

CULLMAN AREA HOUSING NEEDS ASSESSMENT 2023 UPDATA ANALYSIS AND REPORT



Commissioned by the Cullman Area Chamber
301 2nd Avenue SW, Cullman, Alabama 35055

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TABLE OF CONTENTS

Section 1: Acknowledgements.....	3
Section 2: Overview Housing Needs Update 2023.....	7
Section 3: Economic Growth.....	11
Section 4: Demographic - Socio Economic Characteristics.....	13
Section 5: Housing Needs and Market Projections.....	41
Section 6: Key Solutions and Strategies.....	51
Section 7: Housing Policies	58
Section 8: Implementation.....	61
Appendices.....	63
2018 Housing Needs Assessment	

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- ✚ CULLMAN REALTORS BOARD OF DIRECTORS
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SECTION 1: - OVERVIEW HOUSING NEEDS ASSESSMENT PROJECTIONS 2023

2023 Housing Needs Assessment Update

The 2023 Cullman Area Housing Needs Assessment serves as an update to the 2018 analysis and again combined an evaluation of housing and economic trends, market, socio-economic and demographic data, with an analysis of housing, commercial, and neighborhood conditions, used to forecast future housing needs. Community engagement and identification of key Issues and opportunities to address those needs are incorporated into the analysis. An analysis of Home Mortgage Disclosure Act lending data, financial resources available for supporting housing recommendations, and fair housing law, provide insight into solving issues and opportunities to improve social equity and quality of life.

The needs assessment resulted in identification of future housing needs through 2040, and policy options to encourage implementation of strategies and solutions that support future housing and economic development. The needs assessment also serves to align future housing demand for current and future residents with economic trends and population growth.

The planning process yields outputs intended to guide investment and development decisions in housing and infrastructure needed to support housing development. Most important, the needs assessment is intended to serve as a data reference document for the development and reinvestment process; offers guidance to the development process in land acquisition, site clearance, product design, and financing options; recommends government policy and regulatory changes needed to implement goals; provides guidance in interpretation and compliance with existing city, county, state and federal regulations; and recommends strategies to encourage future housing and economic development needed to maintain neighborhood stability for current and future residents. The County's growth in population and demand for housing continues to exceed projections. The period of 2017 – 2022 was particularly difficult to project growth and make assumptions about future housing needs which are

usually based on examining past trends, as well as judgments about how the future is likely to deviate from these trends because of social and economic factors, the age and composition of the housing stock, expected immigration, and expected changes in the size and age distribution of the adult population. Factors such as COVID 19 lifestyle and population shifts impacted these factors and the impacts on growth patterns and housing demand are still being redefined. This included ability to work from home, growth in housing demand in Cullman County, particularly in areas such as Smith Lake, and the resurgence in development of new housing placed on hold or delayed prior to COVID 19.

JQUAD's methodology for projecting future housing needs and to update 2017 projections guided by "The Balanced Housing Model", an industry tool based on a mathematical approach to determines the number of housing units needed by the projected growth of households at each income level. These trends also changed compared to patterns before 2017.

- Renter Households earning between \$15,000 - \$35,000 are expected to comprise of 25.3% of renter households by 2040 (29% currently). Housing demand for this income group will be strongest of all income groups (1,062 Renter units by 2040). The estimated monthly range of rent for this group is \$399 - \$899. There is already a shortage of single-family rental housing available to households in these price ranges.
- Renter Housing preference is projected to shift from 43% occupied single family units in 2022 to 63% occupied single family units by 2040. Housing preference for multifamily and mobile home are projected to decrease by 2040. These factors could impact housing availability and affordability, due to limited non-single-family housing supply and demand for single family dwellings.
- In contrast, as of 2022 new Owner Housing Units are most needed for households earning \$50,000 - \$75,000 (19.4% of all Owner Households) and \$100,000 – \$150,000 (14.3% of all Owner Households). The estimated affordable monthly housing cost for these income ranges is \$999 - \$1999. Families in this group could potentially afford a median home sales price in Cullman County of \$268,000 (source: Cullman Realtor Association).

- The housing preference mix of Single-Family Owner-Occupied homes is expected to decrease from 80.2% in 2022 to 69.7% by 2040. Standard and Large Lot Single-Family Owner-Occupied homes are expected to decrease while Small Lot Single-Family Owner-Occupied homes are expected to increase compared to projected housing mix in the 2017 analysis by 2040.

Other factors and data considered in the 2017 Update - Balanced Housing Model included:

- Comparison of growth at census tract level / growth areas – city / smith lake.
- Demographic characteristics of growth – population and housing affordability.
- Compare growth to city permit, renter, and subdivision development data.
- Changes in population and housing development in growth area.
- Comparison of population and housing projections to economic growth.
- Regulatory changes to support growth and projections for housing.
- Differences between current rental/owner housing supply to 2040 projection.
- Analysis of housing growth, price range demanded, affordability, population.
- Examine influences projected housing needs - school, infrastructure, utilities, industry growth, regulations.

Assumptions about the future are based on examining past trends, as well as judgments about how the future is likely to deviate from trends because of social and economic factors, the age and composition of the housing stock, expected immigration into and out of the area, and expected changes in the size and age distribution of the adult population and child aged population. Projections for school aged students and school growth – demands are difficult because of the lag time behind when population and housing units increase, and the characteristics of school aged students can be defined. Although several intermediate calculations are performed, school enrollment and associated infrastructure and individual impacts on area schools are yet to be determined. The Balanced Housing Model's housing projection can be summed up as follows:

