

DRAFT

EASTERN AREA

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**

DRAFT | APRIL 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.

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ADOPTED BY THE CITY OF BIRMINGHAM PLANNING & ZONING COMMISSION ON _____, 2018

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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 Eastern Framework Plan Area, consisting of the Airport Hills, East Birmingham, East Lake, and Woodlawn Communities, are characterized as established urbanized areas. According to U.S. Census figures, there were approximately 12,627 housing units in the Eastern Area of Birmingham in 2000. By 2010 this had decreased to 11,059, a decrease of 1,568 (12%). 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 11,701 units, with much of this new construction due to area redevelopment and infill. According to the Census estimates, the Eastern Area has added 642 newly constructed housing units since 2010, an average of 107 units per year. The margin-of-error associated with these reported estimates are likely affecting this total, especially when considering the number of units removed in proximity to the Birmingham-Shuttlesworth International Airport through their Noise Compatibility Program efforts.

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

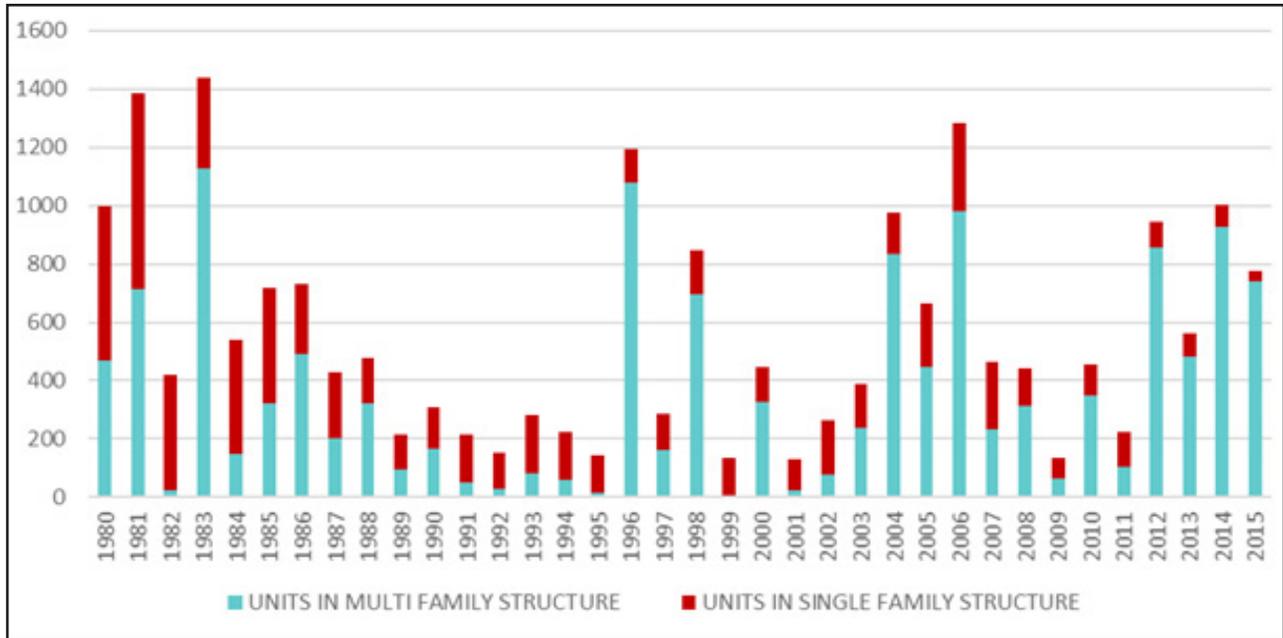
Year	Total Units	Numeric Growth	Percent Growth
2000	12,627		
2010	11,059	-1,568	-12.4%
2016	11,701	642	5.8%

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

1.3. HOUSING PERMITS ISSUED

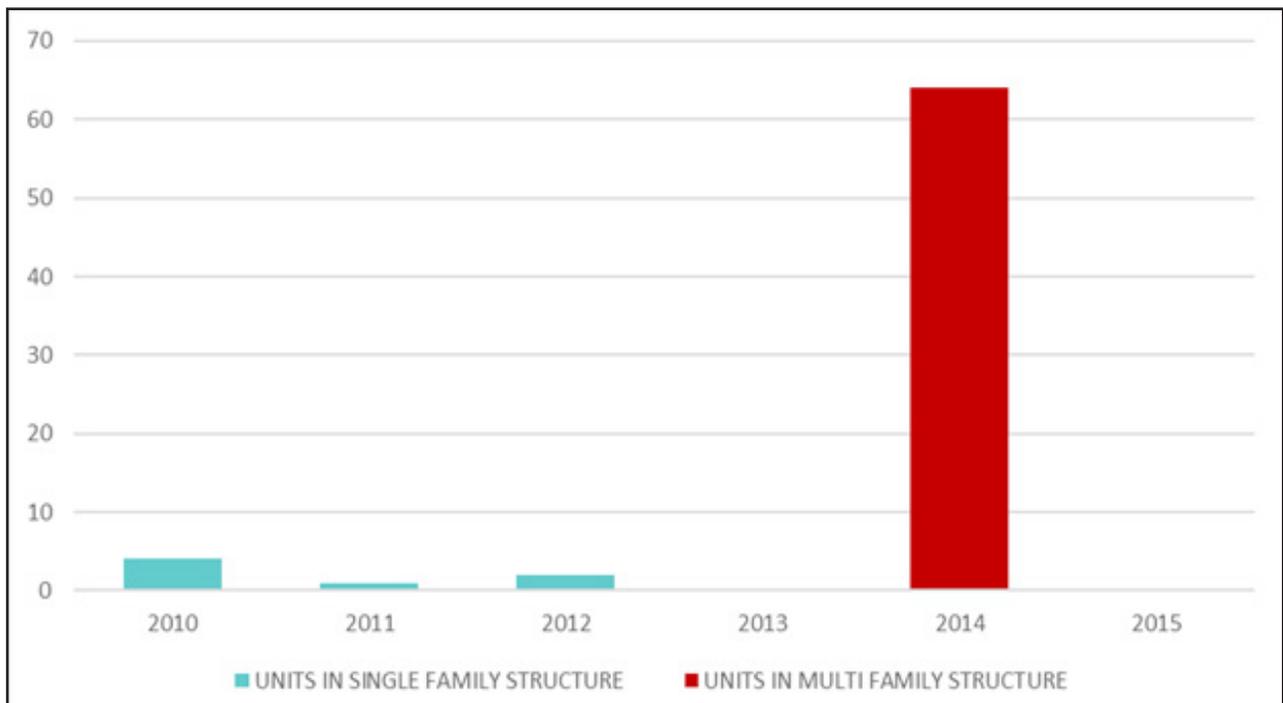
Based on residential housing construction permit data reported by the U.S. Department of Housing and Urban Development (HUD), construction of new housing units in the City of Birmingham has historically been dominated by multi-family housing. Since 1980, 65% of the housing permits issued were for multi-family construction while 35% for single family units. Housing construction trends in the Eastern Area differ slightly. Estimates of local permit issuances indicate that 90% of new residential construction in the Eastern Area was for multi-family units while just 10% were for single family units since 2010.

