

**ADOPTED JANUARY 9, 2020**

**Regional Planning Commission  
of Greater Birmingham**

---

# **PLAN PELHAM**

---

**City of Pelham**  
Comprehensive Plan Update

**Housing  
Market  
Analysis**

---

This project was supported by funding from the Regional Planning Commission of Greater Birmingham (RPCGB) and the Birmingham Metropolitan Planning Organization (MPO) Building Communities Program. The contents of this document do not necessarily reflect the official views or policies of the Birmingham MPO or the RPCGB. For more information on this program, please visit <http://www.rpcgb.org> or call (205) 251-8139.

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.

The contents of this Comprehensive Plan are designed to serve as a guide in the public and private development of land and as such are not binding upon the City of Pelham when making specific land use decisions and public investments.



# ACKNOWLEDGMENTS

Gary W. Waters, Mayor  
Gretchen DiFante, City Manager

## PELHAM CITY COUNCIL

Rick Hayes, Council President  
Mildred Lanier  
Beth McMillan  
Maurice Mercer  
Ron Scott

## PLANNING COMMISSION

Gary Waters, Mayor  
Mildred Lanier, City Councilor  
Kim Speorl, Chairmen  
Danny Tate  
Bob Sinclair  
Chad Hester  
Claude Peacock  
David Russell  
Russell Biciste

## REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Charles Ball, AICP, Executive Director  
Ray Morris, Deputy Executive Director  
Scott Tillman, Director of Planning and Operations  
Lindsay S. Puckett, AICP, Project Manager  
Brett Isom, GIS Manager  
Marshall Farmer, GIS Analyst  
Maria Hines, AICP, Senior Planner  
Hunter Garrison, AICP, Community Planner  
Samuel Parsons, AICP, Transportation Planner

**Adopted by the Pelham Planning Commission on January 9, 2020 - Resolution 2020-01-09-01**  
**Endorsed by the Pelham City Council on February 03, 2020 - Resolution 2020-02-03-01**



# CONTENTS

- INTRODUCTION ..... 10
- HOUSING TRENDS ..... 10
- DENSITY AND LAND USE..... 11
- HOUSING UNIT TYPE ..... 12
- HOUSING AGE AND VALUATIONS..... 16
- HOUSING VACANCY AND TENURE ..... 17
- CONSTRUCTION AND SALES ..... 20
- HOUSING AFFORDABILITY ..... 24
- COMMUTING AND JOBS..... 36

# TABLES

Table 1.1: Housing Units in Pelham (2000 - 2017) .....	10
Table 1.2: Housing Units by Type in Pelham (2000 – 2017) .....	12
Table 1.3: Residential Zoning Types as a Percentage of Residential Land in Pelham	15
Table 1.4: Total Average Days on the Market and Sales by Price Range .....	22
Table 1.5: Area Median Incomes (AMI) and Expenditures for Owner-Occupied and Renter-Occupied Housing Units .....	30
Table 1.6: Number of Owner-Occupied Housing Units by Estimated Residential Property Values (2016) .....	31
Table 1.7: Owner-Occupied Housing Affordability Gap Analysis .....	32
Table 1.8: Renter-Occupied Housing Affordability Gap Analysis .....	34

# FIGURES

Figure 1.1: Housing Units by Type in Pelham (2000 - 2017) .....	12
Figure 1.2: Comparison of Housing Units by Type (2017) .....	13
Figure 1.3: Residential Housing Unit Types by Zoning in Pelham.....	13
Figure 1.4: Percent Share of Residential Housing Units Types by Zoning .....	14
Figure 1.5: Residential Zoning Types as a Percentage of Residential Land .....	15
Figure 1.6: Age of Housing Units in Pelham.....	16
Figure 1.7: Percentages of Owner-Occupied Housing Units by Valuation .....	16
Figure 1.8: Comparison of Rental Property Vacancy Rates (2010 - 2017).....	17
Figure 1.9: Comparison of Homeowner Property Vacancy Rates (2010 - 2017).....	18
Figure 1.10: Owner Occupied vs Renter Occupied Housing Units (2000 - 2017) .....	19
Figure 1.11: Housing Unit Building Permits (1980 – 2017).....	20
Figure 1.12: City of Pelham New Construction Activity (2012 – 2016).....	21
Figure 1.13: Residential Housing Sales Activity (2014 – 2018).....	23
Figure 1.14: Mortgage Cost as a Percent of Household Income (2000) .....	24
Figure 1.15: Mortgage Cost as a Percent of Household Income (2010) .....	25
Figure 1.16: Mortgage Cost as a Percent of Household Income (2017) .....	25
Figure 1.17: Gross Rent as a Percent of Household Income (2000) .....	26
Figure 1.18: Gross Rent as a Percent of Household Income (2010) .....	27
Figure 1.19: Gross Rent as a Percent of Household Income (2017) .....	27
Figure 1.20: Comparison of Selected Monthly Owner Costs for Housing .....	28
Figure 1.21: Comparison of Median Rental Costs (2010 -2017) .....	28
Figure 1.22: Average Amount Spent on Rent .....	29
Figure 1.23: Commuting Map.....	37





1

---

# HOUSING MARKET ANALYSIS

---



## INTRODUCTION

The purpose of the Pelham Housing Market Analysis is to combine collected market data with a comprehensive analysis of the City’s housing characteristics and associated costs. The results provide recommendations that will guide future planning efforts and to organize the activities of City agencies and private and nonprofit organizations around shared objectives. These objectives include the promotion of rehabilitation projects, redevelopment and new construction, promotion of home ownership and housing choice, and support of the rental market with the identification and description of key housing issues related to current and future growth.

## HOUSING TRENDS

Pelham is recognized by an evolving landscape characterized by suburban land uses including sparsely populated residential areas stretched along a heavy commercial corridor. In recent decades, after municipal incorporation in 1964, the combination of affordable land and Pelham’s proximity to Birmingham created a strong housing market. Residential home construction peaked in the decades of the 1990’s and 2000’s. In 1990 Pelham’s median home property valuation was estimated to be \$89,900. As Pelham’s desirability has continued to grow as a community, housing demand and local competition resulted in 2017 median home property valuations estimated at \$178,331.

Pelham’s housing market and construction trends have remained strong over the last several decades, though trends slowed substantially towards the later part of the 2000’s. This can be primarily attributable to the effects of the 2008 national economic recession and housing market crisis, and the subsequent weak recovery. Increased financial regulations and stagnated 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, though these impediments have gradually eased over the last several years. Increasing infrastructure costs and regional competition for housing development have also contributed to slow construction investment within Pelham. Post-recession construction averages have not yet rebounded to pre-recession construction averages.

According to estimates, there were 6,675 housing units in the City of Pelham in 2000. By 2010 this had risen to 8,504, an increase of 1,829 units (27%). In 2017 it was estimated that the total housing inventory was 9,165 units, an addition of 661 more units since 2010. Pelham added 2,490 housing units since 2000, an average of 146 units per year over 17 years.

**Table 1.1: Housing Units in Pelham (2000 - 2017)**

Year	Total Units	Numeric Growth	Percent Growth
2000	6,675		
2010	8,504	1,829	27%
2017	9,165	661	8%

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



*Oak Mountain State Park*

## DENSITY AND LAND USE

Housing unit density, the number of residential housing units per acre, has changed little since 2000. In 2000 (not including the land area of Oak Mountain State Park), the housing unit density in Pelham was estimated at 0.41 units per acre, and by 2017 the density increased to 0.55 units per acre. Since 2000, Pelham has not added significantly to its territorial jurisdiction, having annexed approximately 510 acres since that time. Most residential construction has taken the form of single unit detached, garden home, and townhome housing resulting in a slight increase of housing density.

As of 2017, an estimated 71% of all land acreage in the city was residential in zoning. Of all residentially zoned land, an estimated 81% is zoned for single family homes (about 91% of this large lot homes), just 2% zoned for multifamily (apartments, duplex and townhomes) use, and the remaining 16% zoned for mixed unit development. Agricultural properties, A1 zoned properties, make up the largest percentage of all residentially zoned land with an estimated 5,052 total acres (43%). This estimate does not include the land area of Oak Mountain State Park.

There are several multifamily developments within Pelham, with few units having been constructed since 2000. With a total multifamily unit count estimated at about 649 on approximately 52.4 acres in both RA Multifamily and PUD zoning, multifamily density is roughly 12 units per acre. Currently, no undeveloped land exists within RA zoning for additional multifamily development, however, the City Zoning Ordinance does contain Planned Unit Development (PUD) zoning that does permit mixed multifamily residential construction within the development.

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. In Pelham, much of this increased demand was accommodated through an increase in the number of owner-occupied units being converted into rental properties rather than an increase in multifamily unit construction. Additionally, with average rental rates estimated at \$1,053 per month, 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.