1. Establish the forecasted number of housing units needed by 2040 using the

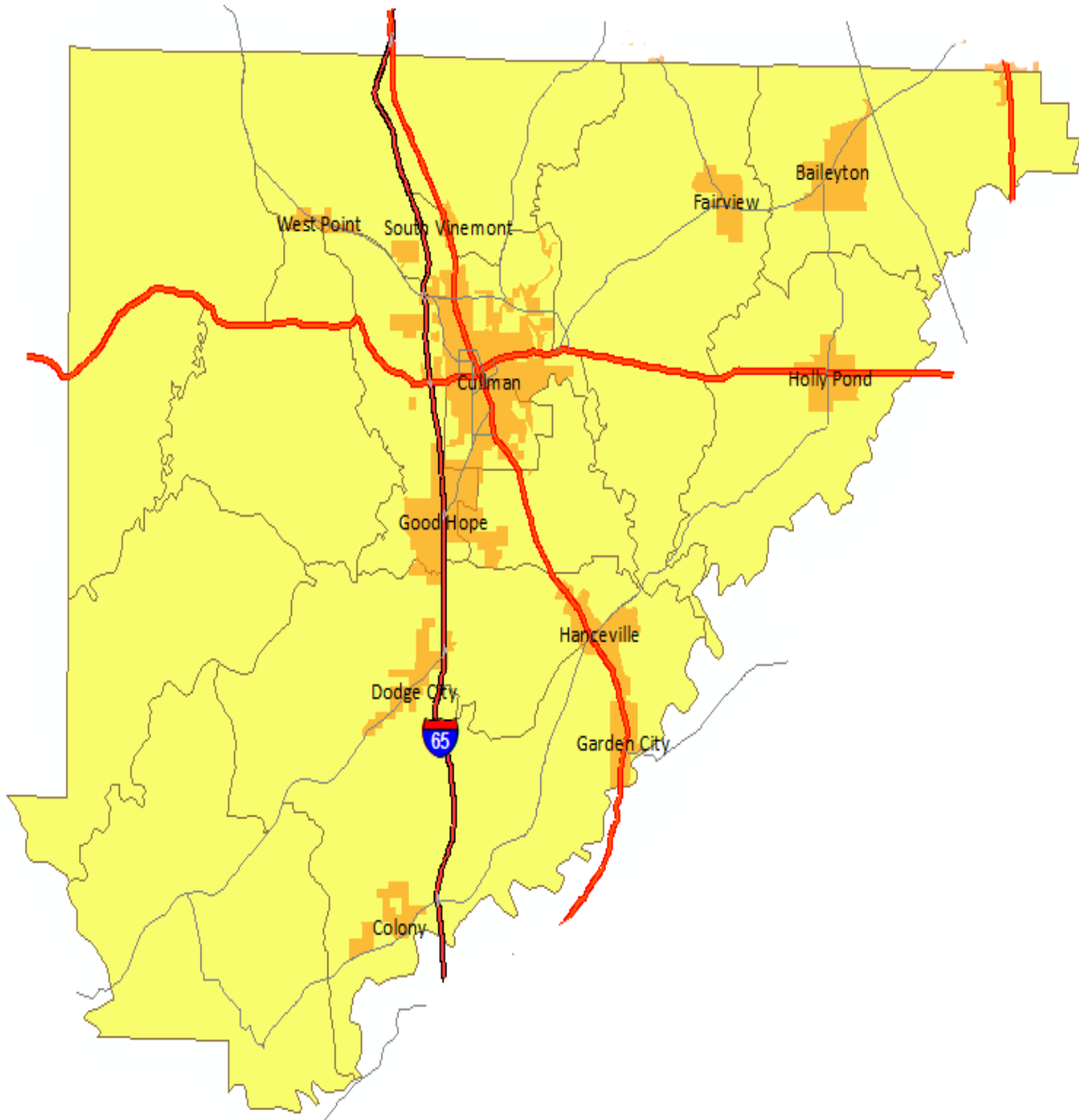
Census Data, Population Projections, and other Key Indicators.

2. Subtract the County's existing number of housing units from the county's 2040 projected housing units.

The Needs Assessment is guided by the following goals and principles:

1. To determine the existing and future housing needs for the Cullman Area;
2. To maintain existing housing, neighborhood, and commercial corridor stability and reverse trends toward neighborhood decline with a focus on sustainability.
3. To understand existing housing characteristics, population trends, priority needs, development opportunities and the constraints on meeting housing demands.
4. To encourage diverse housing types; and quality retail and commercial uses priced to meet diverse community needs.
5. To strategize where and how housing development and neighborhood reinvestment should take place to foster economic opportunity and job growth.
6. To guide public policy, and discussions about planning and revitalization.
7. To encourage the sustained involvement and interest of stakeholders in the future development of housing, in downtowns and main streets, commercial corridors, entertainment districts and surrounding neighborhoods.
8. To predict future housing needs and determine where and how housing development goals can best be implemented.
9. To identify necessary resources to achieve implementation.
10. To increase interest in development by private developers, investors, and financial institutions.
11. To assist local governments in targeting reinvestment and formulating public policy.

Addressing Future Housing Needs – 2023 Update



SECTION 2: HOUSING MARKET ANALYSIS 2023

The 2023 Updated Housing Market Analysis evaluated demand for various types of housing and price points in the Cullman County housing market and provided a basis for developing projections for the future housing needs through 2023. Utilizing Census and Home Mortgage Disclosure Act data; population projections, economic trends, and data on home sales and rental housing; the Needs Analysis compared housing supply with the demands of householders. The analysis also includes current and future demand for different types of housing in Cullman County. The Housing Market Analysis evaluated optimal rental and purchase price levels, and the expected absorption rates for various categories and types of housing in the study area.

The Market Demand and Housing Trends Analyses focus primarily on Cullman County as a hold with some comparisons to data for the Cities of Cullman and Hanceville, Alabama as the largest jurisdictions in the County. This was important in determining to what extent recommendations apply to all twelve (12) jurisdictions and the County or if recommendations should be applied to more populated or rural areas only. To make those determinations, the analysis evaluated data for Cullman County and comparison between the county and the twelve individual jurisdictions in Cullman County.

The Market Analysis is derived from the relational evaluation of four components, Market Demand, Population Projections, Housing Trends, and Economic Trends. The market analysis also focuses on the study area relationship to the broader region and considers the more universal implications of current national trends of the economy, the tightening of credit markets, and the incomes of populations including and their correlations to the demand for rental and home buyer assistance to LMI populations and first-time homebuyers. In the case of Cullman County, this includes a regional location easily accessible from Birmingham, Decatur, and Huntsville, Alabama. These are regional markets with continued growth in population, industry, jobs, and quality of life. Cost of living is favorable compared to the cost of housing and area amenities such as quality schools, recreation, and other lifestyle amenities.