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



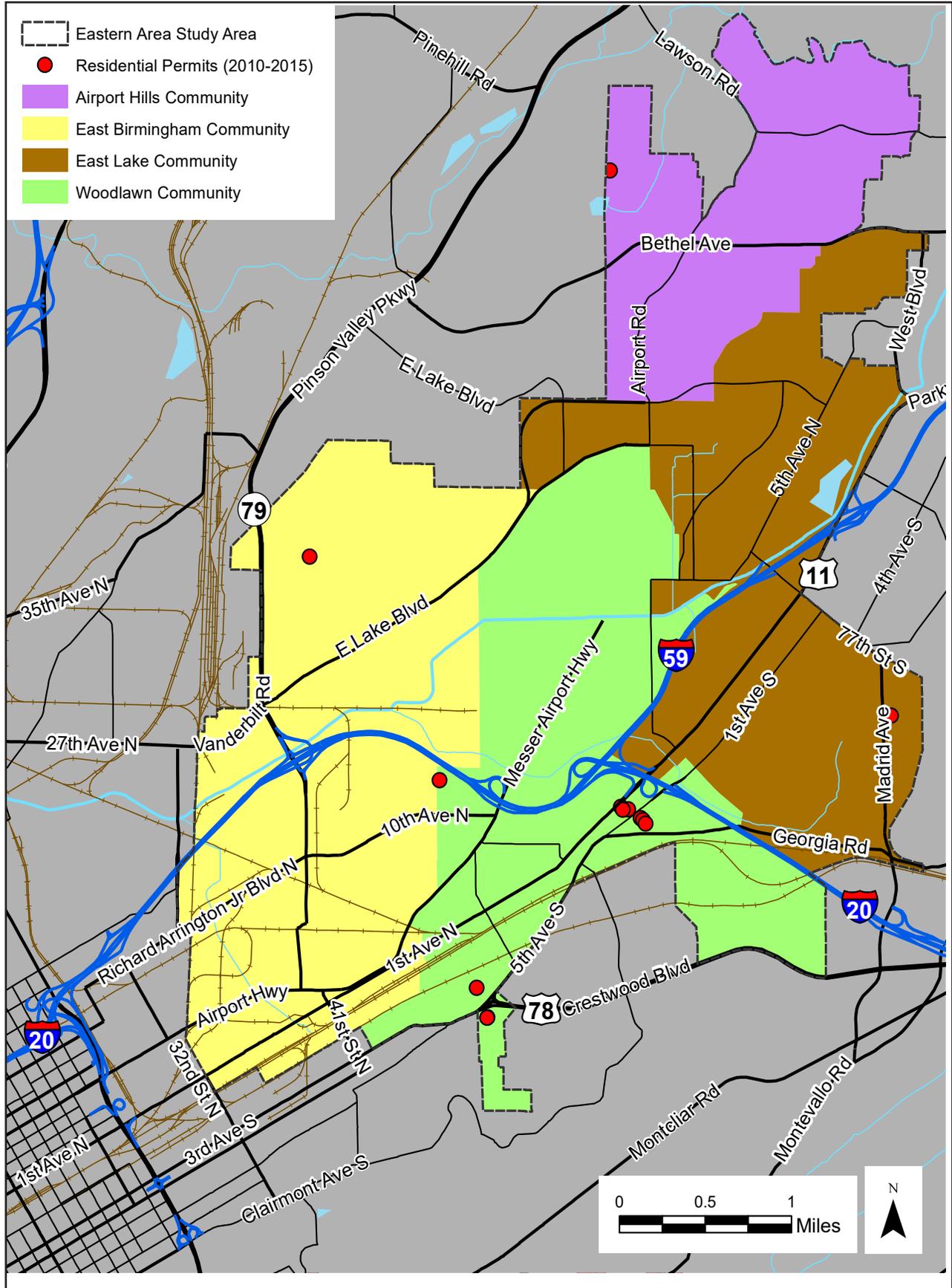
Source: U.S. Department of Housing and Urban Development (HUD)

Figure 1.2: Eastern Area Residential Building Permits (2010 - 2015)



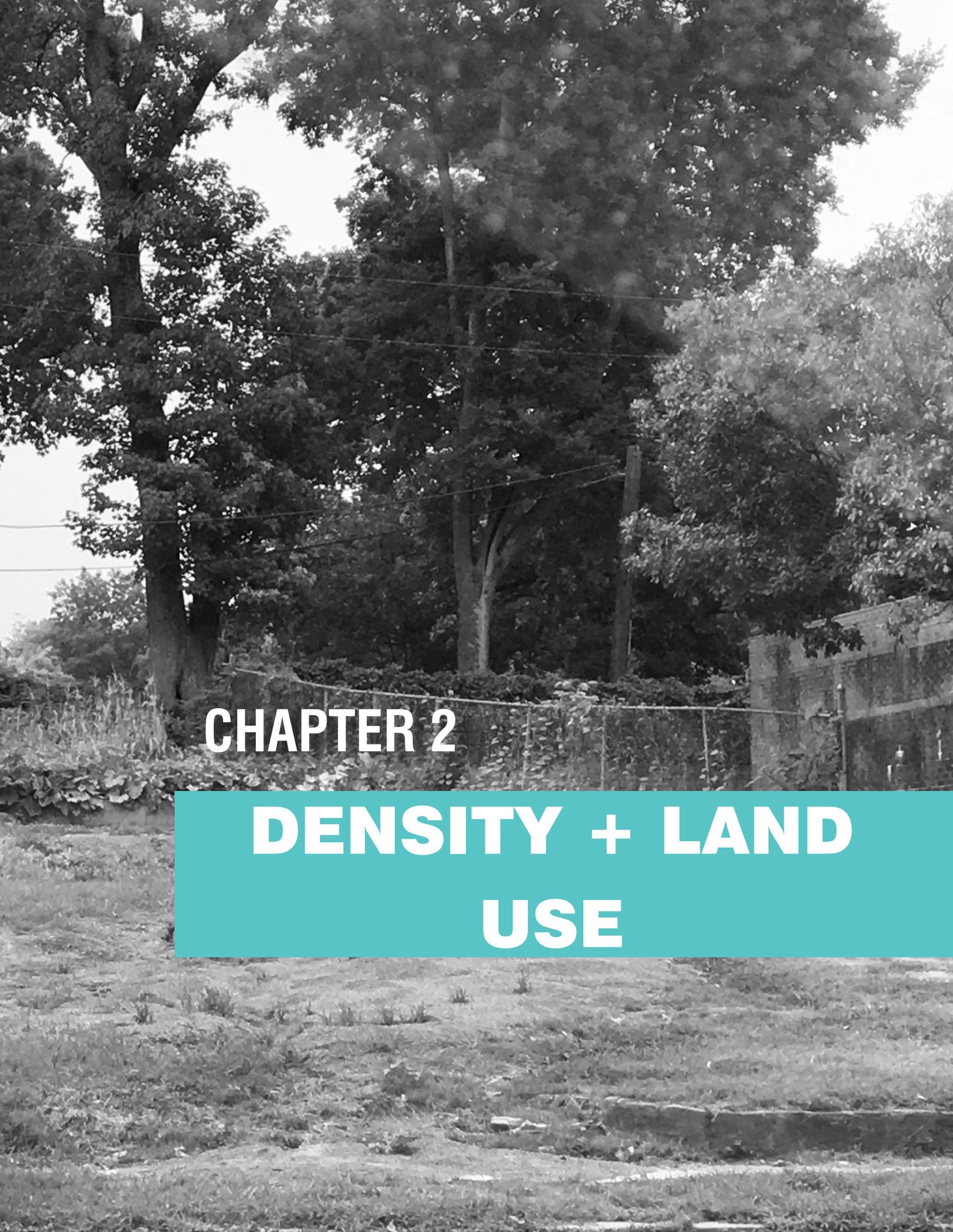
Source: U.S. Department of Housing and Urban Development (HUD)

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



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A black and white photograph of a rural landscape. In the foreground, there is a field with sparse vegetation and a low concrete wall. A chain-link fence runs across the middle ground, with a large tree trunk visible behind it. The background is filled with dense foliage and trees. The sky is bright and overcast.

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 Eastern Area, has slightly decreased since 2000. In 2000, the housing unit density in the Eastern Area was 1.36 units per acre, and by 2016 the density decreased to 1.26 units per acre. The low gross density is due to the inclusion of the airport property and the large areas of undeveloped land and industrial properties in the East Birmingham and North Avondale neighborhoods. 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 Eastern 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 Eastern 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 Eastern 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 Eastern Area.

