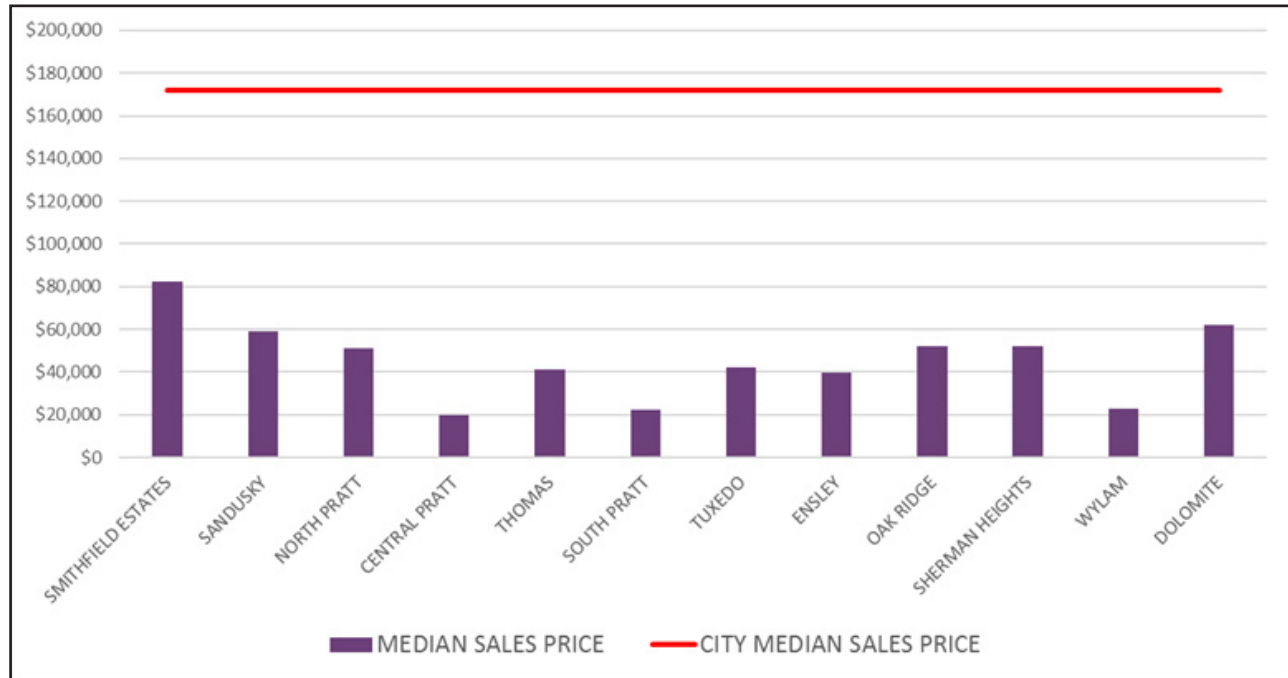
Figure 3.2: Percentages of Owner-Occupied Housing Units by Valuation (2000 - 2016)



Source: U.S. Census Bureau, 5-Year American Community Survey

Recent median home sales by the Pratt Ensley Area neighborhood, as reported by Trulia Real Estate Market Overview data, illustrate a home sales disparity as compared to the City of Birmingham. As shown, the median home sales prices within all Pratt Ensley Area neighborhoods are below the median sales price of the City of Birmingham. While this is indicative of the affordability of single family homes, it is also indicative of low market demand despite increasing property values. The low housing prices are below replacement costs, creating a disincentive for property owners to maintain their properties. While the low prices make housing more affordable, it often can do more harm to the neighborhood as a whole in terms of appeal and investment potential for perspective homeowners.

Figure 3.3: Median Home Sales by Pratt Ensley Area Neighborhoods (December 2016)



Source: U.S. Census Bureau, 5-Year American Community Survey

3.2. HOUSING VACANCY AND TENURE

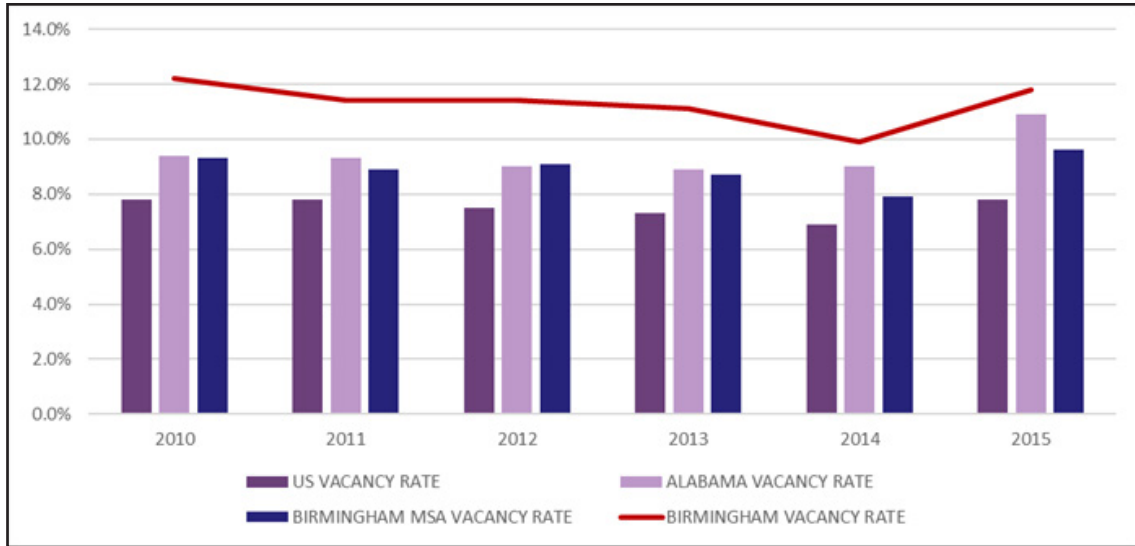
Information regarding rental and owner-occupied vacancy rates and homeownership provides useful guidance to evaluate the need for new housing programs and initiatives. Additionally, the rental vacancy rate is a component of the index of leading economic indicators and is thereby used by the Federal Government and economic forecasters to gauge current economic conditions.