MARKET AREA – MARKET DEMAND 2023

The updated 2023 Market Demand Analysis concentrates on housing needs of the County as the primary market, and comparisons of housing availability, cost, and future demand for persons of all incomes in sub-market areas. The correlation between housing trends and economic trends is an important factor in determining if the supply of housing will support economic and population growth. Both market rate housing and housing supported with public subsidies and public and private incentives are considered. A variety of housing needs for every income category will need to be addresses including rental and homeownership; workforce, seniors, families, younger demographics; temporary housing for workers, travelers and vacation owners; and reinvestment, renovation, and repurpose development in existing neighborhoods.

The Market Demand Analysis for housing takes into consideration several factors that influence and measure the propensity to obtain housing in Cullman County and jurisdictions in the county. This includes a range of housing options affordable to diverse incomes, a supply of housing to meet the needs of a growing economy, and meeting the housing demands of the workforce, market rate consumers, and the special needs of seniors, low- and moderate-income households, and others. Recent economic trends in the study area, job growth, industry's projection of housing needs for its' workforce, product value, housing renovation, development of new housing, and financing are all significant factors that impact the housing demand.

Despite ongoing changes in the financial markets throughout the United States, as well as Cullman County, the local housing market has remained constant. Sales of new single-family housing have increased or remained constant in most areas of the county despite financing tightening for both development and individual mortgage financing and the financing process being difficult to navigate by some. Countywide and in most of the twelve jurisdictions, home sales and building permits issued reveal steady growth, increases in number of units being built, and population increases. The community engagement and surveys reflect consumer enthusiasm for increases in new construction of single-family units being built for sale, especially in the larger cities.

Data also suggest that consumer preferences for certain types and price points of housing are important factors to be considered in forecasting housing demand, and may mean a higher demand for quality, affordable rental units and increases in higher cost homeownership and rental housing. Market data and trends, the survey of rental housing in the county, and economic and workforce data collected as part of the analysis further supports the need for increased emphasis on rental housing.

The results of the analysis are presented in two segments. The first will focus on the demand for housing based on “normal” development patterns in the market areas. This analysis will focus on the following issues:

- The amount of housing that is being absorbed in the market area
- The type of housing product that would be best to offer
- Estimates of the target size of the units and bedroom and bathroom count
- Target price ranges for purchasing new single family and rental cost for housing

Second, the Housing Needs Analysis addresses obstacles faced by the housing market and the study areas, financial considerations, and the impact of mortgage financing, affordability, development regulations, funding for development and rental assistance, and how these factors will likely affect the housing market in the study area in the future. Modifications to the demand analysis (typically involving timing) was considered along with rationale for the impacts.

A. Market Area

1. Study Area

The 2023 update study area boundaries for the Needs Assessment and Market Analysis are consistent with 2018 boundaries which included all census tracts within Cullman County. The outputs reflect areas where affordability can be achieved based on a persons’ earning in all ranges, including median income or higher, and persons with incomes designated as low and moderate (LMI), defined by HUD as persons and households earning eighty percent or below the median income, and paying no more than thirty percent of their household income for housing expenses.

2. Market Area

The needs assessment is based on the market area defined as Cullman County within which the rental, purchase or sale of housing affects the price or volume demanded of housing as a commodity. The market analysis considers the housing needs of persons likely to obtain housing within Cullman County including the County's individual incorporated and unincorporated jurisdictions. The Cullman County Market Area continues to have a regional appeal and factors driving demand for housing is not limited to economic trends, cost, and availability influencing demand solely from within the boundaries of the study area. Some influences and considerations include, in and out commuters, housing availability in adjacent markets, home purchase and rental of vacation property, housing demands of seasonal and temporary workforce, and persons outside the region who consider Cullman County appealing relative to their housing needs. The Market Area is divided into two segments, a Primary Market Area of Cullman County including its twelve incorporated jurisdictions and unincorporated areas, and a Secondary Market Area that comprises a larger geography that includes potential demand from potential home buyers and renters living outside the boundaries of Cullman County. The boundaries are defined by a Primary Market Areas from 0 to 1 and 0 to 2 miles and Secondary Market Areas from 0 to 5 and 0 to 10 miles.

B. Market Demand

The demand for housing in the study area is based on the likelihood that residents will choose to move to the community, and will rent or purchase new and existing housing, as is, or will drive demand for new housing for rent and purchase, including the rehabilitation of existing homes already in homeownership. A number of variables were considered including population projections, economic trends, home values and rental housing sales, foreclosures, vacancy status, cost and affordability, and occupancy characteristics and overcrowding. Growth is also based on the construction of new housing units to meet purchase and rental demand. These trends provide a glimpse of consumer perception of the area as attractive to home buyers and renters, and their preferences for different housing products and locations.

SECTION 3: ECONOMIC GROWTH

Economic Growth Since 2017

Cullman County continues to experience notable economic growth and development since 2017. The county has a diverse economy with contributions from various sectors, including manufacturing, agriculture, healthcare, and retail. The 2021 unemployment rate of 4.4 percent is the lowest in 5 years, according to 2017 - 2021 ACS data. The expected growth in total occupation is expected to increase by 0.8% over the next 5 years. Cullman County's highest-paying industries with the most jobs include Transportation and Warehousing, with an average annual wage of \$56,096; construction, with an average annual wage of \$54,691 and manufacturing, with an average annual wage of \$53,625. The average annual wage in Cullman County is \$45,731.

With the growth in industry, skilled labor jobs in manufacturing companies, and a diverse economy, Cullman County has attracted workers and professionals from out-of-state and surrounding counties seeking housing in the area. This will continue to increase demand for housing contribute to rising home prices and rental rates in certain parts of the county.

Population growth and economic prosperity have also led to increased housing development. In response to the demand, new residential construction projects have emerged to accommodate the growing population. This includes the construction of single-family homes and apartments. Cullman County's desirable location and quality of life, including its natural beauty and access to amenities, have further enhanced its housing market appeal. Additionally, the county's transportation infrastructure and proximity to larger jurisdictions have made it an attractive residential option for commuters. Housing affordability and housing choice continue to be attractive to residents and person from all over the country. The strongest change has been in persons relocating to the Cullman Area for their primary residence. This has stimulated the housing market and both increased housing development and increased market prices and options. Infrastructure that supports this continued growth will be critical to sustaining growth and development.