## HOUSING UNIT TYPE

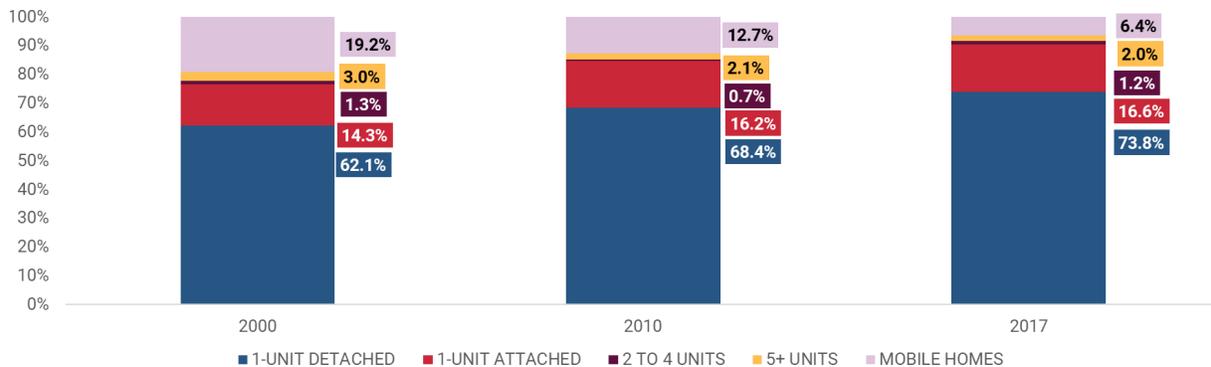
As shown in [Figure 1.1](#) and [Table 1.2](#), the city’s housing unit distribution changed over the past several years as city development policies have favored lower density, traditional residential developments as well as flexible densities within planned unit developments. While Pelham has some constraints in terms of future annexations, developable and redevelopable land still exists. Modest shifts have occurred primarily between single family and mobile home units. Since 2000, the city has seen an 89% increase in single unit detached housing types overall, representing a 12% increase in single unit attached housing types. Mobile home units decreased by 47%, reducing the share by 13% of the total housing stock. The dominance of single unit detached housing is typical of suburban development trends, as is the presence of a lower percent share of multifamily units compared to more urban development trends.

**Table 1.2: Housing Units by Type in Pelham (2000 – 2017)**

Year	1 - Unit Detached	Townhomes/ 2-4 Units	5+ Units	Mobile Homes
2000	62.1%	1.3%	3.0%	19.2%
2010	68.4%	0.7%	2.1%	12.7%
2017	73.8%	1.2%	2.0%	6.4%

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

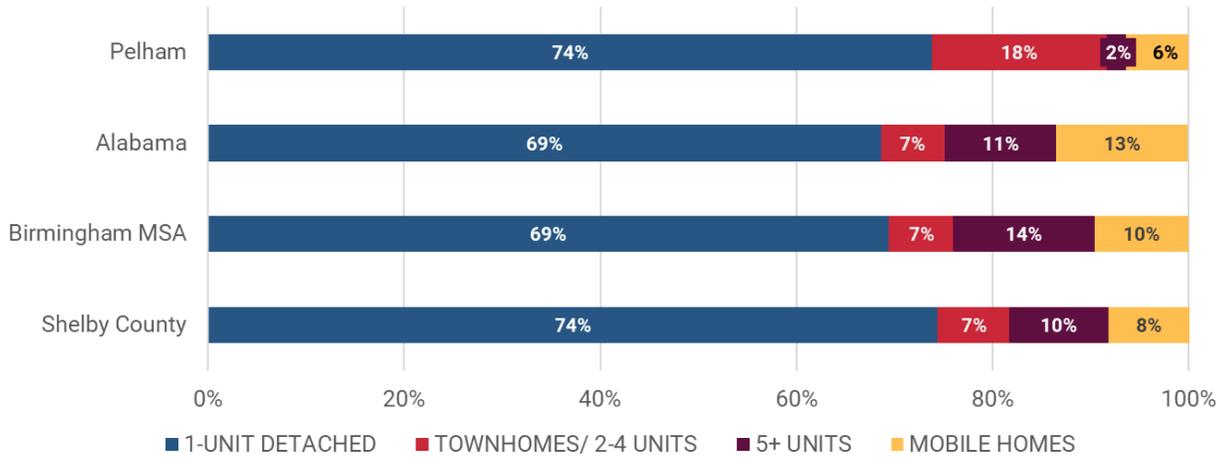
**Figure 1.1: Housing Units by Type in Pelham (2000 - 2017)**



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

The comparative housing type composition between the City, the State of Alabama, the Birmingham-Hoover Metropolitan Statistical Area, and Shelby County reinforces the more suburban characteristics of the City, especially with the growing prevalence of single family detached homes. As the social and economic characteristics in Pelham changes, the demand for alternative housing types has changed as well. The housing unit composition in Pelham is likely to continue shifting with added multifamily and townhome developments, but the change will be modest. Demand for single family detached housing will still dominate the local housing market.

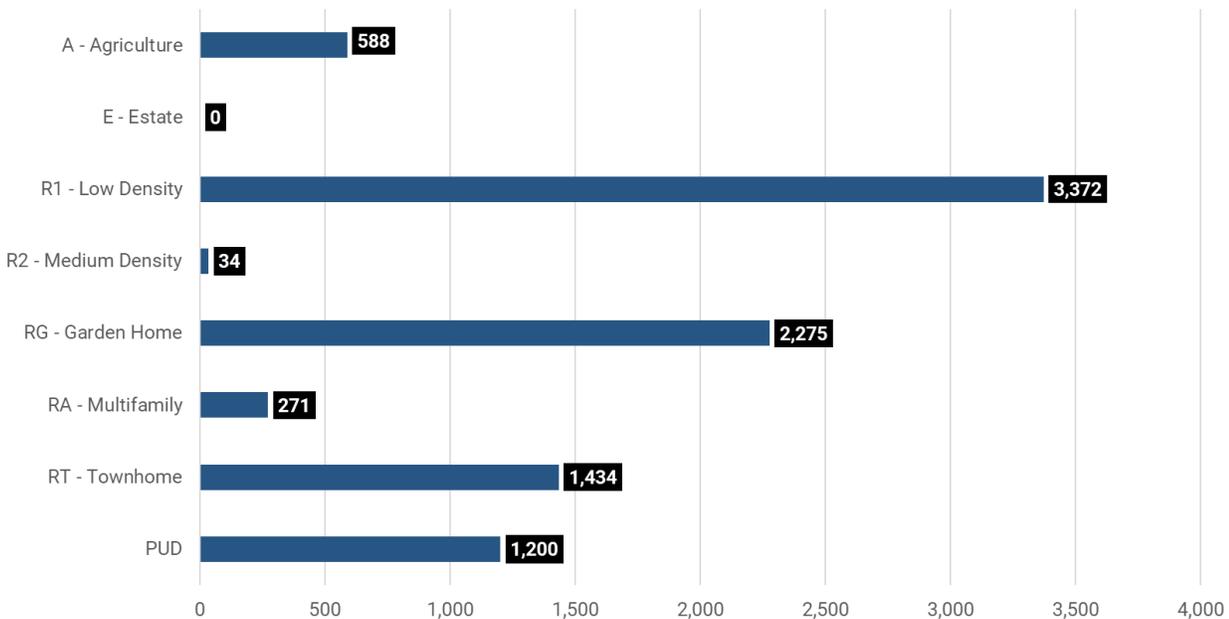
**Figure 1.2: Comparison of Housing Units by Type (2017)**



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 City. This comparison identifies predominate housing characteristics and can be compared against estimated housing costs and income. As shown, R1 Low Density housing units make up the largest share of units in Pelham. These units are primarily located on half-acre lots (20,000 square feet) and are generally not less than 2,500 square feet in size. Most have been constructed as part of planned residential subdivisions within the City.

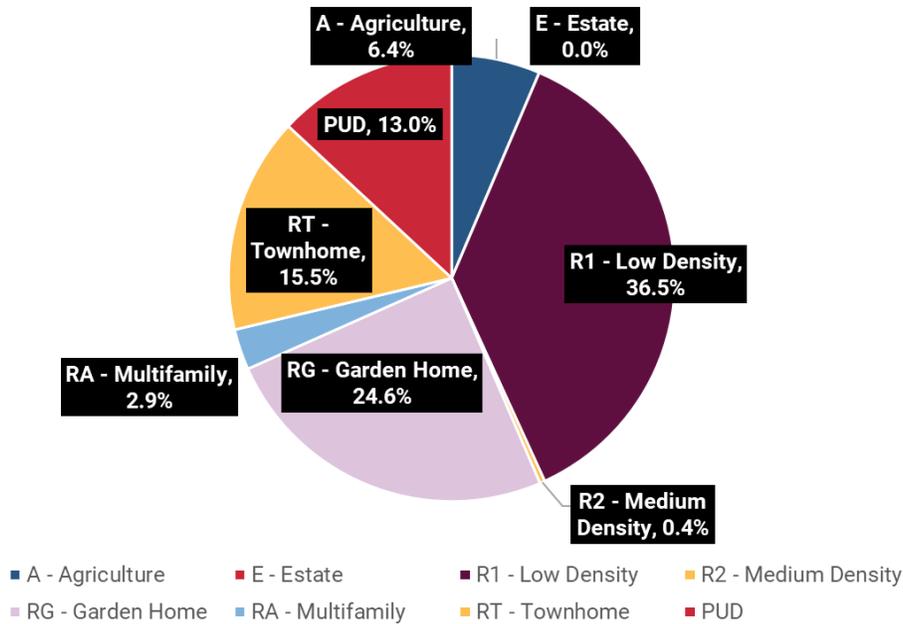
**Figure 1.3: Residential Housing Unit Types by Zoning in Pelham**



Source: RPCG and Pelham Zoning

Most of the residentially zoned land in Pelham has been constructed as R1 Low Density housing. R1 housing units account for 36.5% of all housing stock. Much of the historical construction and market preference in Pelham has been centered on lower density housing. The development of lower density housing is firmly situated in the context of typical suburban growth models. The dominance of this housing type is due more to market demand and residential preference rather than any principal municipal policy. Low and medium density housing together make up an estimated 52% of all housing units in Pelham, while higher density housing makes up 48%.