3.2.1. RENTAL VACANCY

Rental markets are considered to be stabilized when they have a 5.0% vacancy rate, which promotes competitive rents, ensures adequate consumer choice, and allows for unit turnover. Estimates from the 2015 US Census ACS (5-Year) data report that the City of Birmingham as a whole had an overall rental vacancy rate estimated at 11.8%, up 1.9% from the previous year. This is indicative of a weakening rental market and an unstable home ownership market. As the economic recession took hold in 2008 and the housing market became stagnate, many perspective homeowners were not able to purchase a home due to increased financial regulations. At the same time, homeowners wishing to sell properties could not. Since Birmingham possessed a larger market of available detached units for sale, many single family homes were converted to rental units. This alleviated financial burdens to homeowners while meeting an increasing demand for rental units. 2016 ESRI estimates report that Birmingham's Pratt Ensley Area housing stock is comprised of about 43% rental units and 57% owner-occupied units.

As illustrated in **Figure 3.4**, rental vacancy rates in both Alabama and the Birmingham-Hoover Metropolitan Area have both remained around 9% and both consistently higher than the U.S. average. The City of Birmingham has constantly averaged a slightly higher rental vacancy rate than these comparable jurisdictions.

Figure 3.4: Comparison of Rental Property Vacancy Rates (2010 - 2015)

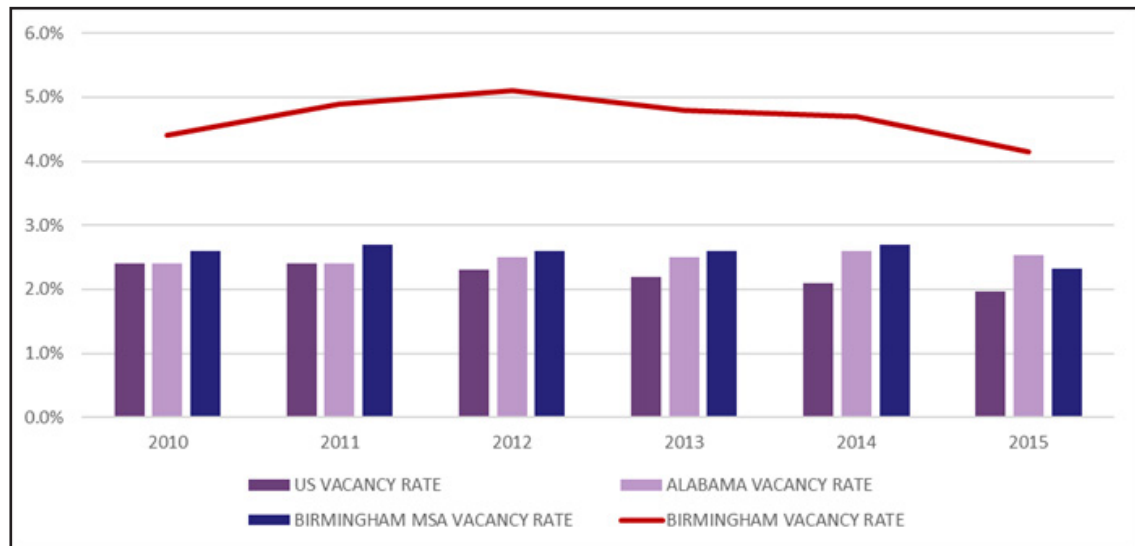


Source: U.S. Census Bureau, 5-Year American Community Survey

3.2.2. HOME OWNER VACANCY

The vacancy rate for homeowners has remained at fairly low levels over the last several years. As reported in the 2015 US Census ACS (5-Year) data, the vacancy rate for homeowners in the City of Birmingham experienced a decrease from 4.4% in 2010 to 4.1% in 2015. This decrease may be attributable to the range of housing options within the City or a signal that the financial effects of the recession on residents and their ability to maintain home ownership costs is subsiding. The 2012 peak may be due in part to adjustments in the housing market whereby homeowners previously unable or unwilling to sell their property during the recession were then listing their properties or newly constructed units were staying on the market longer. By 2015, the homeowner vacancy rate had decreased to 4.1%.

Figure 3.5: Comparison of Homeowner Property Vacancy Rates (2010 - 2015)