POPULATION, EMPLOYMENT, AND WAGE GROWTH

The 2023 Housing Market Analysis evaluated the market for various housing types and price points in the current Cullman County Housing Market and provided projections for the future housing market. Utilizing U.S. Bureau of the Census data, American Community Survey, Comprehensive Housing Affordability Strategy (CHAS), and Envision Tomorrow software, the market analysis originally compared existing rental and owner housing unit supply with the demand of householders in 2017 and 2040 by income. For 2022, the Balance Housing Model Projections have been updated to reflect the county's housing and population

Population Growth by Counties in Alabama			
County	2017	2021	% Change
Baldwin County, Alabama	203,360	227,131	11.69%
Limestone County, Alabama	91,695	101,217	10.38%
Lee County, Alabama	156,597	172,223	9.98%
Tuscaloosa County, Alabama	204,424	223,945	9.55%
Madison County, Alabama	353,213	382,149	8.19%
Elmore County, Alabama	80,989	87,146	7.60%
Cullman County, Alabama	81,703	87,129	6.64%

growth since the 2017 Housing Market Analysis. The University of Alabama, Center for Business and Economic Research (CBER) provided Cullman County Population projections. The charts, tables, and graphs found in the analysis present the data using the Balanced Housing Model created by Envision Tomorrow.

The 2023 Balanced Housing Model analyzes Cullman County's existing housing supply, including the matches and mismatches by age, household income, and tenure (rental or owner-occupied). It also included a capacity analysis of development potential and to develop a forecast of future age and income cohorts. Using this information, the model was then used to create a series of policy and strategic recommendations for a balanced, sustainable future housing supply along with targeted goals that can be used to determine Cullman County's future progress in implementing its plan.

The current and future housing needs of Cullman County depend on the underlying economic conditions. This section examines population, occupations, wages, and employment data provided by Cullman Economic Development Agency (CEDA), American Community Survey, Center for Business and Economic Research Culverhouse College of Commerce and Business Administration (CBER). Future housing needs were partially determined utilizing the 2040 population projections completed by the CBER,

which factors demographic change, mortality, fertility, and migration under the Cohort Component Population Projection Method. The following tables and graphs provide additional data used in the analysis, supporting documentation, and conclusions based on that analysis.

SECTION 4: SOCIO - ECONOMIC CHARACTERISTICS

Cullman County Annual Unemployment Rate

A decrease in the annual unemployment rate is generally a positive sign for the economy. It suggests that more people have found jobs or that the labor market has improved, leading to lower unemployment. It may indicate economic growth, increased business activity, and improved job opportunities. In recent years, Alabama has experienced a decline in unemployment rates due to steady economic growth and job creation. Similarly, Cullman County has seen positive economic developments, including new industries, business expansions, and job opportunities. The dots on the graph represent the annual unemployment rate decrease from 2017 to 2021. Cullman County's unemployment rate has remained lower than Alabama's statewide unemployment rate in the same period.

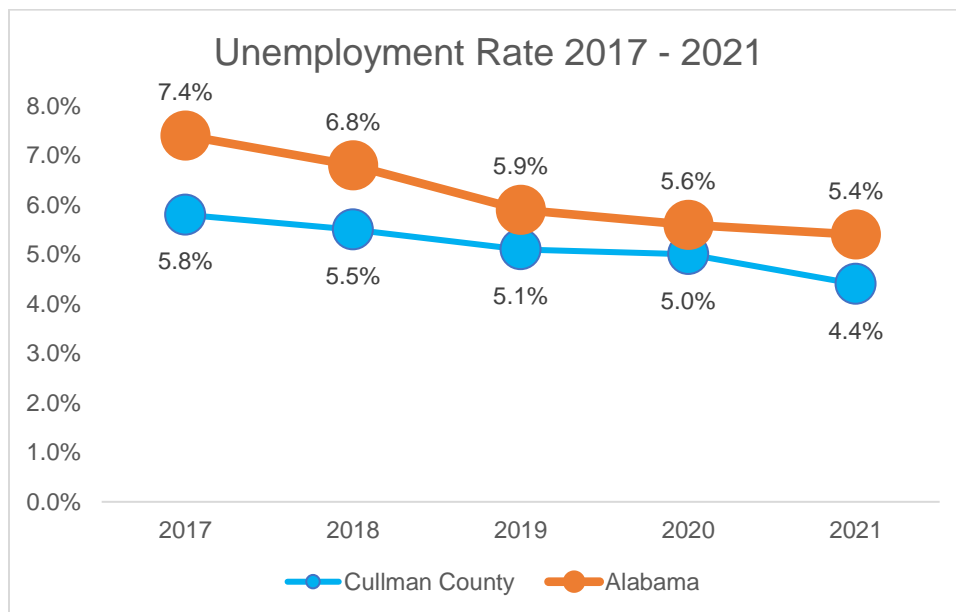


Table 42 Source 2017- 2021 American Community Survey (ACS) – U.S. Census

Employment Projections & Wages

Employment in Cullman County is projected to expand by 1,389 jobs over the next 5 years. The fastest growing sector in the region is expected to be Arts, Entertainment, and Recreation, with a 3.1% year-over-year rate of growth. The strongest forecast by the number of jobs over this period is expected for Accommodation and Food Services (+311 jobs), Health Care and Social Assistance (+298), and Manufacturing (+136).