**Figure 1.4: Percent Share of Residential Housing Units Types by Zoning Classification**



Source: RPCG and Pelham Zoning

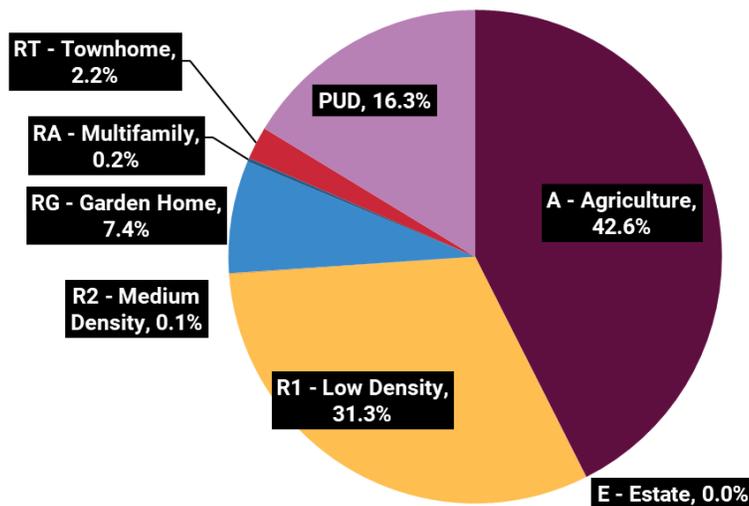
Residential properties make up an estimated 71% (11,873 acres) of all land in the corporate limits of Pelham, excluding the land area of Oak Mountain State Park. Of this acreage, Agriculturally zoned properties make up approximately 43% of all residential land (excluding the land area of Oak Mountain State Park). This is followed by R1 Low Density residential properties that make up 31% and then Planned Unit Development (PUD) properties which make up 16%. The remaining zoning types, including Estate, R2 Medium Density, Garden Homes, Townhomes, and Multifamily collectively make up 10%.

**Table 1.3: Residential Zoning Types as a Percentage of Residential Land in Pelham**

Zoning Type	Min. Lot Area	Estimated Units	% of Total Units	% Of Total Residential Land
<b>A - Agriculture</b>	1 Acre	588	6.4%	42.6%
<b>E1 - Estate</b>	1 Acre	0	0.0%	0.03%
<b>R1 – Low Density</b>	20,000 SF	3,372	36.5%	31.3%
<b>R2 – Medium Density</b>	10,000 SF	34	0.4%	0.1%
<b>RG – Garden Home</b>	7,000 SF	2,275	24.6%	7.4%
<b>RT - Townhome</b>	8 Units/Acre	1,434	15.5%	2.2%
<b>R4 - Multifamily</b>	1 Acre	271	2.9%	0.2%
<b>PUD – Planned Unit</b>	Flexible	1,200	13.0%	16.3%

Source: RPCGB and City of Pelham Zoning

**Figure 1.5: Residential Zoning Types as a Percentage of Residential Land in Pelham**

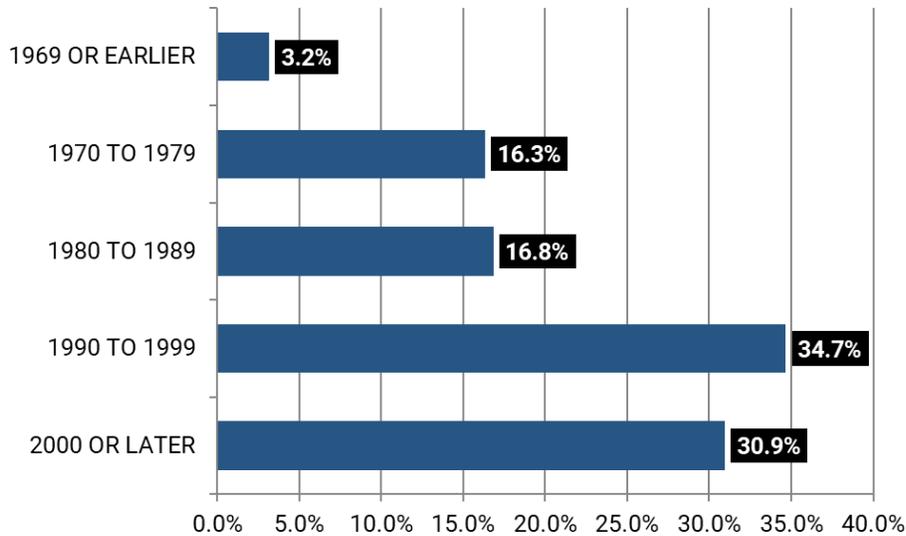


Source: RPCG and Pelham Zoning

## HOUSING AGE AND VALUATIONS

Pelham is an attractive location for families, and it offers a range of housing opportunities for perspective residents. The majority of Pelham’s housing stock is recent construction, with over 65% of all housing constructed after 1990. About 31% of all housing has been constructed since 2000. While older properties can have limitations regarding a home’s appeal to potential buyers from an architectural and maintenance perspective, it can add to a home’s appeal in terms of affordability and investment perspectives.

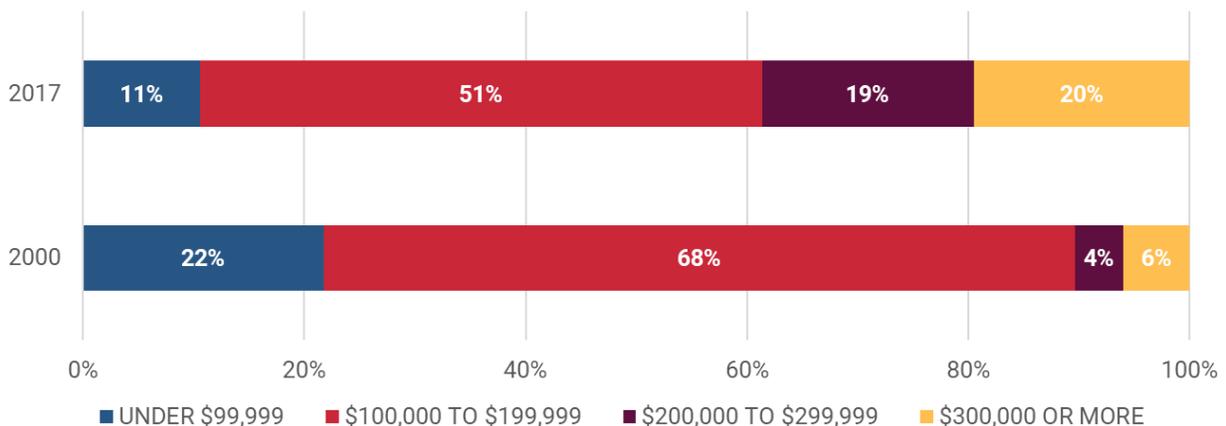
**Figure 1.6: Age of Housing Units in Pelham**



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

**Figure 1.7** displays the changing percentages of owner-occupied housing units by valuation in Pelham. According to valuation estimates, median home values increased from \$127,800 in 2000 to \$175,300 in 2017, an increase of 37%. As shown, 22% of Pelham owner-occupied units were valued under \$100,000 in 2000, but that percentage has declined to 11% by 2017. In 2000, 90% of all owner-occupied units were valued under \$200,000, and by 2017 that percentage had dropped to 62%. This illustrates a trend of rising property valuations in Pelham as well as an increasing demand and affordability range for higher valued residential properties.

**Figure 1.7: Percentages of Owner-Occupied Housing Units by Valuation in Pelham (2000 - 2017)**



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

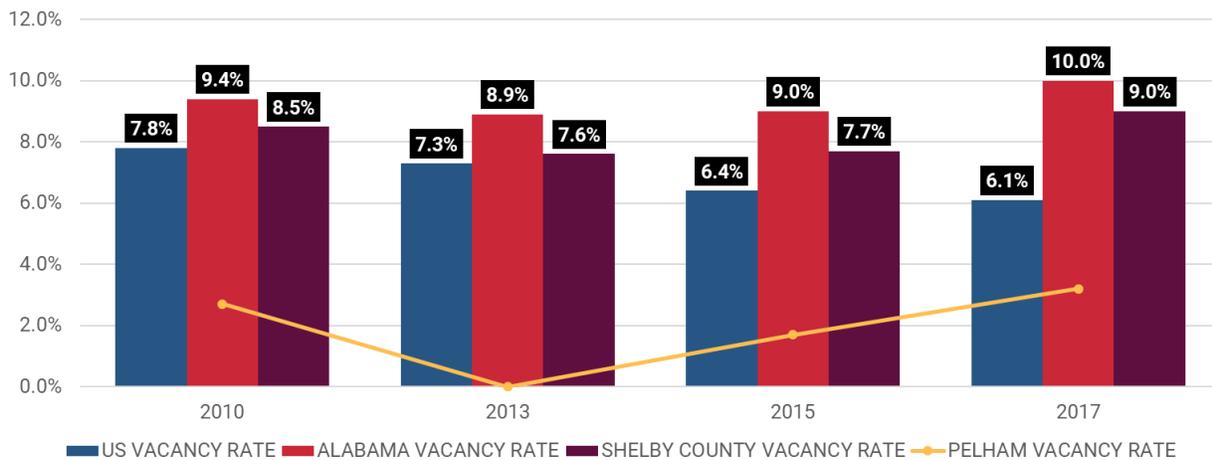
## HOUSING VACANCY AND TENURE

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.