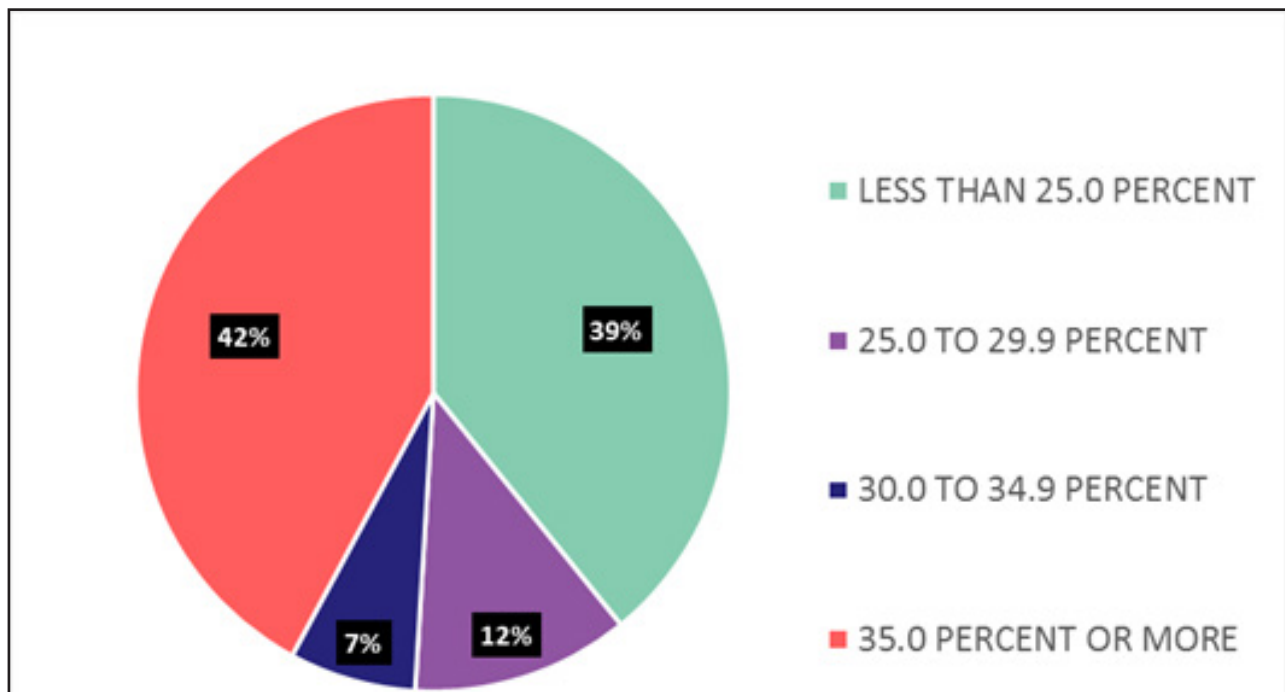
Source: U.S. Census Bureau, 5-Year American Community Survey

3.3. HOUSING AFFORDABILITY

Housing affordability, as defined by the U.S. Department of Housing and Urban Development (HUD), a cost burdened household is any household paying in excess of 30% of gross household income towards housing costs. As the case with homeownership, household costs typically include mortgage payments, homeowners insurance, and property taxes. Renter household costs include gross rent which includes contract rent and estimated utility costs. Households that pay more than 30% for housing may have difficulty affording other necessities such as food, clothing, transportation, and medical care.

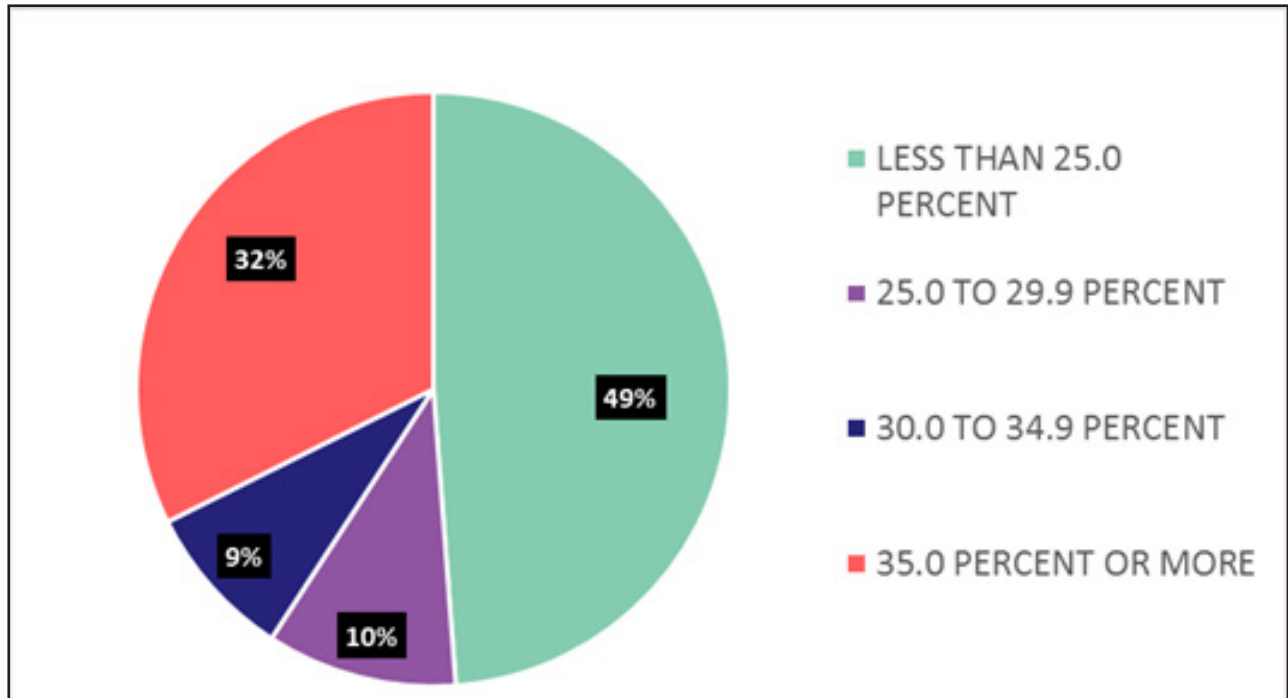
Birmingham City owner occupied householders have an estimated median household income of \$46,986 with a median mortgage cost of \$1,070. Since 2010, median household income has increased by 11% while the median mortgage cost has decreased by an estimated 2%. Though mortgage costs have slightly decreased over the few years, this trend will likely not last with the continued housing recovery and increasing interest rates. Costs associated with utilities, transportation, food, education, and health care will continue to rise as well. These added costs can affect household cost burdens in the near future. In 2010, an estimated 42% of Birmingham mortgage-holders spent more than 30% of their income on housing. By 2015 an estimated 41% of Birmingham mortgage-holders spent in excess of 30% of income on housing costs. By comparison, an estimated 49% of Pratt Ensley Area mortgage-holders spent more than 30% of their income on housing in 2010, and by 2015 an estimated 41% of Pratt Ensley Area mortgage-holders spent in excess of 30% of income on housing costs. While the cost burdens of both Birmingham City and Pratt Ensley Area owner occupied householders have improved since 2010, the trend will be difficult to maintain without higher increases in household income. Additionally, an estimated 47.8% of owner-occupied households in the Pratt Ensley Area have no mortgage while an estimated 38.2% of Birmingham City owner-occupied households have no mortgage. This is indicative of lower housing prices, sales, and overall costs in Pratt Ensley when compared to the City of Birmingham; as well as age of structure and age of homeowner.