Industry	Empl	Current		5-Year History		Total Demand
		Avg Ann Wages	LQ	Empl Change	Ann %	
Manufacturing	6,406	\$53,625	2.38	713	2.4%	3,471
Retail Trade	4,272	\$33,139	1.26	86	0.4%	2,789
Health Care and Social Assistance	4,045	\$52,489	0.84	-112	-0.5%	2,286
Transportation and Warehousing	2,705	\$56,096	1.64	376	3.0%	1,636
Accommodation and Food Services	2,552	\$20,474	0.91	-215	-1.6%	2,526
Educational Services	2,346	\$37,680	0.88	-65	-0.5%	1,237
Construction	2,178	\$54,691	1.10	252	2.5%	1,129
Other Services (except Public Administration)	1,574	\$25,564	1.09	-16	-0.2%	972
Public Administration	1,446	\$45,050	0.93	43	0.6%	732
Administrative and Support and Waste Management and Remediation Services	1,119	\$31,568	0.52	-242	-3.8%	707
Agriculture, Forestry, Fishing and Hunting	1,074	\$40,266	2.37	-172	-2.9%	665
Wholesale Trade	847	\$56,750	0.68	-23	-0.5%	463
Finance and Insurance	739	\$67,079	0.55	0	0.0%	343
Professional, Scientific, and Technical Services	720	\$52,609	0.30	80	2.4%	354
Arts, Entertainment, and Recreation	353	\$28,456	0.56	58	3.6%	312
Real Estate and Rental and Leasing	303	\$46,702	0.51	12	0.8%	158
Utilities	292	\$76,400	1.73	10	0.7%	130
Information	184	\$52,623	0.27	-26	-2.6%	113
Management of Companies and Enterprises	141	\$90,671	0.28	-70	-7.7%	67
Mining, Quarrying, and Oil and Gas Extraction	58	\$68,025	0.51	51	54.9%	30
Total - All Industries	33,355	\$45,731	1.00	741	0.5%	19,800

Cullman County Employment Projections - Industry by Occupation

Industry	Empl	Current Avg Annual Wages	LQ	5-Year History		Total Demand	Exits	5-Year Forecast		Empl Growth	Ann % Growth
				Empl Change	Ann %			Transfers			
Manufacturing	6,406	\$53,625	2.38	713	2.4%	3,471	1,144	2,191	136	0.4%	
Retail Trade	4,272	\$33,139	1.26	86	0.4%	2,789	1,134	1,695	-40	-0.2%	
Health Care and Social Assistance	4,045	\$52,489	0.84	-112	-0.5%	2,286	897	1,091	298	1.4%	
Transportation and Warehousing	2,705	\$56,096	1.64	376	3.0%	1,636	584	932	120	0.9%	
Accommodation and Food Services	2,552	\$20,474	0.91	-215	-1.6%	2,526	928	1,287	311	2.3%	
Educational Services	2,346	\$37,680	0.88	-65	-0.5%	1,237	498	622	117	1.0%	
Construction	2,178	\$54,691	1.10	252	2.5%	1,129	336	720	73	0.7%	
Other Services (except Public Administration)	1,574	\$25,564	1.09	-16	-0.2%	972	362	525	85	1.1%	
Public Administration	1,446	\$45,050	0.93	43	0.6%	732	261	421	50	0.7%	
Administrative and Support and Waste Management and Remediation Services	1,119	\$31,568	0.52	-242	-3.8%	707	249	406	53	0.9%	
Agriculture, Forestry, Fishing and Hunting	1,074	\$40,266	2.37	-172	-2.9%	665	260	392	13	0.2%	
Wholesale Trade	847	\$56,750	0.68	-23	-0.5%	463	155	293	16	0.4%	
Finance and Insurance	739	\$67,079	0.55	0	0.0%	343	113	218	12	0.3%	
Professional, Scientific, and Technical Services	720	\$52,609	0.30	80	2.4%	354	109	208	37	1.0%	
Arts, Entertainment, and Recreation	353	\$28,456	0.56	58	3.6%	312	104	150	58	3.1%	
Real Estate and Rental and Leasing	303	\$46,702	0.51	12	0.8%	158	62	88	8	0.5%	
Utilities	292	\$76,400	1.73	10	0.7%	130	43	90	-4	-0.3%	
Information	184	\$52,623	0.27	-26	-2.6%	113	30	61	22	2.3%	
Management of Companies and Enterprises	141	\$90,671	0.28	-70	-7.7%	67	22	42	3	0.5%	
Mining, Quarrying, and Oil and Gas Extraction	58	\$68,025	0.51	51	54.9%	30	9	21	0	0.1%	
Total - All Industries	33,355	\$45,731	1.00	741	0.5%	19,800	7,209	11,203	1,389	0.8%	

Table 43 Source: Cullman Economic Development Agency (CEDA)

Employment Growth by Education Levels

CEDA's Economic Overview Report provided the following analysis. Expected growth rates for occupations vary by the education and training required. While all employment in Cullman County is projected to grow 0.8% over the next ten years, occupations typically requiring a postgraduate degree are expected to grow 1.5% per year, those requiring a bachelor's degree are forecast to grow 1.1% per year, and occupations typically needing a 2-year degree or certificate are expected to grow 1.0% per year.

Projected Employment Growth based on Training and Education Required

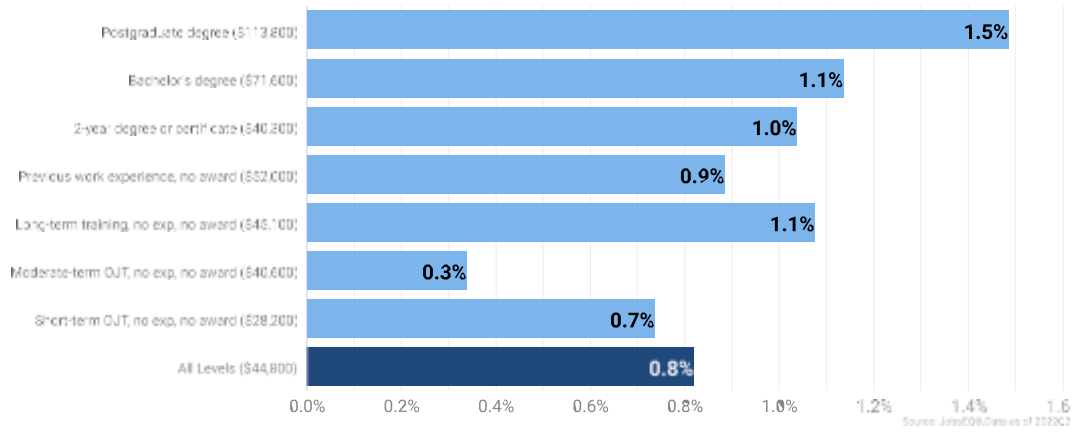


Table 44 Source: Cullman Economic Development Agency (CEDA)