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. As reported in the 2017 US Census ACS (5-Year) data, the City of Pelham as a whole had an overall rental vacancy rate of 3.2%, down 1.5% from the previous year. This is indicative of a strong housing market and is likely a result of steady home construction and home ownership markets. 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 experienced difficulties. Despite the recession, Pelham’s housing market remained fairly stable even though housing construction decreased significantly. Decreasing valuations and increasing demands for rental units caused many single family homes to be converted to rental units. This alleviated financial burdens to homeowners while meeting an increasing demand for rental units. In 2013 the rental vacancy rate in Pelham decreased to 0%. By 2017 the rental vacancy rate had risen to 3.2%. The age and condition of rental units also influences demand.

As illustrated in **Figure 1.8**, rental vacancy rates in both Alabama and the Birmingham-Hoover Metropolitan Area have remained around 9% and both consistently higher than the U.S. average. The City of Pelham has remained consistently lower.

**Figure 1.8: Comparison of Rental Property Vacancy Rates (2010 - 2017)**



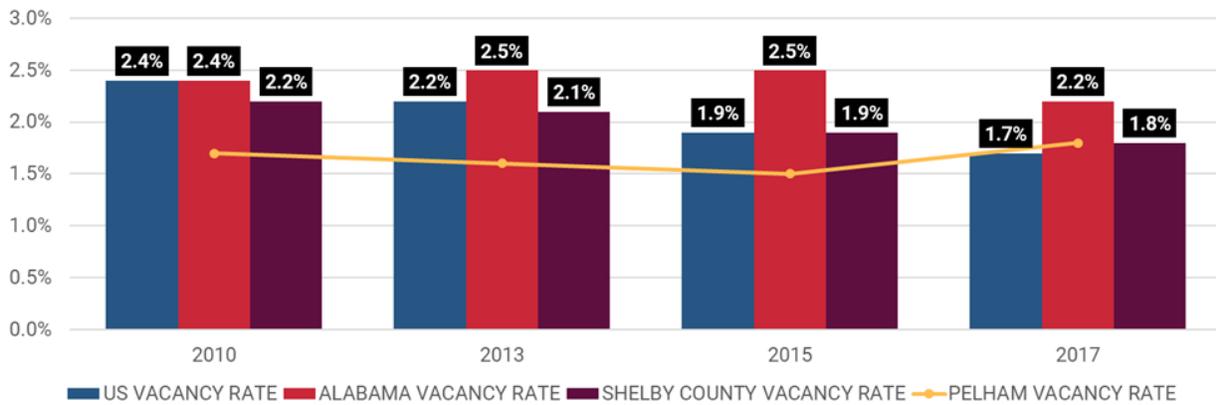
Source: U.S. Census Bureau, 5-Year American Community Survey



Homes along Chandalar Lane in Pelham (Source: Greater Alabama MLS)

The vacancy rate for homeowners has followed a similar trend. As reported in the US Census ACS (5-Year) data, the vacancy rate for homeowners in Pelham has remained consistently under 2% since 2010. The personal financial effects of the economic recession on residents and their ability to maintain home ownership costs had no significant effect on homeownership rates. The slight uptick after 2015 may be due in part to adjustments in the housing market whereby homeowners previously unable or unwilling to sell their property during the recession are now listing their properties in response to an increase in local market demand.

**Figure 1.9: Comparison of Homeowner Property Vacancy Rates (2010 - 2017)**



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

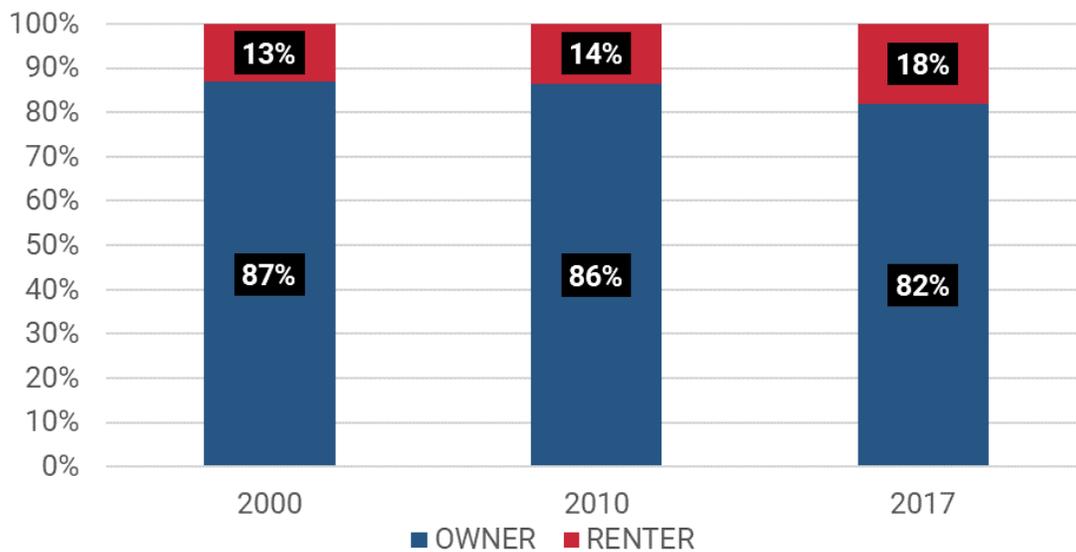


**3.8%**

With a rental vacancy rate of only 3.8% Pelham's vacancy rate is considerably lower than the U.S. National average and Shelby County.

Overall, the total numbers of renter-occupied units and owner-occupied units have continued to increase over time. By 2017, the number of renter-occupied units increased from an estimated 833 in 2000 to 1,566 (+88%), an increase of 733 units. Owner-occupied units increased from an estimated 5,547 units in 2000 to 7,130 units in 2017, an increase of 1,583 units (+29%). The proportion of rental to owner-occupied households has changed somewhat since 2000, with rental units having made up 13% of the housing stock at that time and increasing to 18% of the housing stock by 2017. This may be attributable to an increase of single family home conversions to rental properties, an addition of multifamily units, or an increase in rental townhome construction.

**Figure 1.10: Owner Occupied vs Renter Occupied Housing Units (2000 - 2017)**



Source: U.S. Census Bureau and ESRI forecast for 2017

+29%

Owner occupied units increased 29% from 2000 to 2017 in Pelham.

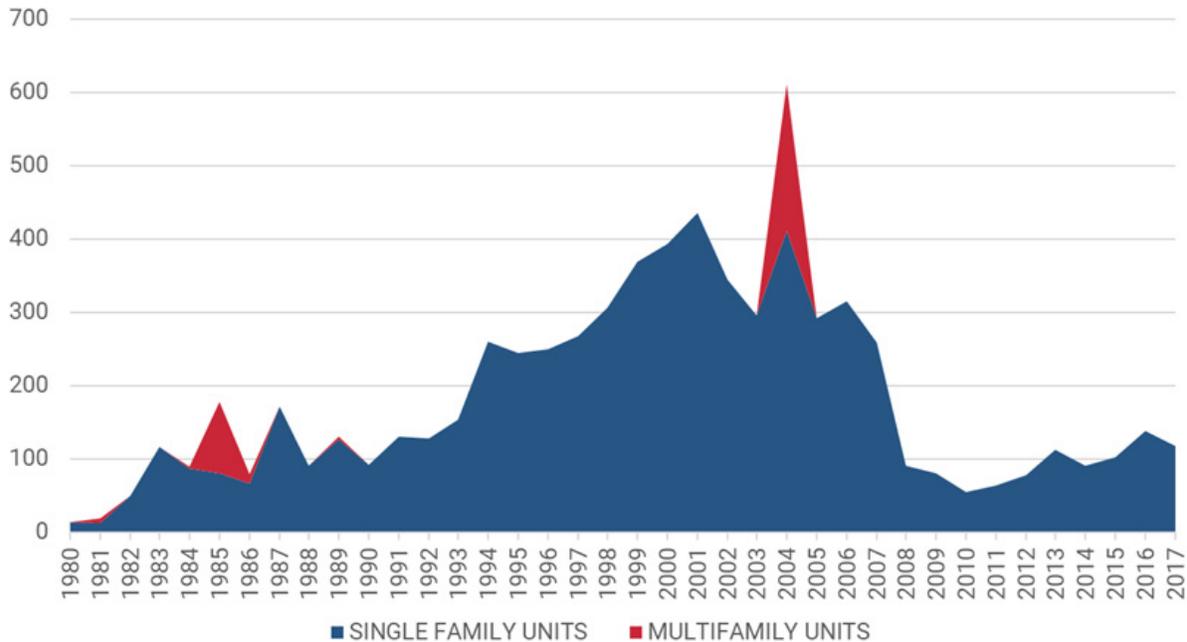


Source: Greater Alabama MLS

## CONSTRUCTION AND SALES

Housing construction trends in Pelham have averaged 288 units annually between 2000 and 2010. After the economic recession and housing market downturn that began in 2008, the city has averaged 93 units annually. While conditions have improved, new home construction in Pelham has not returned to pre-recession levels. As shown in **Figure 1.11**, new single-family home construction permits have dominated housing construction trends. Multifamily construction peaked in 2004 with the addition of 200 units. Additional multifamily units are expected to be added to Pelham’s housing stock this year.