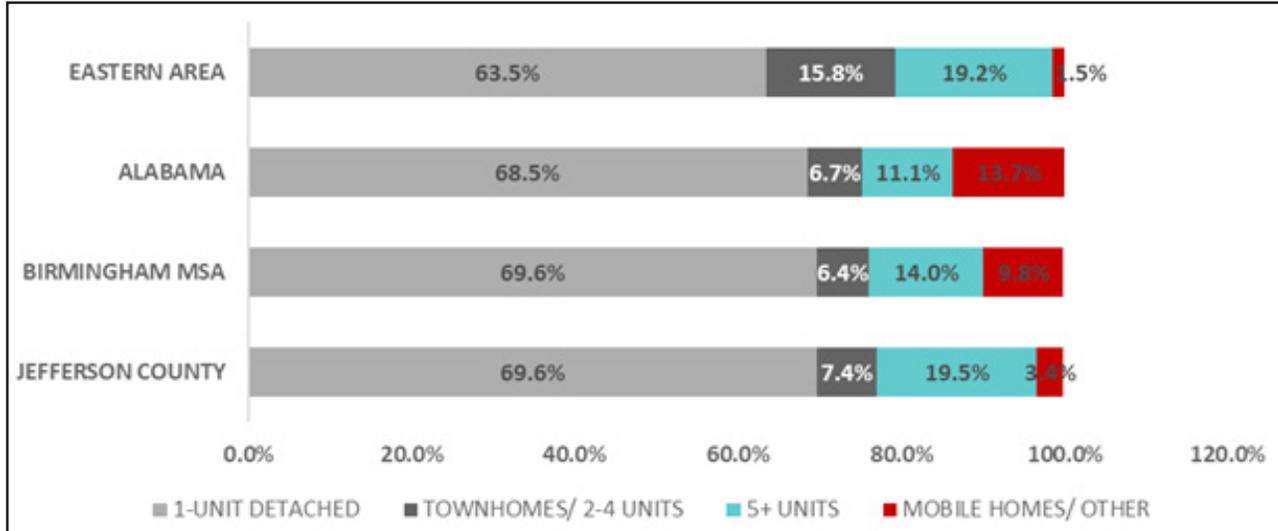
Some of the effects of the economic recession on the housing market, in addition to a general decline in construction activity overall, was a reduction of homeownership due to increased financial regulations in the banking industry. An increased demand for rental units was a consequence of these increased 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 Eastern 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 Eastern Area.

2.2. HOUSING UNIT TYPE

The comparative housing type composition between the Eastern Framework Plan Area, the State of Alabama, the Birmingham-Hoover Metropolitan Statistical Area, and Jefferson County reinforces the urbanized nature of the Eastern Area despite the prevalence of single family detached homes. Though this prevalence exists, the Eastern Area has a measurably lower percent share of multi-family housing units than its comparatives, and it contains much 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 Eastern 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.

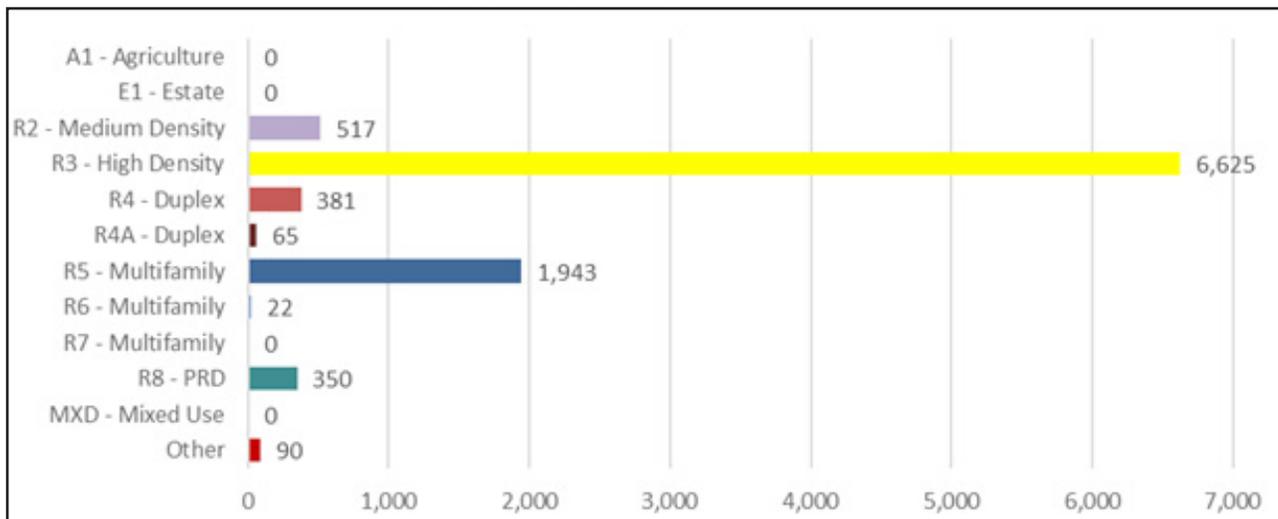
Figure 2.1: Comparison of Housing Units by Type



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 Eastern 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 Eastern 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



Source: RPCGB and City of Birmingham Zoning

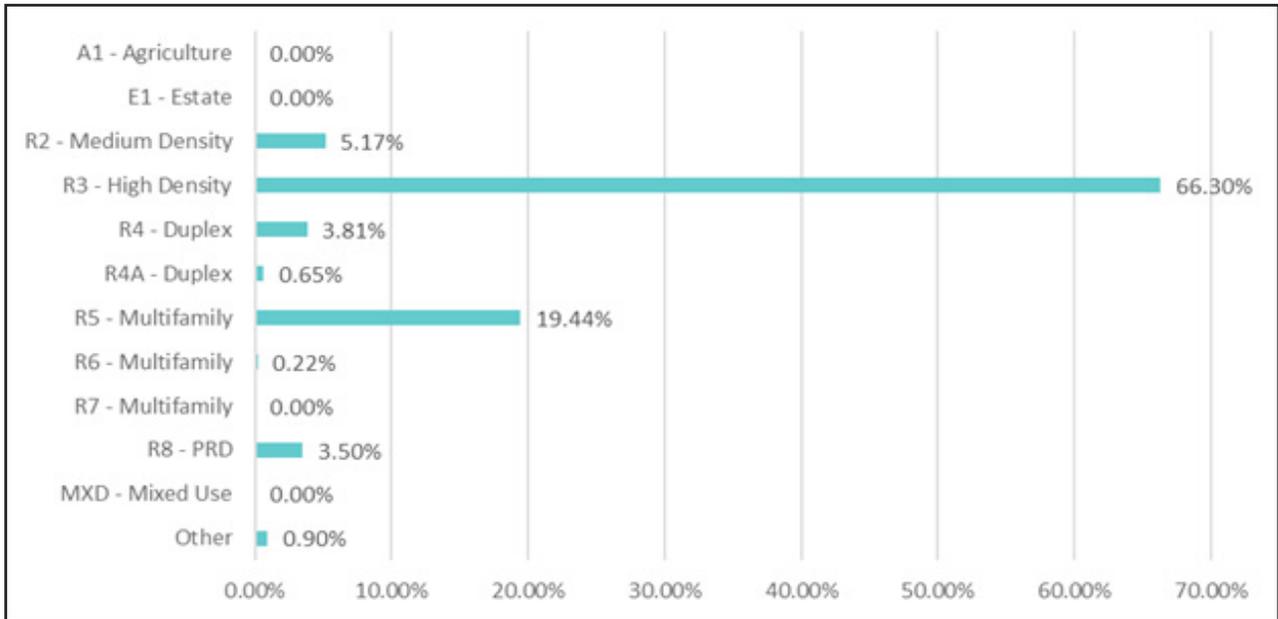
The majority of residentially zoned land in Birmingham’s Eastern Framework Plan Area has been constructed as high density housing. These housing units account for nearly 66% of the total housing stock. Much of the historical construction and market preference in the Eastern has been centered on this 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 Eastern, while lower density housing makes up less than 1%.