Figure 3.6: Estimated Mortgage Cost as a Percent of Household Income (2010)



Source: U.S. Census Bureau, 5-Year American Community Survey

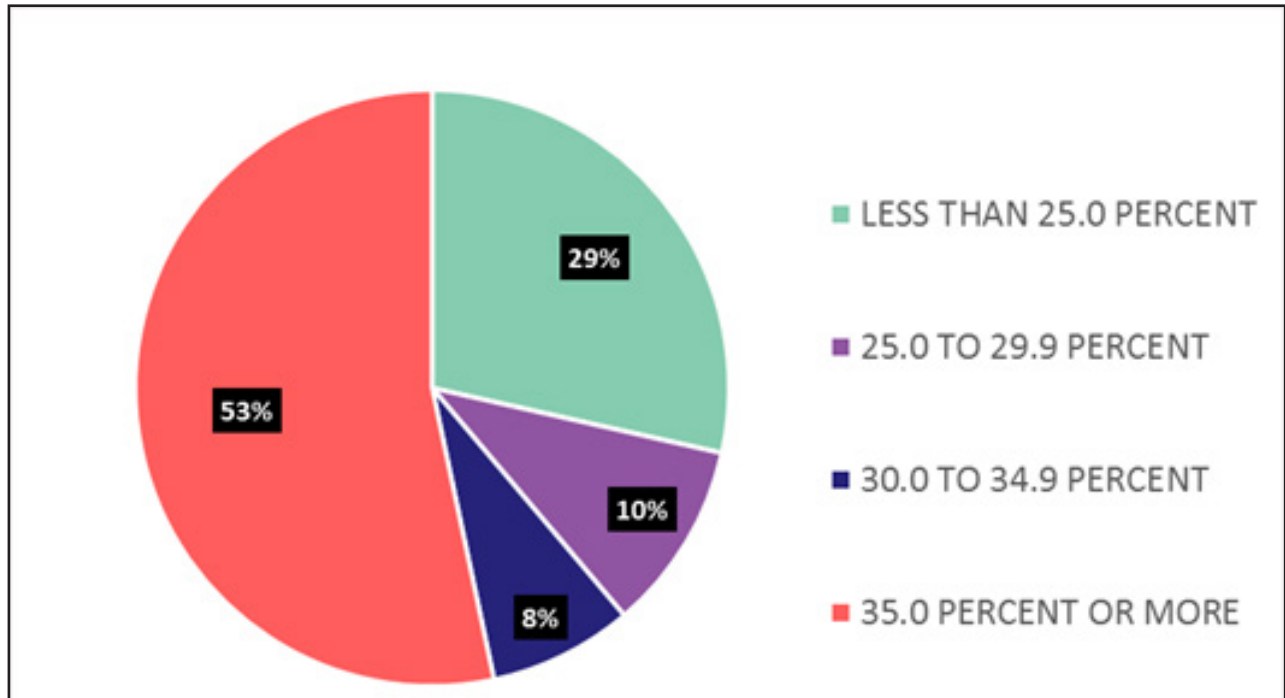
Figure 3.7: Estimated Mortgage Cost as a Percent of Household Income (2015)



Source: U.S. Census Bureau, 5-Year American Community Survey

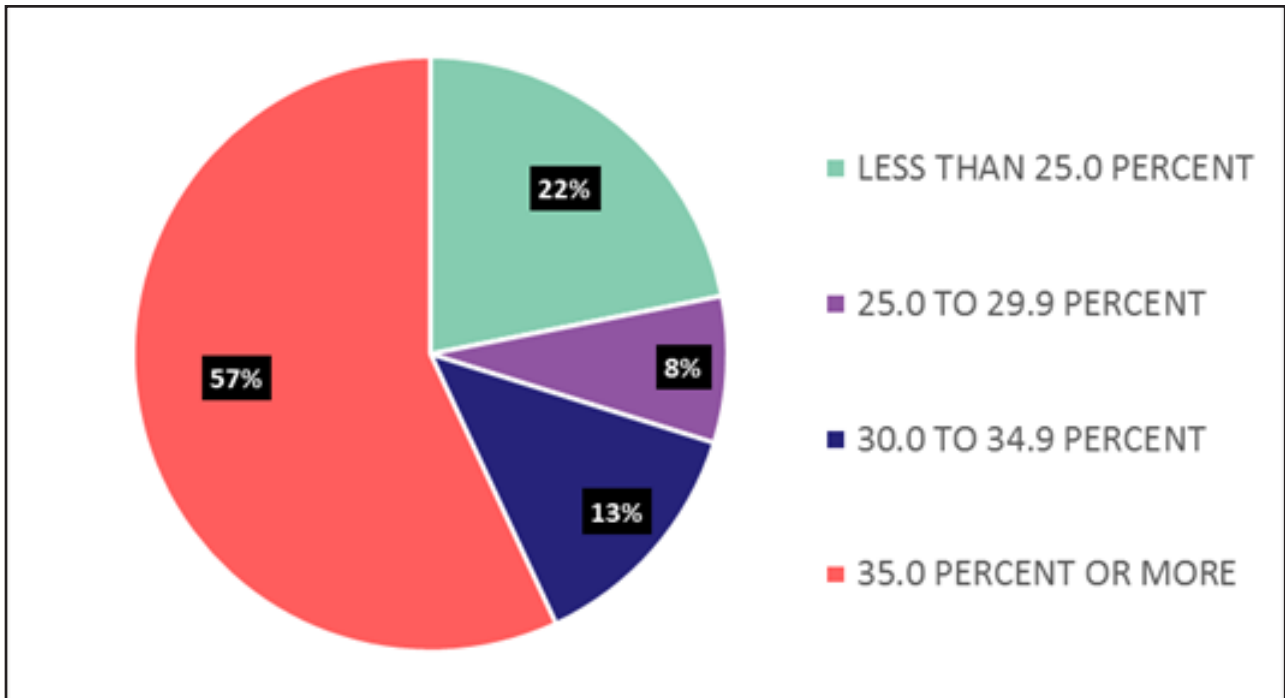
Cost burdens associated with renter households have increased as well. In 2015, Birmingham City renter households had a median household income of \$22,766 and a median gross rent of \$728. Between 2010 and 2015, renter-occupied households in Birmingham experienced a median household income increase of 14% while median gross rents increased by 7%. Since renters are typically lower income earners, they are at greater risk of spending a larger share of their income on housing. Additionally, they also must absorb increasing costs associated with utilities, transportation, food, education, and health care. Renters are also more likely than homeowners to rely on supplementary income and housing assistance. In Birmingham, over three-quarters of all renters earn less than \$50,000 annually. The percentage of renter-occupied households that spent more than 30% of their income on housing costs increased from 51% in 2010 to 52% in 2015. By comparison, an estimated 61% of Pratt Ensley Area renters spent more than 30% of their income on housing in 2010, and by 2015 an estimated 70% of Pratt Ensley Area renters spent in excess of 30% of income on housing costs.