CHANGES IN ECONOMIC FACTORS SINCE 2017

Income, Wages, and Fair Market Rent

The median household income in Cullman County is an important indicator of overall income levels in the county. It represents the midpoint, where half of the households earn more, and half earn less. The area median household (AMI) income for Cullman County in 2022 is 67,700 compared to \$74,631 statewide. Approximately 49 percent of Cullman County Renter Households earned less than 50% AMI (\$33,850) in 2022, less than 2018, when 71% of Cullman renters earned less than 50% AMI. The income needed to afford a 3-bedroom- and 4-bedroom home at Fair Market Rent in Cullman County is lower than Alabama statewide and ranks in the top 3 inexpensive counties.

COUNTY/STATE	Cullman County	Alabama
Minimum wage	\$7.25	\$7.25
FAIR MARKET RENT		
Zero-bedroom FMR	\$559	\$649
One-bedroom FMR	\$607	\$698
Two-bedroom FMR	\$747	\$849
Three-bedroom FMR	\$1,009	\$1,106
Four-bedroom FMR	\$1,013	\$1,263
AREA MEDIAN INCOME		
Annual AMI	\$67,700	\$74,631
30% of AMI	\$20,310	\$22,389
50% of AMI	\$33,850	\$37,316
RENT AFFORDABLE AT DIFFERENT INCOME LEVELS		
Rent affordable at 30% AMI	\$508	\$560
Rent affordable at 50% AMI	\$846	\$933
Rent affordable at median renter household income	\$851	\$852
ANNUAL INCOME NEEDED TO AFFORD		
Income needed to afford 0 bdrm FMR	\$22,360	\$25,943
Income needed to afford 1 bdrm FMR	\$24,280	\$27,926
Income needed to afford 2 bdrm FMR	\$29,880	\$33,944
Income needed to afford 3 bdrm FMR	\$40,360	\$44,241
Income needed to afford 4 bdrm FMR	\$40,520	\$50,522
HOUSING WAGE		
Housing Wage for 0 bdrm FMR	\$10.75	\$12.47
Housing Wage for 1 bdrm FMR	\$11.67	\$13.43
Housing Wage for 2 bdrm FMR	\$14.37	\$16.32
Housing Wage for 3 bdrm FMR	\$19.40	\$21.27
Housing Wage for 4 bdrm FMR	\$19.48	\$24.29

UTILITY SERVICES DEMANDS AND CAPACITY

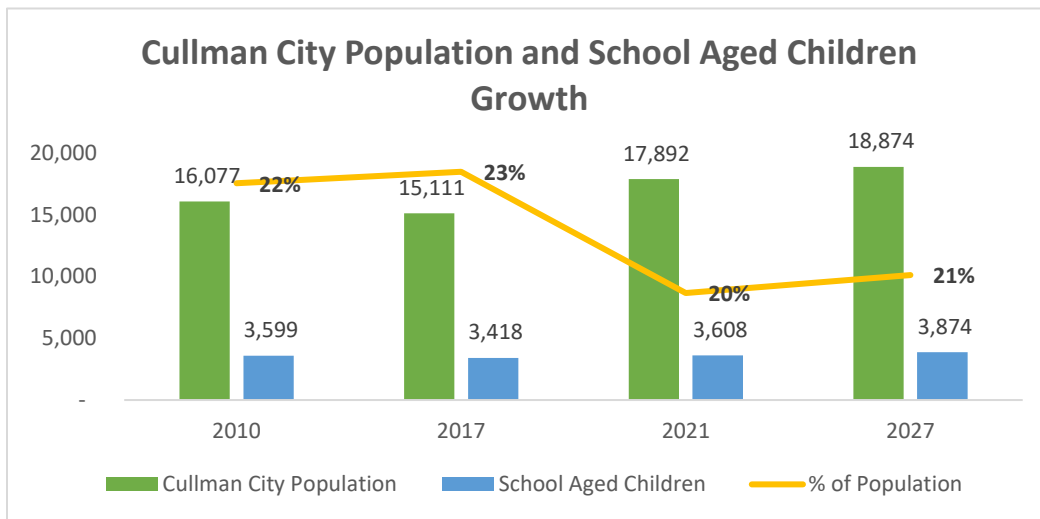
Utility provider's ability to meet growing demand is a major concern. Cullman Electric Cooperative (CEC) is an electric distribution cooperative serving Cullman County, Alabama, and portions of surrounding counties. Founded in 1936, CEC operates as a not-for-profit electric cooperative. CEC serves a diverse service area that includes both urban and rural communities within Cullman County. The cooperative also provides electricity to portions of Morgan, Lawrence, Walker, and Winston counties. CEC is responsible for the distribution of electricity to its members and maintaining power lines, transformers, substations, and other infrastructure necessary to deliver electricity safely and reliably to homes, businesses, and institutions within its service territory. Cullman County has grown 6.64 percent, and many cities have grown. Cullman Electric Cooperative has recognized potential concerns about the smaller jurisdictions within Cullman County.

1. **Limited Customer Base:** Small jurisdictions typically have a smaller population and customer base than larger urban areas. This can result in challenges for CEC in spreading the fixed costs of infrastructure maintenance, system upgrades, and operational expenses across a smaller customer pool. As a result, the per-customer cost burden may be relatively higher in small jurisdictions.
2. **Aging Infrastructure:** Small jurisdictions may have older electrical infrastructure that requires ongoing maintenance, repairs, and potential upgrades. Aging infrastructure can be more prone to reliability issues and require additional investments to ensure consistent and reliable power delivery. Upgrading infrastructure in small jurisdictions can be costly, especially if the population density is low and the customer base is spread out.
3. **Limited Economies of Scale:** Small jurisdictions may not benefit from economies of scale that larger jurisdictions enjoy. This means that the costs associated with energy generation, transmission, and distribution may be relatively higher for small jurisdictions due to the smaller scale of operations. Achieving cost efficiencies and negotiating favorable pricing from energy suppliers can be more challenging. Small jurisdictions may have limited financial resources and tax bases, making funding necessary energy infrastructure projects or upgrades more difficult.