Table 2.1: Residential Zoning Types as a Percentage of Residential Land

Zoning Type	Min. Lot Area	Estimated Units	% Of Total Units	% Of All Residential Land	% Utilized
A1- Agriculture	1 Acres	0	0.0%	0.5%	0.0%
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	0	0.0%	0.0%	0.0%
R2 – Medium Density	10,000 SF	517	5.2%	16.3%	51.9%
R3 – High Density	6,000 SF	6,625	66.3%	72.2%	70.1%
R4 – Multiple Family (Semi-attached)	2,500 SF	381	3.4%	3.1%	72.2%
R4A – Multiple Family (Semi-attached)	2,000 SF	65	0.7%	0.7%	71.9%
R5- Multifamily	2,000 SF	1,943	19.4%	4.7%	75.3%
R6 – Multifamily (4+-stories)	1,000 SF	22	0.2%	0.1%	50.0%
R7 – Multifamily (4+-stories)	500 SF	0	0.0%	0.0%	0.0%
R8 – Planned Residential Development	-	350	3.5%	0.9%	100%
MXD – Mixed Use	-	0	0.0%	0.0%	0.0%
All Other	-	90	0.9%	0%	-

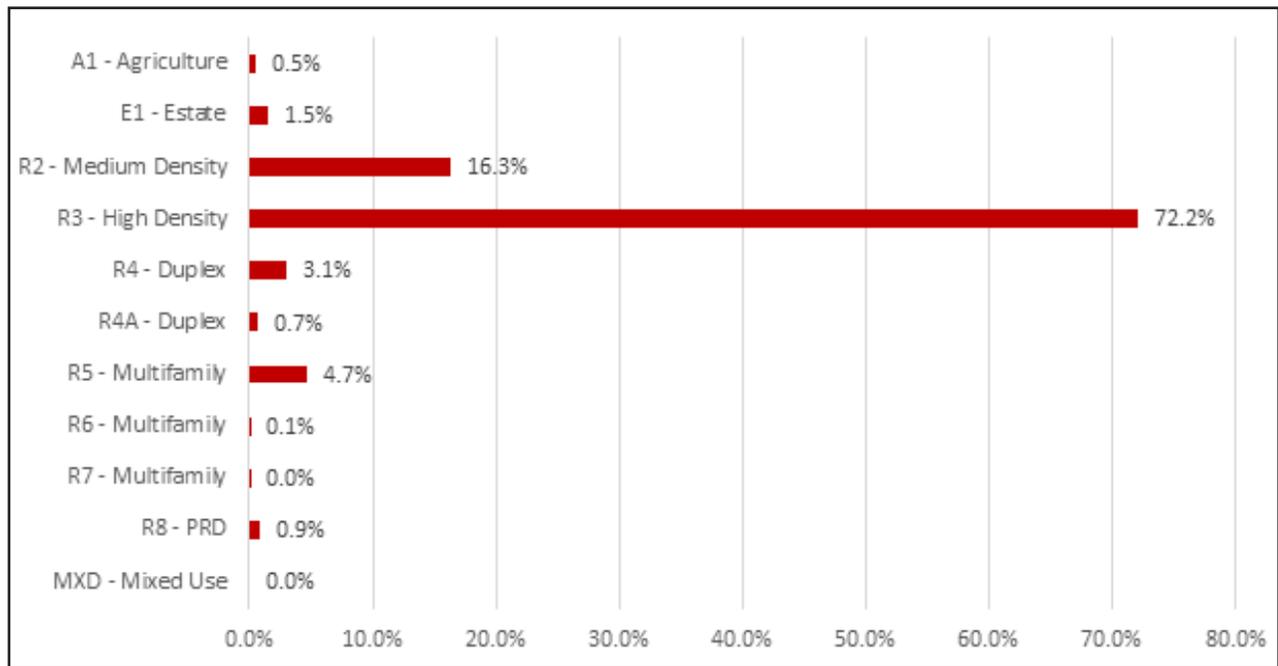
Source: RPCGB and City of Birmingham Zoning

Figure 2.3: Percent of Residential Units by Residential Zoning Type



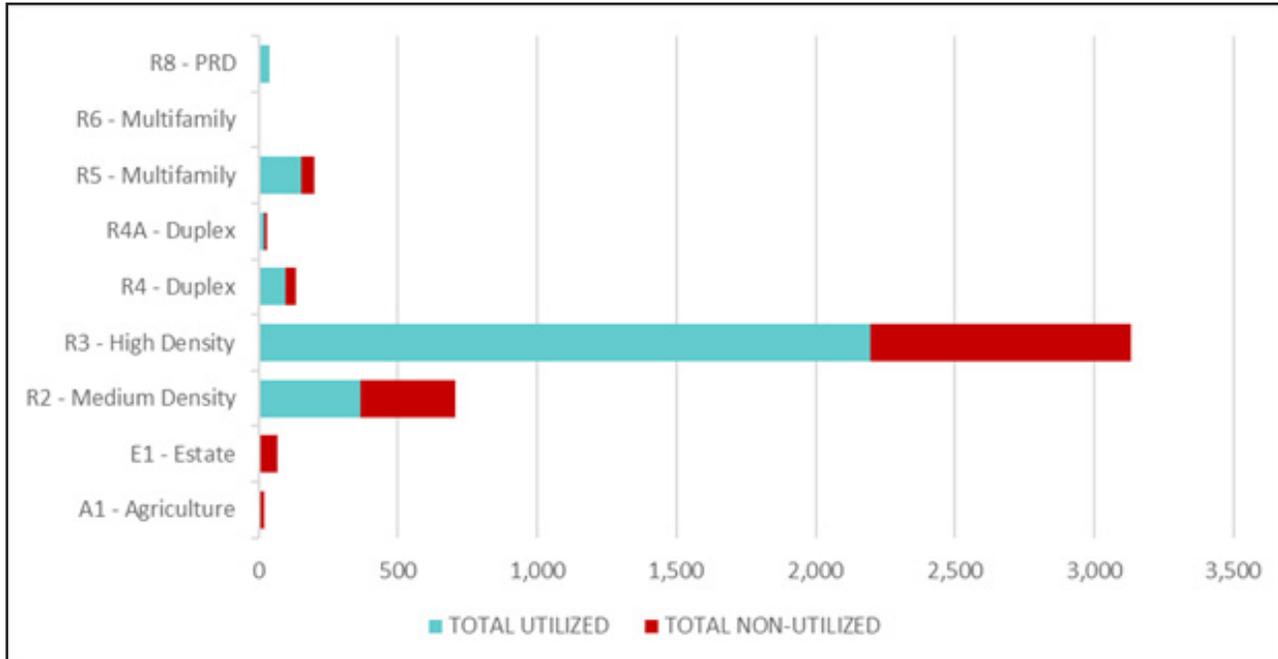
Source: RPCGB and City of Birmingham Zoning

Figure 2.4: Percent of Residential Acreage by Residential Zoning Type



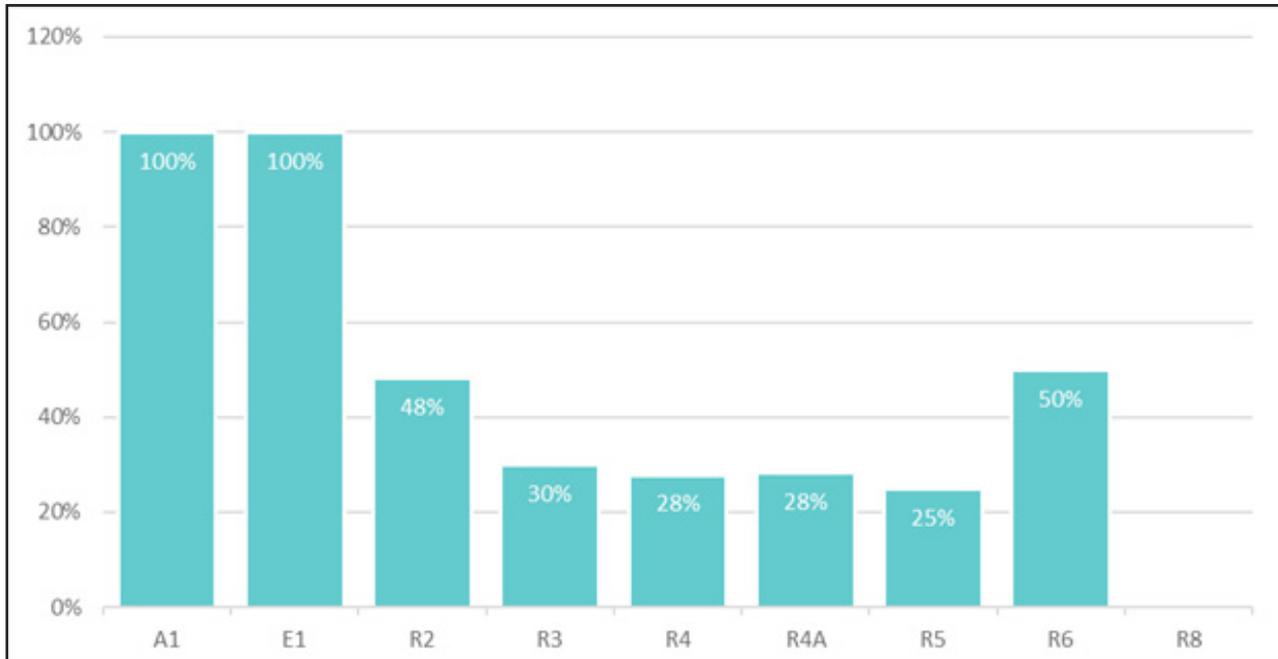
Source: RPCGB and City of Birmingham Zoning