Figure 3.8: Estimated Gross Rent as a Percent of Household Income (2010)



Source: U.S. Census Bureau, 5-Year American Community Survey

Figure 3.9: Estimated Gross Rent as a Percent of Household Income (2015)

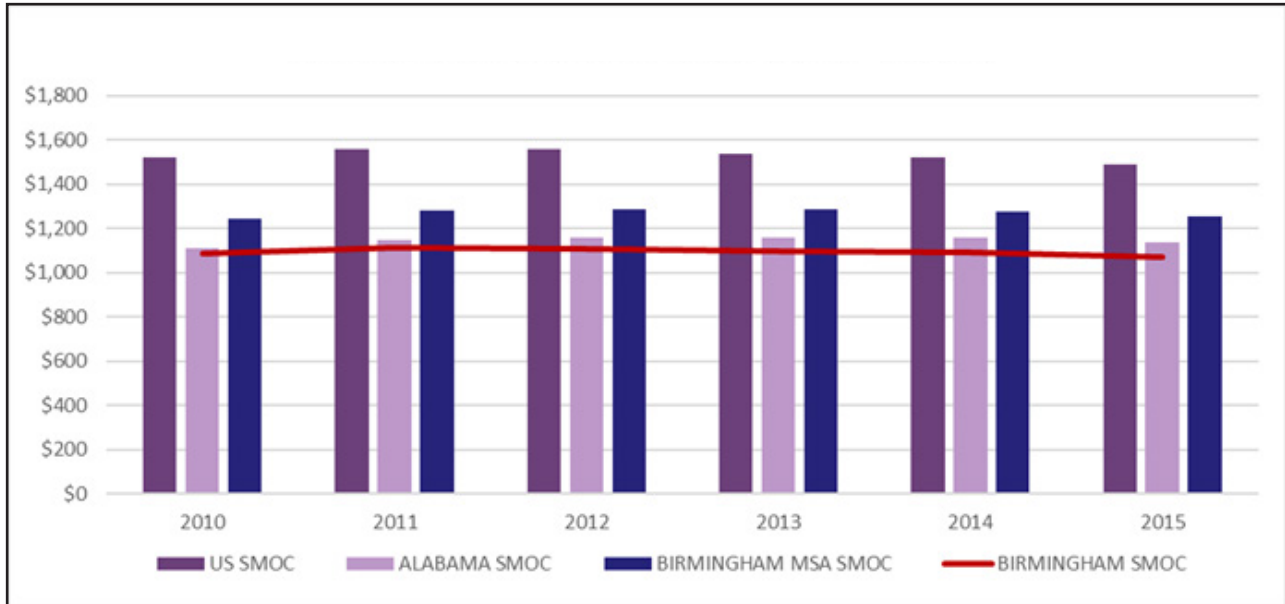


Source: U.S. Census Bureau, 5-Year American Community Survey

Comparable change of gross rent as a percentage of income, however, illustrates a slightly different trend. Median rent costs in Birmingham are not significantly higher than those of the State of Alabama or the Birmingham-Hoover MSA. However, Birmingham renters spend a larger share of their income