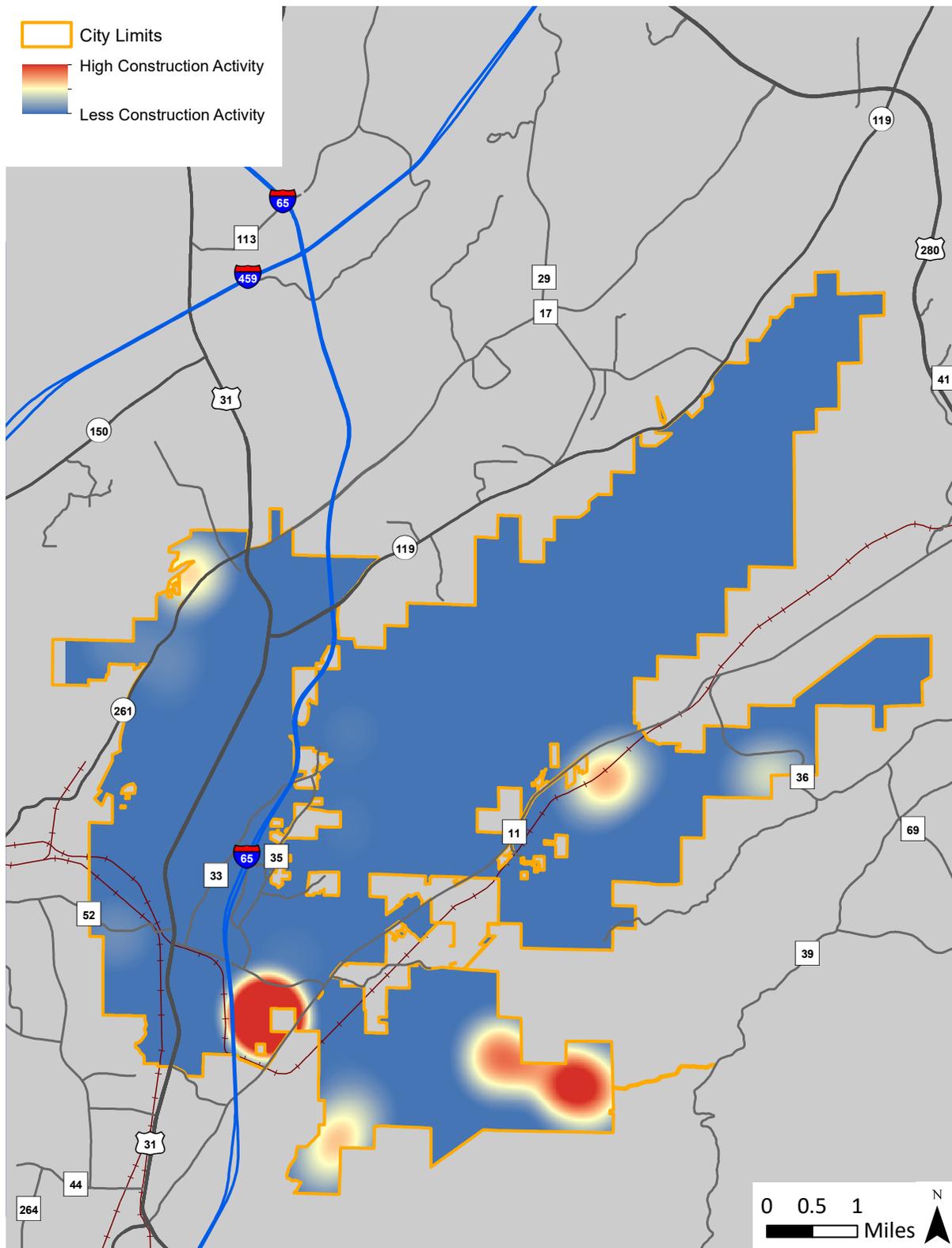
**Figure 1.11: Housing Unit Building Permits (1980 – 2017)**



Source: HUD

Active construction can be seen throughout Pelham. The most recent and highest concentrations of new construction in Pelham include Keeneland Valley in the northwest, Grey Oaks/ Bent Creek in the east, Ballantrae in the southeast, Weatherly Highlands in the south, and the Huntley/ Grand Reserve Apartments in central Pelham near I-65 and County Road 52. These areas account for nearly 90% of all recent housing construction in Pelham.

Figure 1.12: City of Pelham New Construction Activity (2012 – 2016)



Source: RPCGB and Shelby County

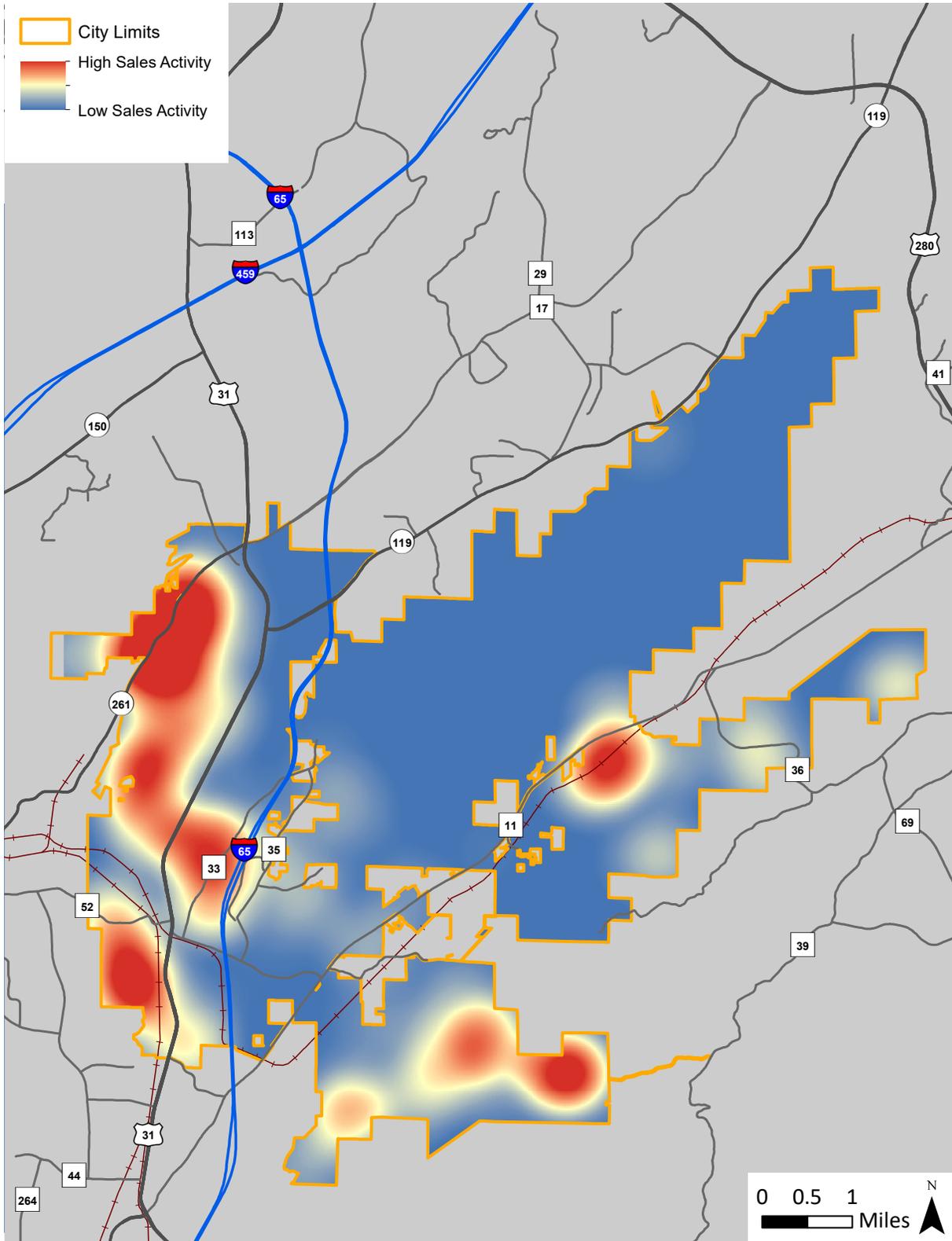
According to recent sales data, from 2014 through 2018 Pelham averaged 211 active residential listings on the market each month over that timeframe. Areas within Pelham with the highest concentrations of sales are consistent with those locations of new residential construction including the Grey Oaks/ Bent Creek and Ballantrae areas. In contrast, however, the Stonehaven area, though built out, has experienced high sales. According to the estimated monthly average of listings, of all the active listings on the market, the average asking price is \$223,567 and the average sales price is \$219,553. This indicates a slightly higher demand for mid-priced units over high-priced housing options. While demand certainly exists for higher valued properties, the sales/demand for mid-priced units appears to outpace the higher valued options. **Table 1.4** represents the average sales activity in Pelham between 2014 and 2018 for units valued at \$500,000 or less. As shown, units valued under \$250,000 average 56 days on the market while units valued over \$250,000 average 99 days on the market. The difference between asking price and sales price in both cases is less than 2%.