Figure 2.5: Residential Land Usage



Source: RPCGB and City of Birmingham Zoning

Figure 2.6: Percent of Non-Utilized Residential Land by Zoning Type



Source: RPCGB and City of Birmingham Zoning

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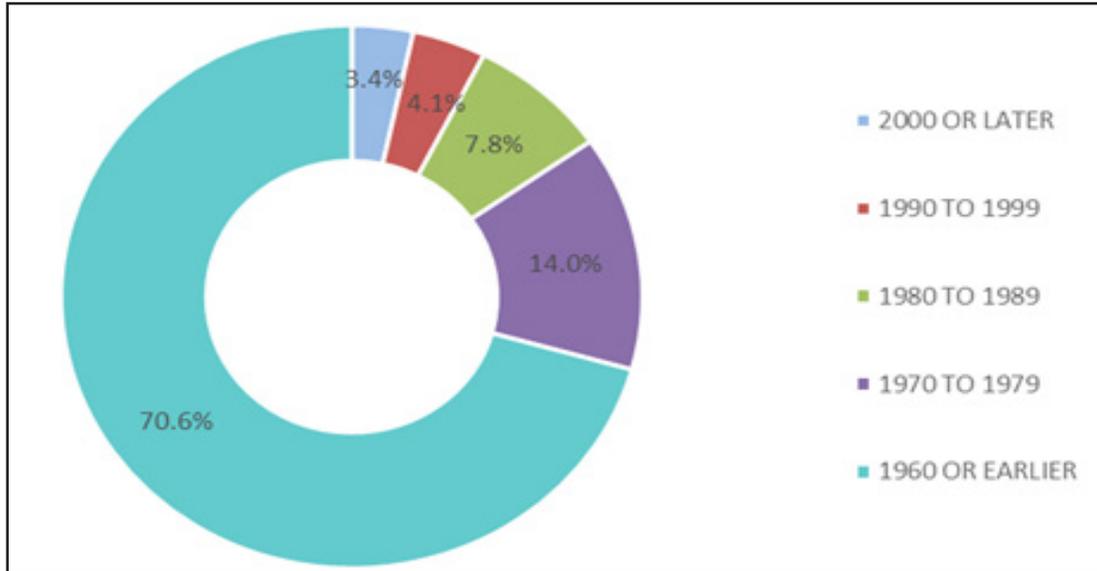
CHAPTER 3

**HOUSING AGE +
VALUATIONS**

3.1. AGE OF HOUSING UNITS

Birmingham’s Eastern Area offers a range of housing opportunities for perspective residents. The majority of the Eastern’s housing, however, is relatively dated with nearly 85% of all housing having been constructed before 1980. Just 3% 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.

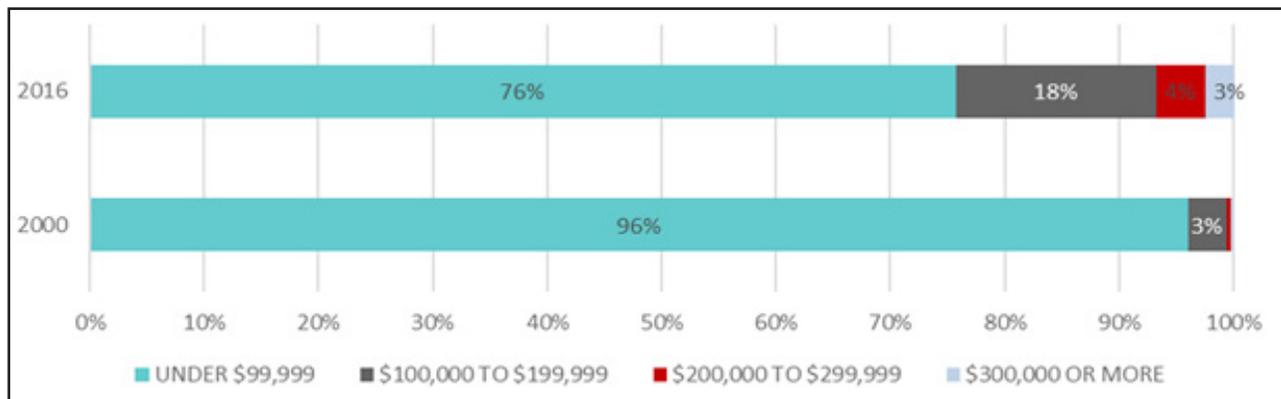
Figure 3.1: Percent of Housing Units by Year Structure Built



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 Eastern Area. As shown, 96% of Eastern Area owner-occupied units were valued under \$100,000 in 2000, but that percentage has declined to 76% by 2016. In 2000, 99% of all owner-occupied units were valued under \$200,000, and by 2016 that percentage had dropped to 94%. This illustrates a rising demand in the Eastern 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 Eastern 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 Eastern Area neighborhoods are below the median sales price of the City of Birmingham. While this is indicative of the affordability of area 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 Eastern 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 Eastern 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)

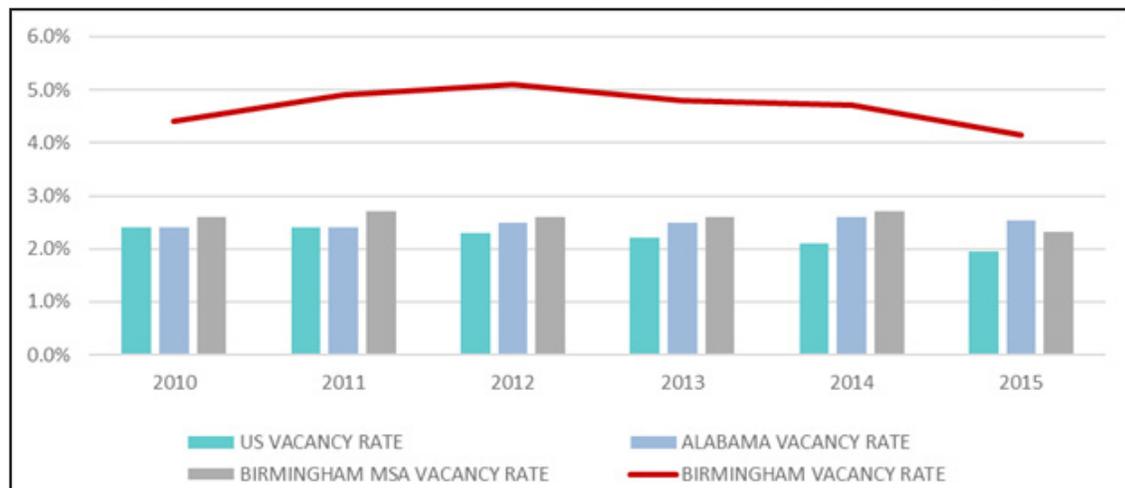


Source: U.S. Census Bureau, 5-Year American Community Survey

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)