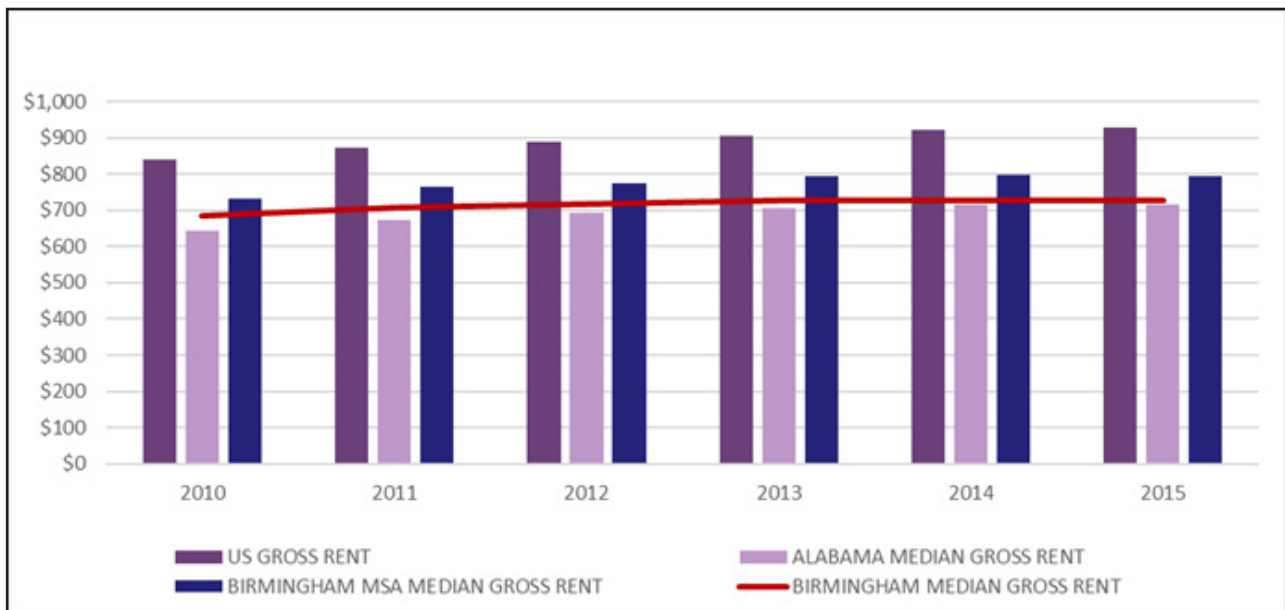
on housing costs. In addition to increasing rental costs in Birmingham, the average amount spent as a percentage of income is significantly higher than that of comparable jurisdictions. In 2015 Birmingham City renters spent an average of 34% of household income on rent.

Figure 3.10: Comparison of Mortgage Costs as a Percentage of Income (2010 - 2015)



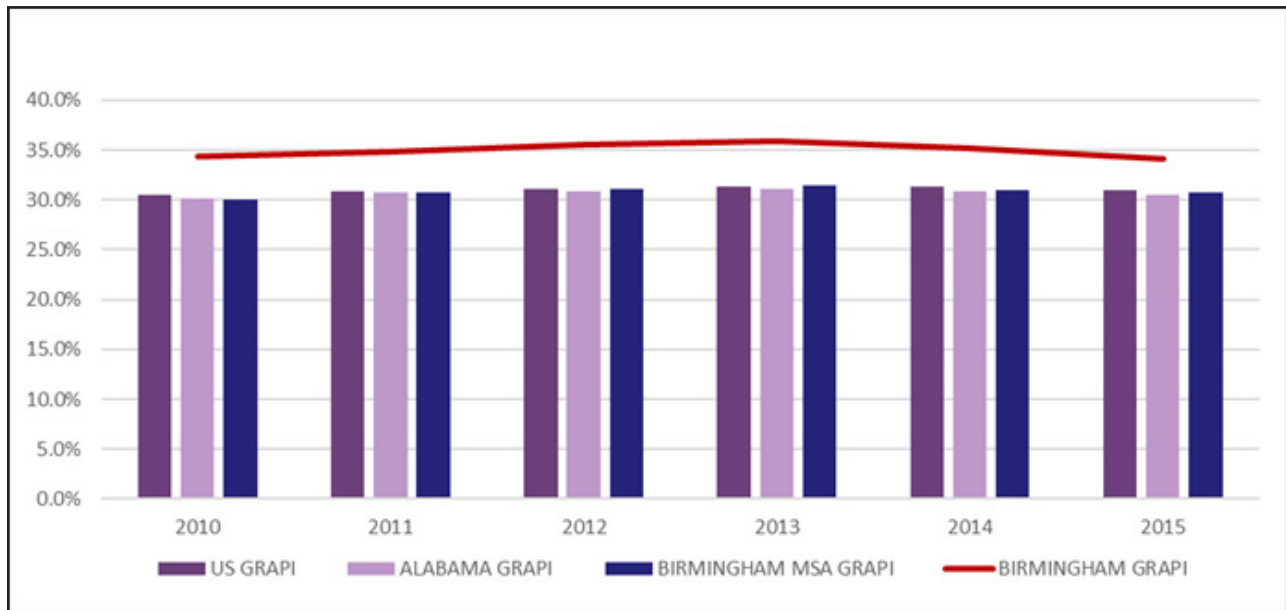
Source: U.S. Census Bureau, 5-Year American Community Survey

Figure 3.11: Comparison of Median Gross Rent (2010 - 2014)



Source: U.S. Census Bureau, 5-Year American Community Survey

Figure 3.12: Comparison of Gross Rental Costs as a Percentage of Income (2010 - 2015)



Source: U.S. Census Bureau, 5-Year American Community Survey

When a home is purchased, it is typically done through a mortgage loan process. Most of these mortgage loans are conventional loans that require a down payment of 20 percent, and the payments are based on a fixed interest rate for a fixed amount of time (typically 30 years or 360 months). For the purposes of the following tables and calculations, an interest rate of 4.1% and the ability to satisfy a 20 percent down payment has been assumed.

To capture the existing demand-supply balance, the distribution of households and income ranges was collected from the 2015 5-Year ACS Census data and housing values were collected from property market value data estimated from the 2016 Jefferson County Department of Revenue tax data. Furthermore, the income ranges have been correlated to the income limit thresholds defined by HUD for a family of three according to Area Median Incomes (AMI) for both owner-occupied and renter-occupied households. This information is meant to identify and highlight the types of housing units that are affordable to the residential population within the current housing stock and which types of units are under or over-supplied in the city.

Table 3.1 depicts the distribution of Birmingham’s Pratt Ensley Framework Plan Area AMI to the HUD Income Limit thresholds and further estimates gross monthly household income. HUD considers households earning 30% or less of AMI to be extremely low income, 31% to 50% of AMI to be very low income, and 51% to 80% of AMI to be low income. Maximum home and rental prices are calculated based on a 30 percent affordability limit on monthly household income expenditures towards housing costs.