**Table 1.4: Total Average Days on the Market and Sales by Price Range, 2014 - 2018 (4-year Annual Average)**

Unit Asking Price	Avg Days on Market	Average List Price	Average Sales Price	Percent Change between List Price and Negotiated Sales Price
\$1 - \$249,999	56	\$161,513	\$157,990	-2.2%
\$250k - \$500k	99	\$333,721	\$331,837	-0.6%
<b>TOTAL</b>	73	\$223,567	\$219,553	-1.8%

Source: RPCGB and MLS

Figure 1.13: Residential Housing Sales Activity (2014 – 2018)



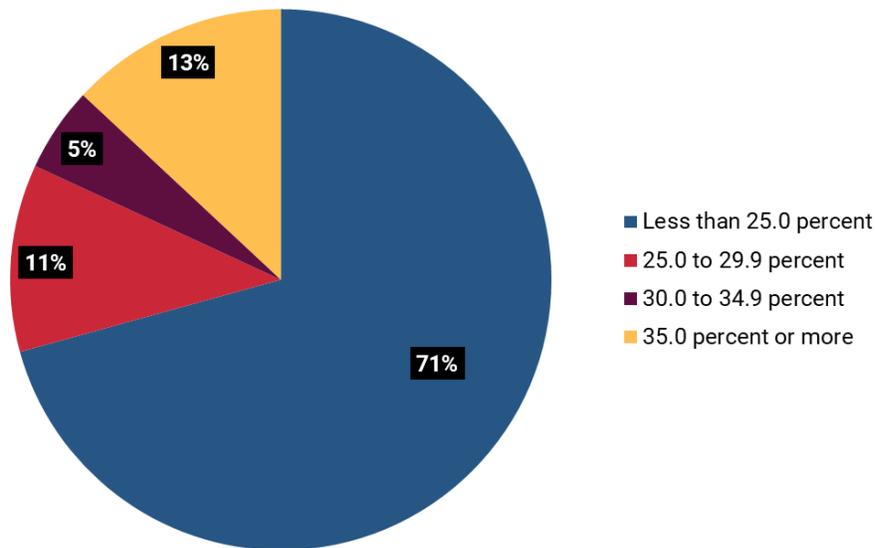
Source: RPCGB and Shelby County

## 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.

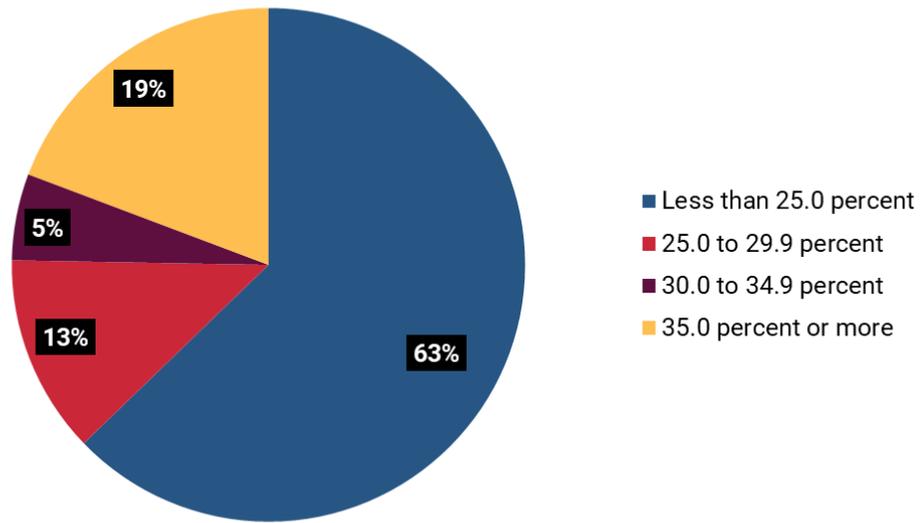
Pelham owner occupied householders had a 2017 reported median household income of \$81,610 with a median monthly mortgage cost of \$1,334. Since 2000, median household income has increased by 49% while the median mortgage cost has increased by 23%. This is indicative of more affluent residents moving into Pelham and creating a higher demand for higher cost housing construction. Between 2000 and 2017, the number of households earning more than \$100,000 per year increased by 1,926 (232%). In 2000, an estimated 18% of Pelham owner occupied householders spent more than 30% of their income on housing. In 2010 that percentage increased to 24% of households spending more than 30% of their income on housing. This increase is attributable to the economic recession. By 2017 an estimated 19% of Pelham residents spent in excess of 30% of income on housing costs, a trend suggestive of economic recovery since the recession. Overall, cost burdens for owner-occupied households have remained stable in Pelham.

**Figure 1.14: Mortgage Cost as a Percent of Household Income (2000)**



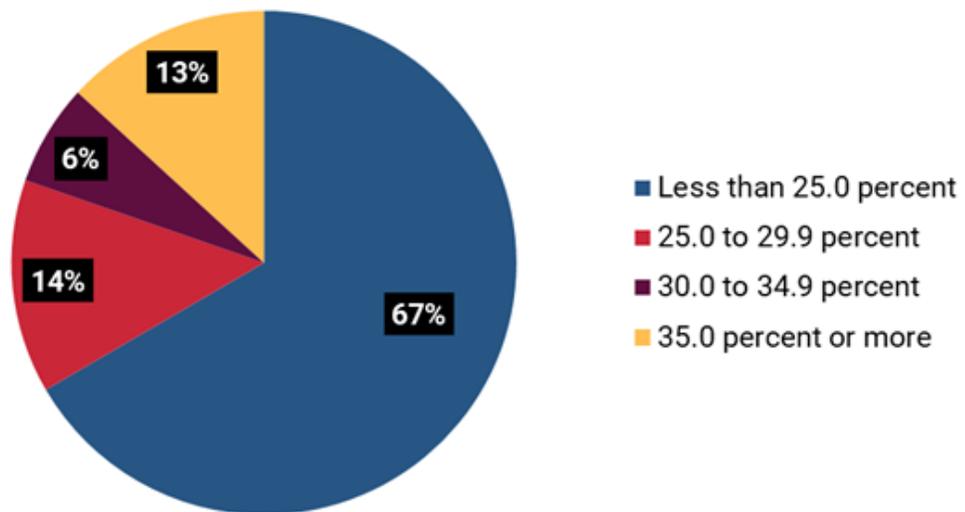
Source: 5-Year American Community Survey

Figure 1.15: Mortgage Cost as a Percent of Household Income (2010)



Source: 5-Year American Community Survey

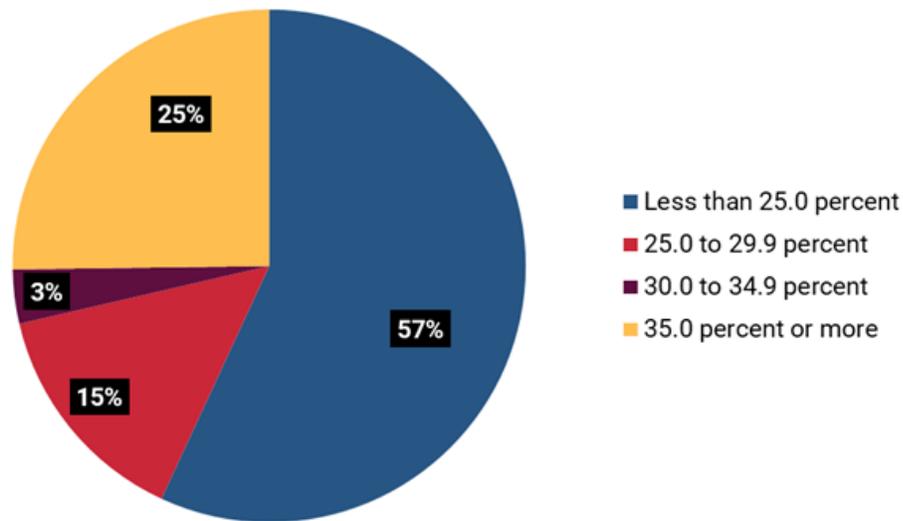
Figure 1.16: Mortgage Cost as a Percent of Household Income (2017)



Source: 5-Year American Community Survey

Cost burdens associated with renter households have fluctuated as well. In 2017, Pelham renter households had a median household income of \$50,786 and a monthly median gross rent of \$1,053. Between 2000 and 2010, renter-occupied households in Pelham experienced a median household income increase of 54% and a median gross rent increase of 52%. However, renter cost burdens increased from 29% to 39%. By 2017 the cost burden decreased to 37%. 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, and nearly 49% of all Pelham renters earn less than \$50,000 annually. Median rent has increased 77% in Pelham since 2000.