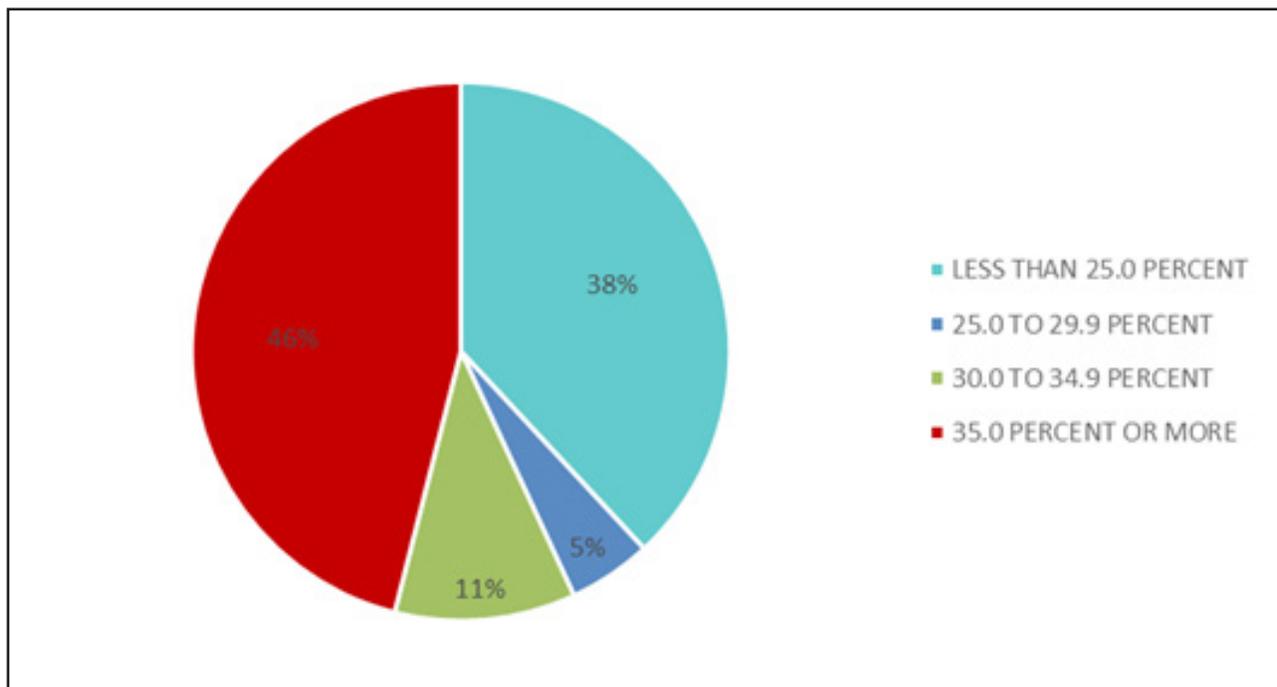
Source: U.S. Census Bureau, 5-Year American Community Survey

3.3. HOUSING AFFORDABILITY

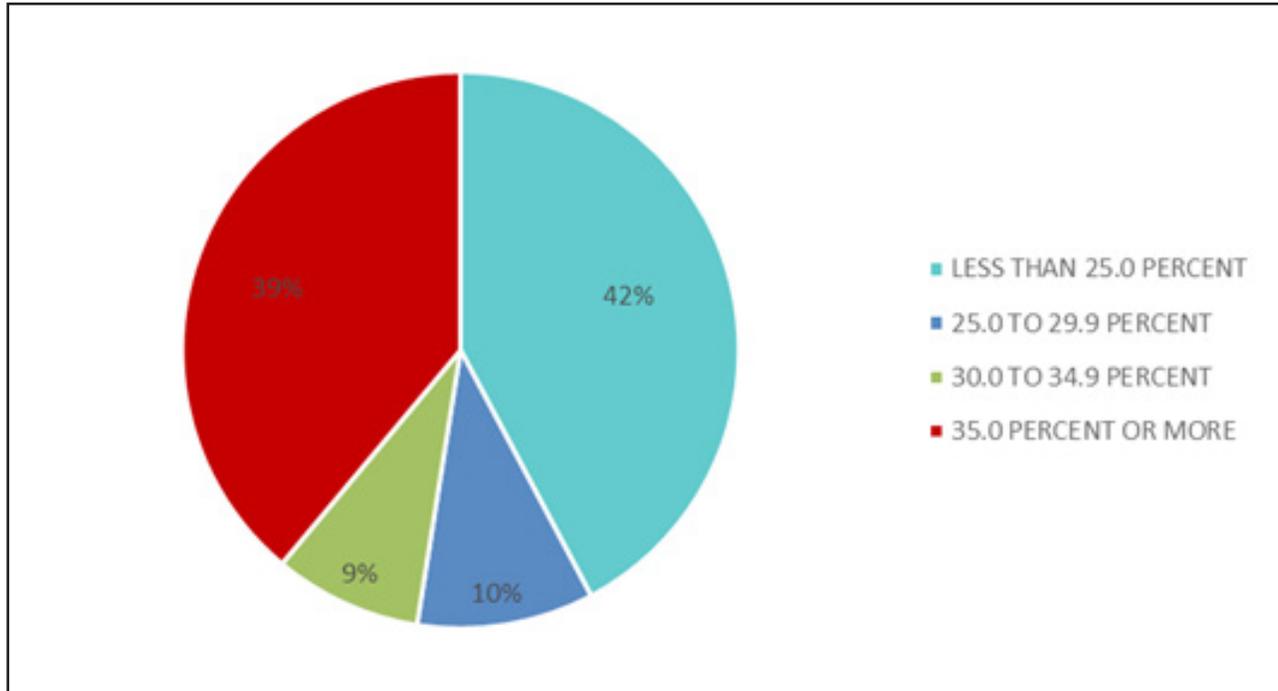
Housing affordability, as defined by the U.S. Department of Housing and Urban Development (HUD), a cost burdened household is any household paying in excess of 30% of gross household income towards housing costs. As the case with homeownership, household costs typically include mortgage payments, homeowners 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 have 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 57% of Eastern Area mortgage-holders spent more than 30% of their income on housing in 2010, and by 2015 an estimated 48% of Eastern Area mortgage-holders spent in excess of 30% of income on housing costs. While the cost burdens of both Birmingham City and Eastern Area owner occupied householders have improved since 2010, the trend will be difficult to maintain without higher increases in household income. Additionally, an estimated 42.3% of owner-occupied households in the Eastern 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 Eastern when compared to the City of Birmingham.

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



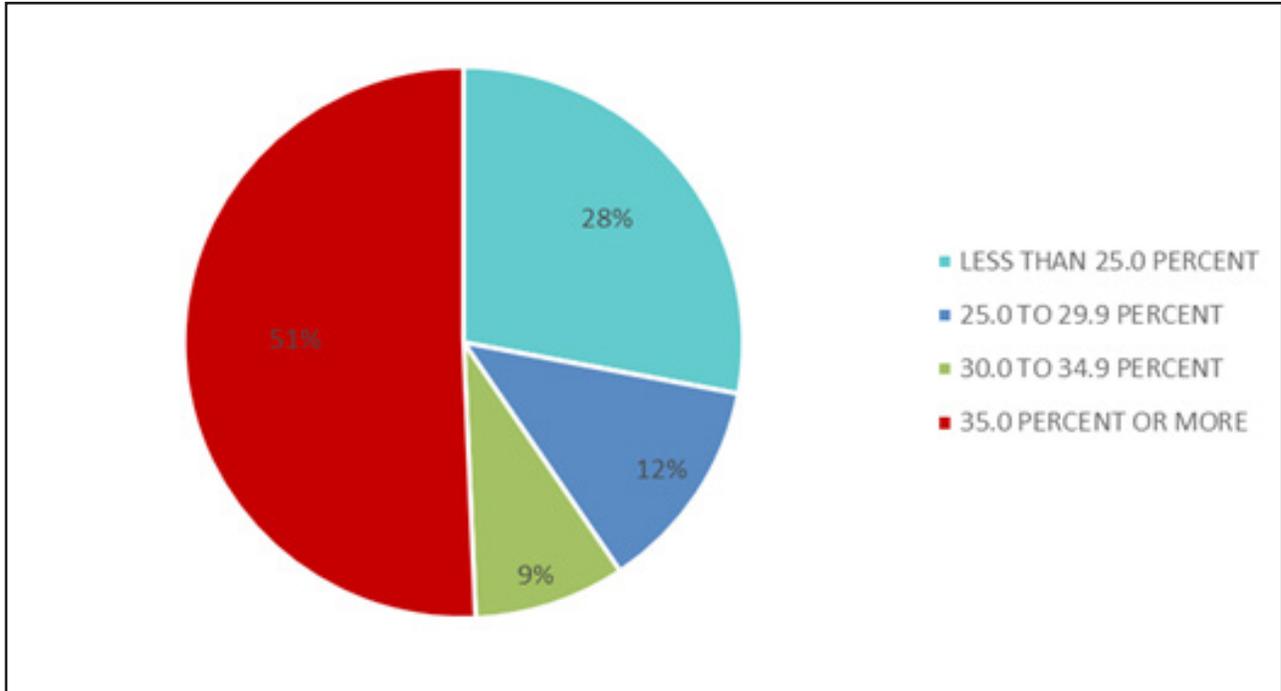
Source: U.S. Census Bureau, 5-Year American Community Survey