Table 3.1: Area Median Incomes (AMI) and Expenditures for Owner-Occupied and Renter Occupied Housing

HUD Thresholds	Owner Occupied Units			Renter - Occupied Units		
	AMI Maximum Income Value	Estimated Monthly Income	Maximum Home Purchase Price	AMI Maximum Income Value	Estimated Monthly Income	Maximum Rent Price
30% OF AMI OR LESS	\$10,838	\$903	\$70,095	\$5,779	\$482	\$144
31% TO 50%	\$18,064	\$1,505	\$116,826	\$9,632	\$803	\$241
51% TO 80%	\$28,902	\$2,409	\$186,921	\$15,411	\$1,284	\$385
81% TO 100%	\$36,128	\$3,011	\$233,651	\$19,264	\$1,605	\$482
101% TO 120%	\$43,354	\$3,613	\$280,382	\$23,117	\$1,926	\$578
121% OR MORE	\$43,355+	\$3,643+	\$280,383+	\$23,309+	\$1,942+	\$583+

Table 3.2 illustrates the total number of owner-occupied households by estimated residential property values according to minimum and maximum affordability values. As shown, the estimated number of units valued up to \$116,826 makes up 95.9% of all Pratt Ensley Area owner-occupied units. This is consistent with the reported 2016 median residential home value of \$75,268 according to Pratt Ensley Area property estimates. The majority of the Pratt Ensley Area’s existing housing stock is valued within price ranges that would be deemed affordable to households earning roughly 50% of AMI or more, falling within the HUD Income Limit threshold defined as very low income earners.

Table 3.2: Existing Owner Occupied Units

Existing Owner-Occupied Units			
Minimum Property Value	Maximum Property Value	Estimated Units by Market Value	Percent Units
\$0	\$70,095	5,145	74.7%
\$70,096	\$116,826	1,458	21.2%
\$116,827	\$186,921	247	3.6%
\$186,922	\$233,651	25	0.4%
\$233,652	\$280,382	8	0.1%
\$280,383+	-\$-	4	0.1%

Comparing the existing residential housing stock property valuations to existing owner-occupied incomes according to HUD Income Limit thresholds further illustrates the availability of affordable housing in Birmingham's Pratt-Ensley Framework Plan Area. Housing demand is defined as a representation of housing income. Additionally, the resulting gap analysis provides insight as to the future demand of housing based on incomes. In general, the existing supply of housing units provides enough housing for households earning 50% of AMI or less. As seen in Table 3.3 there is a surplus of units in the Pratt-Ensley Area that are affordable to households earning \$18,064 or less. However, there is a shortage for housing of higher values that meets the maximum affordability for households earning more than 51% of AMI. While many of these households choose housing that is below their maximum affordability to allow for increased spending on other needs, others might prefer a greater range of housing options that allows them to maximize their affordable housing value.

Table 3.3: Number of Owner-Occupied Housing Units by Estimated Residential Property Values

Thresholds (Thlds)	Units – Housing Supply				Income – Housing Demand				Gap Analysis	
	Min. Value	Max. Value	Units	% Of Units	Thlds Min.	Thlds Max.	Hhlds Within Thlds	% Hhlds Within Thlds	Surplus/ Shortage	Supply as a % of Affordability
30% OF AMI OR LESS	\$0	\$70,095	5,145	74.7%	\$0	\$10,838	1,267	18.4%	3,878	406.0%
31% TO 50%	\$70,096	\$116,826	1,458	21.2%	\$10,839	\$18,064	1,253	18.2%	205	116.3%
51% TO 80%	\$116,827	\$186,921	247	3.6%	\$18,065	\$28,902	1,198	17.4%	(951)	20.6%
81% TO 100%	\$186,922	\$233,651	25	0.4%	\$28,903	\$36,128	634	9.2%	(609)	3.9%
101% TO 120%	\$233,652	\$280,382	8	0.1%	\$36,129	\$43,354	551	8.0%	(543)	1.5%
121% OR MORE	\$280,383		4	0.1%	\$43,355		1,983	28.8%	(1,979)	0.2%

When the existing rental valuations are compared to rental household incomes, a more significant disparity can be observed. Given the number of apartment units, most of the Pratt Ensley Area’s rental housing are single family detached properties. Single family homes typically possess more livable square footage and therefore command higher rental rates, but have a high vacancy rate in the Pratt Ensley Area. As the data shows, there are estimated to be about 255 total rental units affordable to renter households who earn 50% or less of the HUD defined AMI limits, or households whose maximum affordability is limited to \$241 per month on household costs. There is existing opportunity for an additional 809 units that meet this affordability level. In contrast to the lower income thresholds, there is an oversupply of rental units for householders who earn between 80% to 120% AMI.

Thresholds (Thlds)	Units – Housing Supply				Income – Housing Demand				Gap Analysis	
	Min. Value	Max. Value	Units	% Of Units	Thlds Min.	Thds Max.	Hhlds Within Thds	% Hhlds Within Thlds	Surplus/ Shortage	Supply as a% of Affordability
30% OF AMI OR LESS	\$0	\$144	100	3.1%	\$0	\$5,779	457	14.3%	(357)	21.9%
31% TO 50%	\$145	\$241	155	4.9%	\$5,780	\$9,632	607	19.0%	(452)	25.5%
51% TO 80%	\$242	\$385	618	19.4%	\$9,633	\$15,411	412	12.9%	206	150.0%
81% TO 100%	\$386	\$482	625	19.6%	\$15,412	\$19,264	351	11.0%	274	177.9%
101% TO 120%	\$483	\$578	537	16.8%	\$19,265	\$23,117	224	7.0%	313	240.3%
121% OR MORE	\$579		773	24.2%	\$23,118		1,143	35.8%	(370)	67.6%

3.4. STRATEGIES AND RECOMMENDATIONS

The following recommendations are specific to housing and residential development opportunities including regulatory and policy strategies for implementation. The recommendations are intended to address existing and future housing needs in order to provide an adequate supply of housing choices in Birmingham’s Pratt Ensley Framework Plan Area.