SCHOOL – COLLEGE ENROLLMENT GROWTH

Cullman City School Growth

Cullman City, the largest jurisdiction in Cullman County, experienced an 18 percent population increase from 2017 to 2021. However, school-age children grew just 5 percent in the same period. The overall population growth rate exceeds the growth rate of school-age children. A faster population growth rate can result in a larger overall population, which may lead to increased school enrollment. This can put pressure on existing school facilities, potentially leading to overcrowding and the need for additional classrooms, teachers, and resources to accommodate the growing student population.



If the growth rate of school-age children lags behind overall population growth, it may result in a disproportionate age distribution. This can pose challenges in efficiently allocating educational resources and planning for appropriate school capacity. Schools may need to consider strategies such as redistribution, expanding existing facilities, or constructing new schools to meet the demands of a growing population. It becomes crucial for local authorities, school districts, and educational institutions to consider potential disparities between population growth and school-age children's growth. This can involve assessing demographic trends, projecting future enrollment, and developing strategies to ensure adequate educational facilities and resources are available. It is important to note that despite population and housing growth, school enrollment may take longer to establish growth patterns based on age of students, relocations, and other characteristics. The following table measures the enrollment growth in area schools.

The Cullman City School District operates several elementary, middle, and high schools, educating students from kindergarten through grade 12. Cullman High School enrollment has grown 11.6 percent since 2017 and is the fastest-growing school in the district. The second fastest growth was Cullman City Primary School which has grown 9.9 percent since 2017. Both schools outpaced the enrollment growth of Cullman City, which was 3.6 percent during the same period.

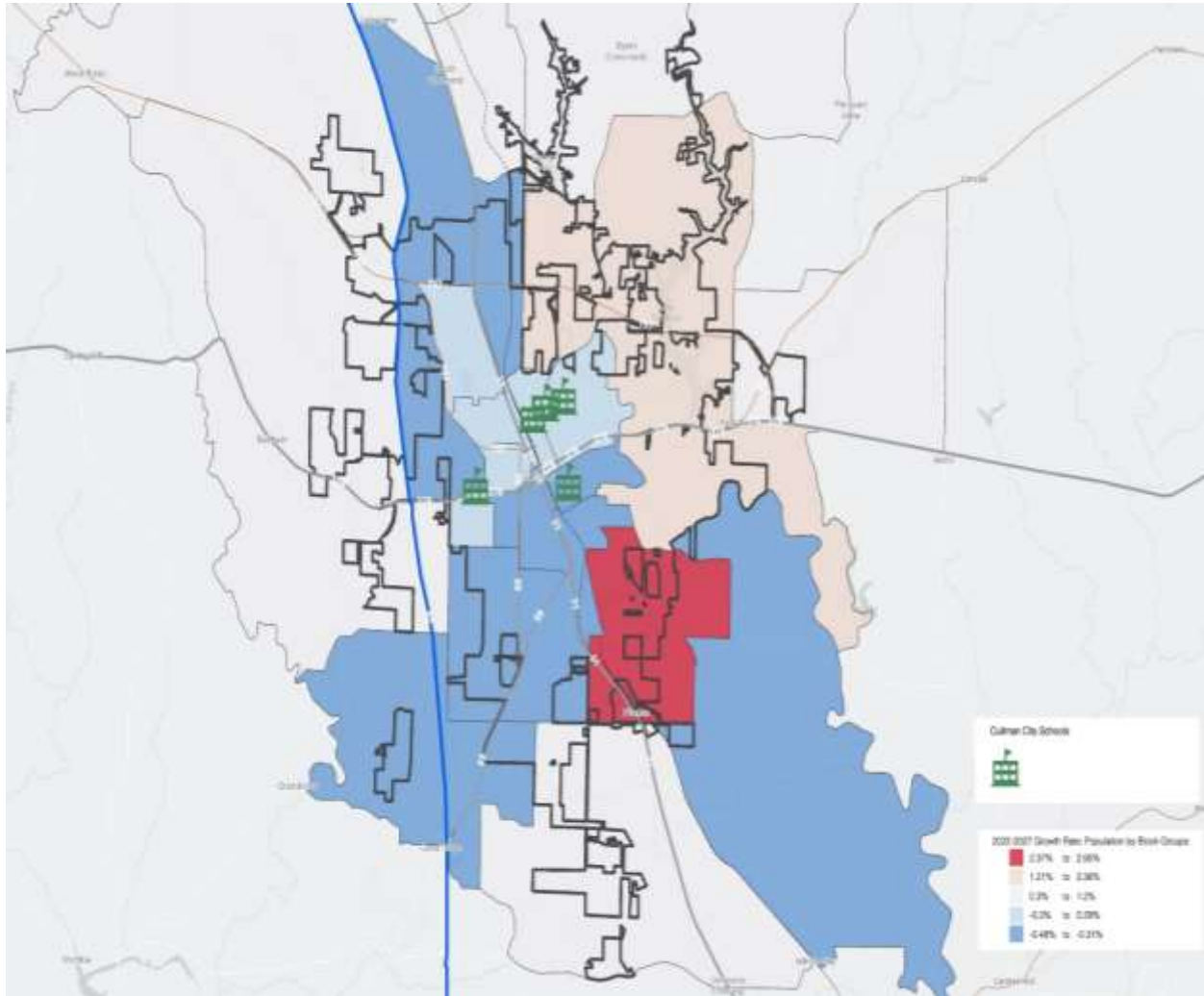
	% Growth/Decline from 2017 - 2022
STUDENT ENROLLMENT	
Cullman City	3.6%
Cullman City Primary School	9.9%
Cullman High School	11.6%
Cullman Middle School	3.9%
East Elementary School	3.8%
West Elementary School	-12.4%

Census Tract 964901, including Cullman High School, Cullman Primary School, and Cullman Middle, had the highest growth in housing units from 2020 to 2021. Census Tracts 965001 and 965002, which include East Elementary, had the highest population growth of 21 percent from 2020 to 2021. The housing unit growth during this period was less than the population, suggesting additional housing units were needed in these census tracts. Housing and population growth were similar in Census Tract 964800, which includes West Elementary. However, West Elementary experienced the most significant decline in enrollment from 2017 to 2022, with 12.4 percent.