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

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

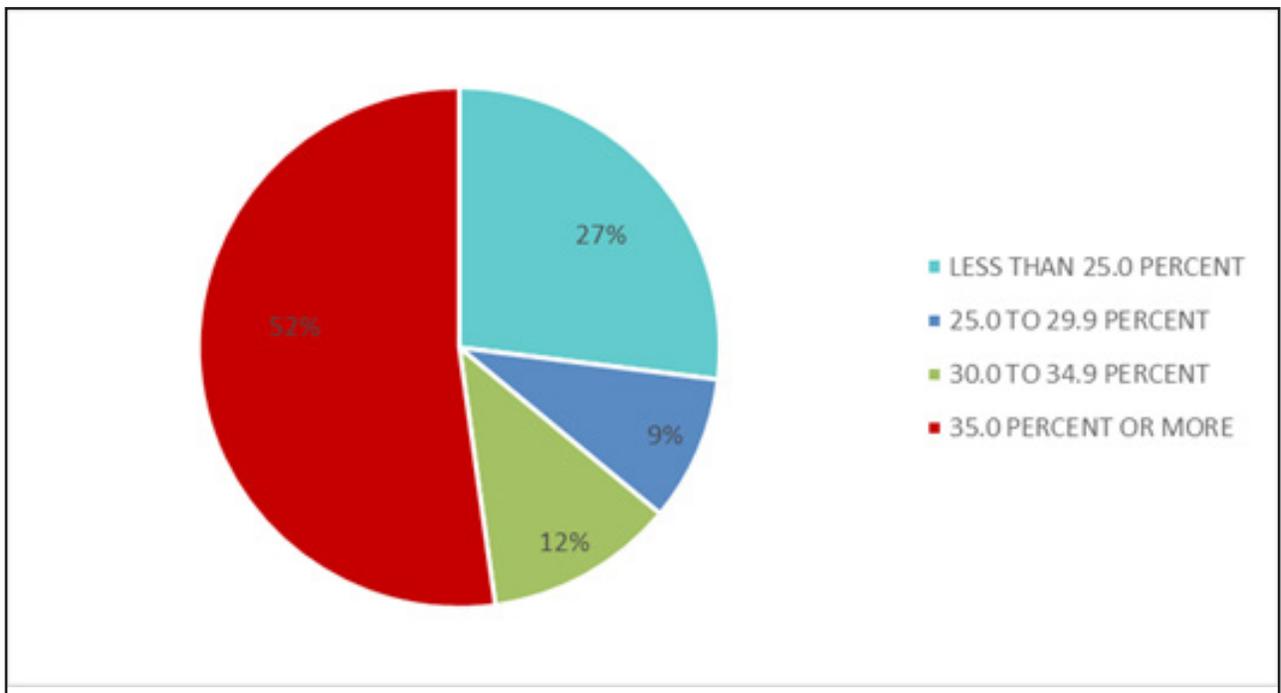
Cost burdens associated with renter households have increased as well. In 2015, Birmingham City renter households had a median household income of \$22,766 and a median gross rent of \$728. Between 2010 and 2015, renter-occupied households in Birmingham experienced a median household income increase 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 60% of Eastern Area renters spent more than 30% of their income on housing in 2010, and by 2015 an estimated 64% of Eastern 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

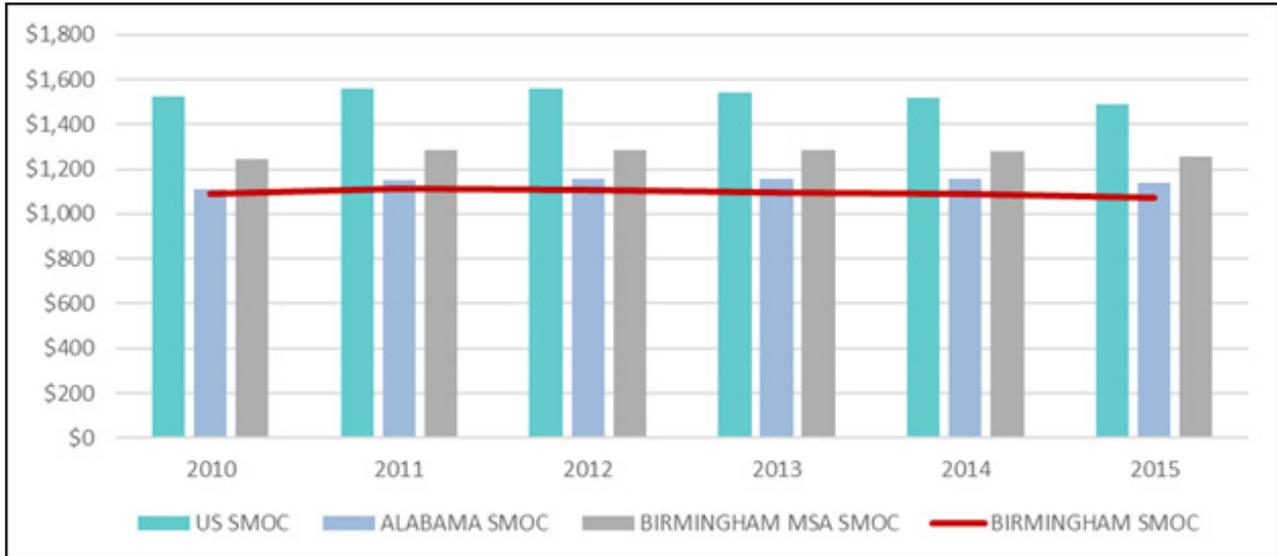
Figure 3.9: Estimated Gross Rent as a Percent of Household Income (2015)



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

Comparable statistics of selected monthly owner costs illustrates changes in housing costs between the City of Birmingham, the Birmingham-Hoover Metropolitan Statistical Area (MSA), the State of Alabama, and the U.S. over the last few years. As shown, there has been little relative change over time between the jurisdictions. Housing costs in Birmingham tend to be similar to those of the State and MSA, though they are lower than that of the U.S.