**Figure 1.17: Gross Rent as a Percent of Household Income (2000)**



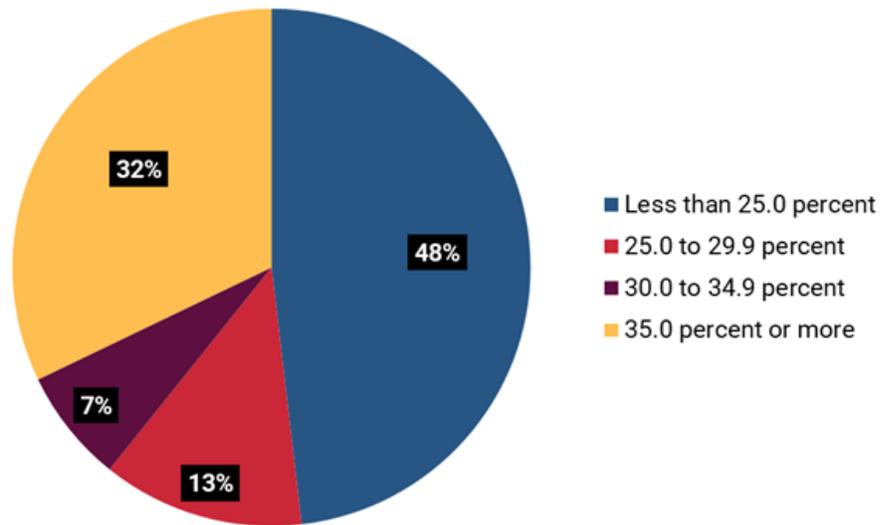
Source: 5-Year American Community Survey

**RENT IS ON  
THE RISE**

**77%**

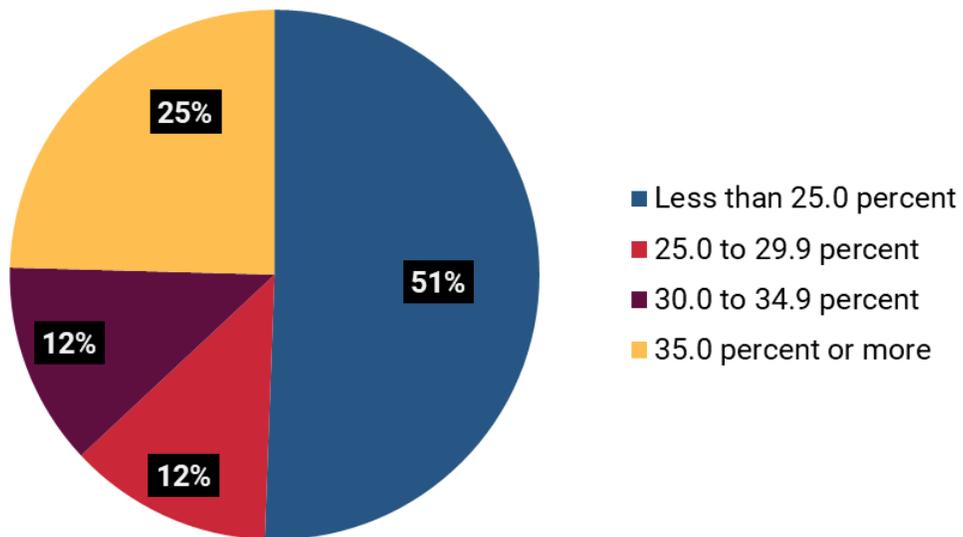
Since 2000, median rent has increased 77% in Pelham.

Figure 1.18: Gross Rent as a Percent of Household Income (2010)



Source: 5-Year American Community Survey

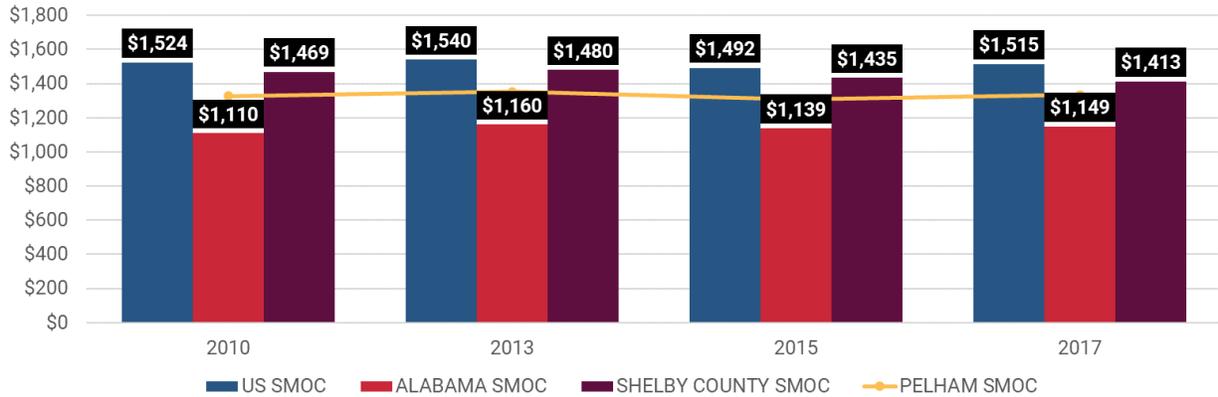
Figure 1.19: Gross Rent as a Percent of Household Income (2017)



Source: 5-Year American Community Survey

Comparable statistics of selected monthly owner costs illustrates changes in housing costs between Pelham, Shelby County, 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 Pelham, however, tend to be lower than those of the county and the U.S., though they are higher than that of the State of Alabama.

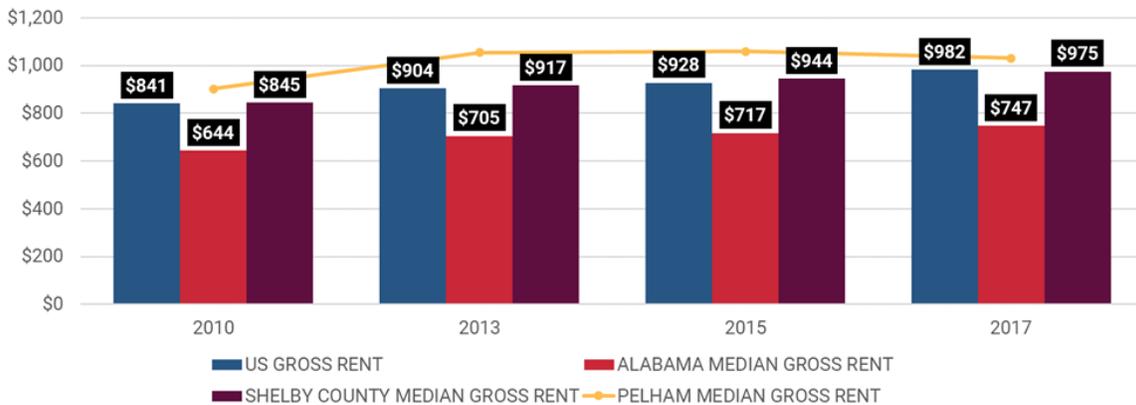
**Figure 1.20: Comparison of Selected Monthly Owner Costs for Housing (2010 -2017)**



Source: 5 Year American Community Survey

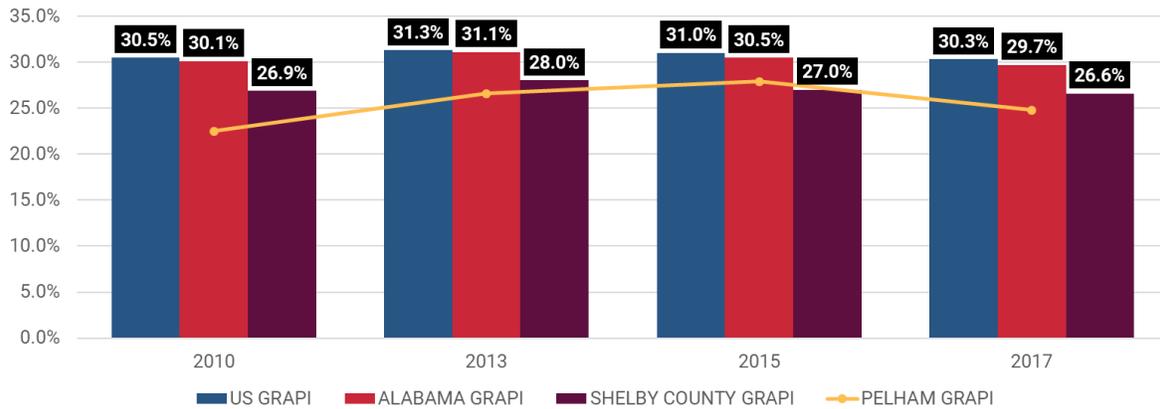
Comparable change of gross rent, however, illustrates a slightly different trend. Median rent costs in Pelham are consistently higher than the State or county medians, but while rent costs have increased over time in Pelham, the average amount spent as a percentage of income is lower than that of the comparable jurisdictions. In 2017 Pelham renters spent an average of 25% of household income on rent.