Trends show that residential growth will need to be encouraged in the Pratt Ensley Area. The current undeveloped residential land supply located within the project area, estimated at about 3,400 acres excluding agricultural land, appears adequate to accommodate any future demand, especially if higher density developments are encouraged in appropriate areas. The accompanying map illustrates appropriate areas for future housing development. However, with a large existing supply of land and properties available for redevelopment and infill, it is recommended that Birmingham first focus its efforts on revitalization projects and ensure that its housing policies support these efforts to accommodate current and future housing needs.

- Increase Efficient Land Use
 - Update the City Future Land Use Map to maximize land use efficiency. The update will be an opportunity to identify priority areas and to resolve any conflicts between planned uses and current zoning. It is also an opportunity to coordinate future land uses with future transportation and infrastructure investments, capital improvement projects, and economic development plans.

- Develop and maintain an inventory of vacant and buildable land. Such available properties, including those identified as tax delinquent, can be used in conjunction with future development plans and used as a tool in updating the Future Land Use Map.
- Identify opportunities to allow for higher density development where appropriate. Combine higher density residential within mixed developments and uses to encourage commercial development by placing job opportunities in proximity to work forces.
- Increase the Supply of Buildable Land
 - Phase infrastructure expansions into larger land holdings. Development cannot occur without roads and utility infrastructure. The coordination with property owners of phased expansions will help ensure that appropriate infrastructure is being provided to allow these areas to be built at a proper pace and at a level necessary for the use of the property.
- Promote Rehabilitation and Redevelopment
 - Encourage infill and more compact housing in appropriate areas to provide more housing options to residents with limited incomes. This strategy should include stakeholders who could participate in redevelopment efforts through the identification of tools, funding sources, and specific sites. Infill can bring more homes closer to jobs and can provide added support to local businesses and retailers.
 - Utilize redevelopment in residential, non-residential, and mixed use structures to address market demand for underrepresented housing types within the existing housing stock. Redevelopment that increases the supply of higher density housing, especially closer to the downtown and retail corridors, can provide identified housing needs while increasing labor participation and revitalizing weakening commercial areas.
 - Review, revise, and adopt regulatory tools such as the zoning ordinance, subdivision regulations, design and construction guidelines, and form-based codes that will promote and expedite redevelopment efforts. The inclusion of residential uses in selected commercial areas and the provision of density bonuses and parking reductions for mixed use projects should be considered.
 - Utilize redevelopment agreements to create partnerships with developers. Such agreements are useful when some added allowances are provided to the developer in exchange for a specified amenity.
 - Offer financial incentives to rental property owners to upgrade, preserve, and enhance structures and buildings as affordable housing options.
 - Leverage available federal funding programs for redevelopment such as CDBG, New Market tax credits, HUD loan programs, EDA programs, historic rehabilitation tax credits, and other federal funding sources to provide additional resources for a variety of projects.
 - Continue to encourage property maintenance and aesthetic appeal through the City Beautification Program. An integral part of revitalization and neighborhood stability is physical appearance. Through formal recognition of public and private beautification efforts, Birmingham communities can improve and enhance their image.
 - Utilize and promote community engagement and investment with area anchor institutions such as local universities, area community colleges, larger employers, and local public/private schools. These institutions have a shared interest with the communities, and they can play a key role in area revitalization efforts through academia, research opportunities, employment and workforce development, and infrastructure development.
 - Utilize the recommendations within the 2014 City of Birmingham Housing and Neighborhood Study in order to address affordable housing needs.
 - Target some development projects and infill towards middle and even upper income households. This will aid in jumpstarting the housing market by building demand within the segment of the population who have the finances to choose between neighborhoods.

- Promote Quality Developments
 - Encourage any future large scale multifamily developments to be built as a component within Planned Residential Districts (PRD) and smaller scale multifamily developments permitted within Mixed Use Districts (MXD). Higher densities in such areas will provide financial support to the commercial components and add vibrancy to the development.
 - Discourage or eliminate use of single district multifamily zoning in order to avoid isolated high density developments along the city's fringe. High density and compact residential should be focused near commercial centers and the downtown.
 - Consider amending the current commercial zoning classifications to disallow large-scale residential developments without any commercial components.
 - Promote development within the MXD zoned areas in a village-style context.
 - Create a sidewalk inventory and develop a sidewalk plan to prioritize maintenance and new construction projects to ensure adequate linkages. Continue the requirement of sidewalk construction in residential developments. Ensure that all sidewalks meet ADA requirements.
 - Consider the requirement of pocket parks in residential developments. Pocket parks are typically ¼ acre to one acre in size and can be required for larger housing developments and/or higher density developments at an appropriate ratio to units, i.e., 1 for every 300 units. Maintenance can be provided through an agreement with the city as dedicated public park space or through a home owners association.
 - Consider requiring or incentivizing the construction and use of rear alleyways in higher density residential developments. Rear alley parking limits vehicle parking on residential roads and in front of homes. It also restricts utility and garbage pick-up access to the rear of the homes providing greater visual appeal from public roads.
 - Plan for appropriate roadway connectivity and discourage the overdevelopment of cul-de-sacs. An interconnected grid street network is preferable to conventional suburban street networks where dead end streets and cul-de-sacs prevent the flow of traffic.
 - Ensure that larger subdivisions to provide multiple roadway access locations to and from the development.
 - Strictly enforce the use of municipal Design and Construction Specifications to provide for adequate policies in the design, construction procedures, and quality of materials that will be in the best interest of safety, convenience, and prosperity of the city.

THIS PAGE IS INTENTIONALLY LEFT BLANK.

**APPENDIX B:
HOUSING
ANALYSIS**