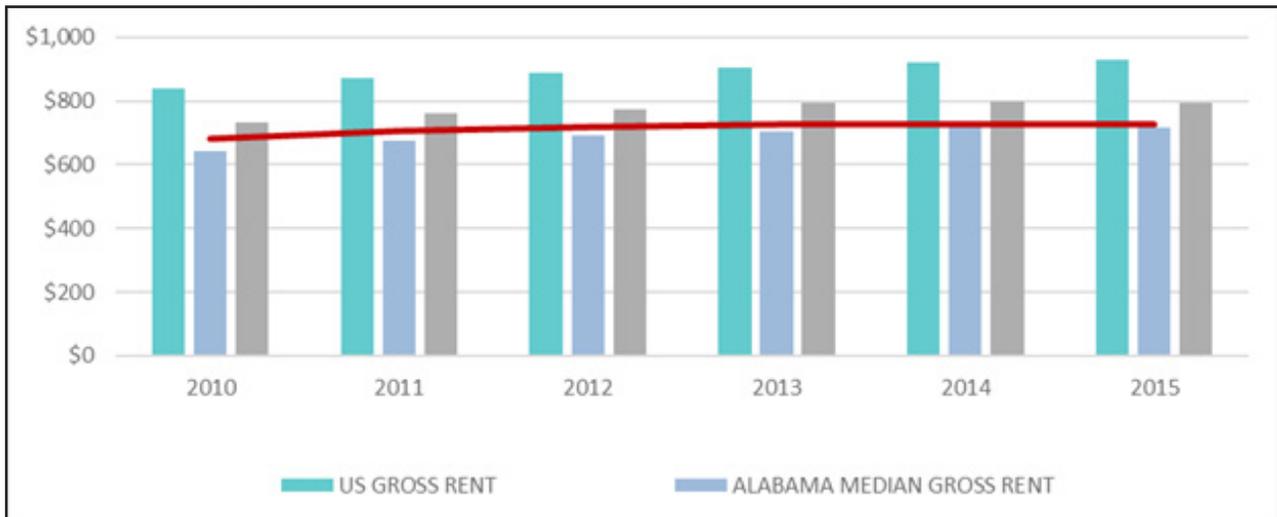
Figure 3.10: Comparison of Mortgage Costs as a Percentage of Income (2010 - 2015)



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

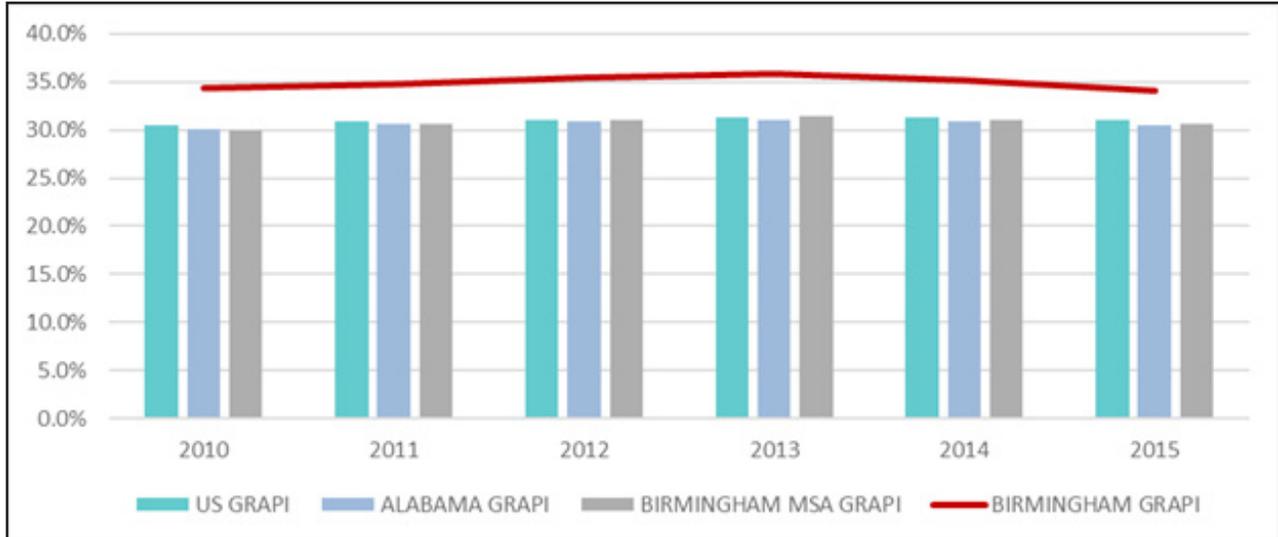
Comparable change of gross rent as a percentage of income, however, illustrates a slightly different trend. Median rent costs in Birmingham are not significantly higher than those of the State of Alabama or the Birmingham-Hoover MSA. However, Birmingham renters spend a larger share of their income on 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 3.11: 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 Eastern 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: 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	\$11,017	\$918	\$71,248	\$5,626	\$469	\$141
31% TO 50%	\$18,361	\$1,530	\$118,747	\$9,376	\$781	\$234
51% TO 80%	\$29,378	\$2,448	\$189,994	\$15,002	\$1,250	\$375
81% TO 100%	\$36,722	\$3,060	\$237,493	\$18,752	\$1,563	\$469
101% TO 120%	\$44,066	\$3,672	\$284,992	\$22,502	\$1,875	\$563
121% OR MORE	\$44,434+	\$3,703+	\$287,367+	\$22,690+	\$1,891+	\$567+

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 \$118,747 makes up 96% of all Eastern Area owner-occupied units. This is consistent with the reported 2016 median residential home value of \$74,356 according to Eastern Area property estimates. The majority of the Eastern 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	\$71,248	5,091	72.8%
\$71,249	\$118,747	1,622	23.2%
\$118,748	\$189,994	224	3.2%
\$189,995	\$237,493	25	0.4%
\$237,494	\$284,992	8	0.1%
\$284,993+	-\$-	27	0.4%

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 Eastern 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 x, there is a surplus of units in the Eastern Area that are affordable to households earning \$18,361 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: Owner-Occupied Housing Units by Estimated Residential Property Values

Thresholds	Units – Housing Supply				Income – Housing Demand				Gap Analysis	
	Minimum Value	Maximum Value	Units	% Of Units	Threshold Minimum	Threshold Maximum	HHLDS Within Threshold	% HHLDS Within Threshold	Surplus/ (Shortage)	Supply as a% of Affordability
30% OF AMI OR LESS	\$0	\$71,248	3,592	65.3%	\$0	\$11,017	658	9.4%	2,934	546.1%
31% TO 50%	\$71,249	\$118,747	1,622	29.5%	\$11,018	\$18,361	1,189	17.0%	433	136.4%
51% TO 80%	\$118,748	\$189,994	224	4.1%	\$18,362	\$29,378	1,134	16.2%	(910)	19.3%
81% TO 100%	\$189,995	\$237,493	25	0.5%	\$29,379	\$36,722	532	7.6%	(507)	4.7%
101% TO 120%	\$237,494	\$284,992	8	0.1%	\$36,723	\$44,066	665	9.5%	(657)	1.2%
121% OR MORE	\$284,993		27	0.5%	\$44,067		2,820	40.3%	(2,793)	1.0%

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 Eastern 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 Eastern Area. As the data shows, there are estimated to be about 1,367 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 \$234 per month on household costs. There is existing opportunity for an additional 136 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.

Table 3.4: Renter-Occupied Housing Units by Estimated Residential Rent

Thresholds	Rental Units – Housing Supply				Income – Housing Demand				Gap Analysis	
	Minimum Rent	Maximum Rent	Units	% Of Units	Threshold Minimum	Threshold Maximum	HHLDS Within Threshold	% HHLDS Within Threshold	Surplus/ (Shortage)	Supply as a% of Affordability
30% OF AMI OR LESS	\$0	\$141	913	20.0%	\$0	\$5,626	589	12.9%	324	154.9%
31% TO 50%	\$142	\$234	454	9.9%	\$5,627	\$9,376	914	20.0%	(460)	49.7%
51% TO 80%	\$235	\$375	937	20.5%	\$9,377	\$15,002	539	11.8%	398	173.8%
81% TO 100%	\$376	\$469	729	16.0%	\$15,003	\$18,752	466	10.2%	263	156.4%

Thresholds	Rental Units – Housing Supply				Income – Housing Demand				Gap Analysis	
	Minimum Rent	Maximum Rent	Units	% Of Units	Threshold Minimum	Threshold Maximum	HHLDS Within Threshold	% HHLDS Within Threshold	Surplus/ (Shortage)	Supply as a% of Affordability
101% TO 120%	\$470	\$563	717	15.7%	\$18,753	\$22,502	210	4.6%	507	341.1%
121% OR MORE	\$564		865	18.9%	\$22,503		1,850	40.5%	(985)	46.7%

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 Eastern Area Framework Plan.

Trends show that residential growth will need to be encouraged in the Eastern 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.

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**APPENDIX B:
HOUSING
ANALYSIS**