**Figure 1.21: Comparison of Median Rental Costs (2010 -2017)**



Source: 5 Year American Community Survey

Figure 1.22: Average Amount Spent on Rent as a Percentage of Household Income (2010 – 2017)



Source: 5 Year American Community Survey

When a home is purchased, it is typically done through a mortgage loan process. Most of these mortgage loans, particularly in Pelham, 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 2017 5-Year ACS Census data and housing values were collected from property market value data estimated from the 2016 Shelby 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.

25%

In 2017 renters in Pelham spent an average of 25% of their household income on rent. This falls within a range considered affordable by HUD.



**Table 1.5** depicts the distribution of Pelham 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 1.5: Area Median Incomes (AMI) and Expenditures for Owner-Occupied and Renter-Occupied Housing Units**

Hud Thresholds	Owner Occupied Units		Renter Occupied Rents			
	Ami Maximum Income Value	Estimated Monthly Income	Maximum Home Purchase Price	AMI Maximum Income Value	Estimated Monthly Income	Maximum Rent Price
<b>30% of AMI or Less</b>	\$24,483	\$2,040	\$158,339	\$15,236	\$1,270	\$381
<b>31% to 50%</b>	\$40,805	\$3,400	\$263,899	\$25,393	\$2,116	\$635
<b>51% TO 80%</b>	\$65,288	\$5,441	\$422,239	\$40,629	\$3,386	\$1,016
<b>81% TO 100%</b>	\$81,610	\$6,801	\$527,798	\$50,786	\$4,232	\$1,270
<b>101% TO 120%</b>	\$97,932	\$8,161	\$633,358	\$60,943	\$5,079	\$1,524
<b>121% OR MORE</b>	\$98,748+	\$8,229+	\$638,636+	\$61,451+	\$5,121+	\$1,536+

Source: 5 Year American Community Survey, HUD, RPCGB and Shelby County

**81.6%**

Of Pelham’s housing stock falls within housing price ranges that are considered affordable by HUD with an estimated value up to \$263,899.



Source: Greater Alabama MLS



New Construction along Indian Lake in Pelham (Source: J.Wright Building Company)

**Table 1.6** illustrates the total number of owner-occupied households by estimated residential property values according to minimum and maximum affordability values reported by Shelby County. As shown, the estimated number of units valued up to \$263,899 makes up 81.6% of all Pelham owner-occupied units. This is significant given that in 2016 the average residential property value was \$187,164 according to Shelby County property estimates within Pelham. The majority of Pelham’s existing housing stock is valued within price ranges that would be deemed affordable to households earning roughly 50% of AMI or less, falling within the HUD Income Limit threshold defined as extremely low and very low income earners.

**Table 1.6: Number of Owner-Occupied Housing Units by Estimated Residential Property Values (2016)**

Existing Owner-Occupied Units			
Minimum Property Value	Maximum Property Value	Total Units	Percent Units
\$0	\$158,339	4,196	49.3%
\$158,340	\$263,899	2,750	32.3%
\$263,900	\$422,239	1,250	14.7%
\$422,240	\$527,798	190	2.2%
\$527,799	\$633,358	72	0.8%
\$633,359+	-\$-	45	0.5%

Source: RPCGB and Shelby County

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 Pelham. 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 1.7**, there is a surplus of units in Pelham that are affordable to households earning \$40,805 or less. However, there is a shortage for housing of higher values that meets the maximum affordability for households earning more than 50% of AMI. While many 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 1.7: Owner-Occupied Housing Affordability Gap Analysis**

Thresholds	Units - Housing Supply			
	Minimum Value	Maximum Value	Units	% Of Units
<b>30% OF AMI OR LESS</b>	\$0	\$158,339	4,196	49.3%
<b>31% TO 50%</b>	\$159,340	\$263,899	2,750	32.3%
<b>51% TO 80%</b>	\$263,900	\$422,239	1,250	14.7%
<b>81% TO 100%</b>	\$422,240	\$527,798	190	2.2%
<b>101% TO 120%</b>	\$527,799	\$633,358	72	0.8%
<b>121% OR MORE</b>	\$633,359+		45	0.5%

**NOTE:** The Owner-Occupied Housing Affordability Gap Analysis above should not be confused with residential market demand. **Table 1.7** offers a comparison of Pelham’s residential income to existing housing values in order to determine gaps of affordability.



Source: Greater Alabama MLS

1,726

Residents in Pelham whose income is 50% or less of Pelham’s median household income and there are 6,946 housing units, valued under \$263,899, which fall within an affordable range for these residents. Therefore, there is a surplus of 5,220 homes valued below \$263,899. In other words, there are far more homes considered “affordable” to Pelham residents than there are residents who need them.

# 5,680

Residents in Pelham can afford a home valued between \$263,900 to \$633,359+. At the same time, there are only 1,557 housing units available within the stated range, a shortage of 5,220 housing units for those who can afford it.



Source: Greater Alabama MLS

Income - Housing Demand				Gap Analysis		
Threshold Minimum	Threshold Maximum	Hhlds Within Thresholds	% Hhlds Within Threshold	Surplus/ (Shortage)	Supply As A % Of Demand	
\$0	\$24,483	833	9.8%	3,363	503.7%	
\$24,484	\$40,805	893	10.5%	1,857	308.0%	
\$40,806	\$65,288	1,539	18.1%	(289)	81.2%	
\$65,289	\$81,610	1,003	11.8%	(813)	18.9%	
\$81,611	\$97,932	1,097	12.9%	(1,025)	6.6%	
\$97,933+		3,138	36.9%	(3,093)	1.4%	

Source: RPCGB

When the existing rental valuations are compared to rental household incomes, a lessor housing need can be observed. Most of Pelham’s rental housing stock are single family attached and detached units though an estimated 667 multifamily apartment units exist throughout the city. Single family homes typically possess more livable square footage and therefore command higher rental rates. As the data shows, there are estimated to be fewer than 100 rental units affordable to renter households who earn 30% or less of the HUD defined AMI limits, or households whose maximum affordability is limited to \$381 per month on household costs. However, there are less than 60 households that fall within this affordability limitation. In contrast to the lower income thresholds, some opportunity also exists for higher income earners in the rental market.

**Table 1.8: Renter-Occupied Housing Affordability Gap Analysis**

Thresholds	Retail Units Housing Supply			
	Minimum Rent	Maximum Rent	Units	% Of Units
<b>30% OF AMI OR LESS</b>	\$0	\$381	89	5.7%
<b>31% TO 50%</b>	\$382	\$635	388	24.9%
<b>51% TO 80%</b>	\$636	\$1,016	597	38.3%
<b>81% TO 100%</b>	\$1,017	\$1,270	283	18.2%
<b>101% TO 120%</b>	\$1,271	\$1,524	28	1.8%
<b>121% OR MORE</b>	\$1,525+		139	8.9%

Source: RPCGB



89

As the data shows, there are only 89 rental units affordable to renter households who earn 30% or less of the HUD defined AMI limits, or households whose maximum affordability is limited to \$381 per month on household costs.

# 139

Rental units are rented at \$1,525 or above. An opportunity exists to provide additional luxury rental units for residents earning \$50,787 and above.



Source: Greater Alabama MLS

	Income Housing Demand				Gap Analysis	
	Threshold Minimum	Threshold Maximum	Hhlds Within Thresholds	% Hhlds Within Threshold	Surplus/ Shortage	Supply As A % Of Demand
	\$0	\$15,236	59	3.8%	30	150.8%
	\$15,237	\$25,393	122	7.8%	266	318.0%
	\$25,394	\$40,629	393	25.2%	204	151.9%
	\$40,630	\$50,786	210	13.5%	73	134.8%
	\$50,787	\$60,943	140	9.0%	(112)	20.0%
	\$60,944+		634	40.7%	(495)	21.9%

## COMMUTING AND JOBS

Current commuting trends show that people are driving more places at longer distances. Average daily travel times for workers living in the City of Pelham were reported to average 27.3 minutes in 2017 with nearly 5,551 (44%) of employed residents commuting in excess of 30 minutes to work each day. By creating a better balance between jobs and housing units, travel distances for Pelham workers can be reduced while adding additional residential options to the city.



Source: Shutterstock

Land use and development patterns have had impacts on Pelham. With an estimated 9% of employed residents of Pelham working in Pelham, 91% of Pelham workers commute elsewhere to their jobs. The majority of these commuters travel into Birmingham, Hoover, and Homewood to work. This separation of jobs and housing increases strain to worker finances, adds congestion to area roadways, and contributes to air quality issues. Better planned development policies can help to reduce travel times, reduce the amount of land developed overall to meet the needs of existing and growing populations, and create greater efficiency in the provision and use of public infrastructure and services.

A ratio of jobs to housing is commonly used to express the concept of jobs-housing balance. It represents a measure between employment and housing. A balance of 1:1 is considered ideal, but such a balance can be an unrealistic expectation for some suburban communities. Pelham's jobs-to-housing ratio is faring well at roughly 2:1 (18,752 jobs/ 9,165 units) and jobs-to-employed residents also at 3:2 (18,752 jobs/ 12,530 employed residents). However, very few employed residents of Pelham work in Pelham. With the addition of local employment opportunities, the market will adjust this imbalance. Job growth and growth in higher paying jobs in particular, will have a positive effect on the demand for housing in Pelham.

Figure 1.23: Commuting Map