School	Census Tracts	2020 Housing Unit	2021 Housing Units	% Change	2020 Population	2021 Population	% Change
West Elementary	Census Tract 964800	2,112	2,288	8%	4,155	4,448	7%
Cullman High School							
Cullman Primary School	Census Tract 964901	1,465	1,681	15%	3,556	3,924	10%
Cullman Middle School							
East Elementary	Census Tracts 965001	1,145	1,237	8%	2,660	3,268	23%
	Census Tracts 965002	2,049	2,229	9%	4,404	4,318	-2%

Based on Census Tract Block Group data, the population located South of County Road 278 and East of County Road 31 projects the most growth by 2027. Overall, population growth projections are stronger on the Eastern side of Cullman City, with more Census Tract by Block Groups showing higher growth rates by 2027. The map on the following page shows the projected population growth and location of each Cullman City School.

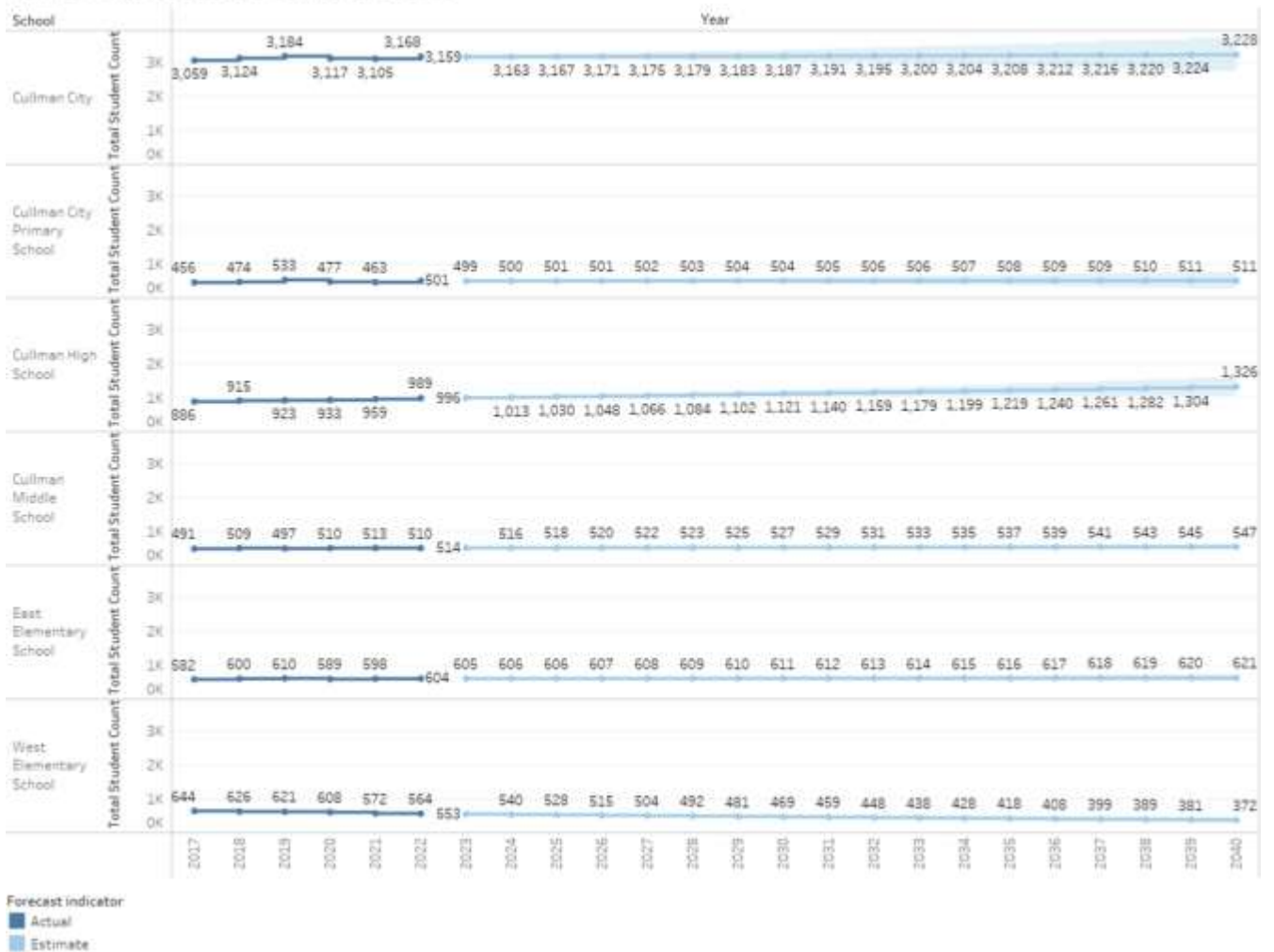
Cullman City Projected Population Growth by 2027



Cullman City School District Future Growth Plans

Using Tableau Forecasting, Cullman City forecasted enrollment numbers are determined using historical factors such as the compounded growth rate between 2017 – 2022. Unlike a projection model, the student enrollment forecast numbers do not include expected or hypothetical circumstances like the Balanced Housing Model.

Cullman City Student Enrollment Forecast



Future Growth Plans

Per Cullman City School District's Strategic Plan, "*Address current student growth needs and develop a plan to address future expanding needs*" The following improvements are in progress:

Cullman City Primary School

- Add a 12-classroom wing (tornado shelter), multipurpose building, and cafeteria/kitchen.
- Develop a second exit from campus to Oak Street
- Convert the old cafeteria to additional classroom space.
- Transition all 2nd-grade students in August of 2023

Cullman Middle School

- Add a 16-18 classroom building (tornado shelter) to include a new library, agriscience area, performing arts area, and administrative offices.
- Remove round buildings and old agricultural building.
- Incorporate interior upgrades to the main building and cafeteria.
- Transition all sixth-grade students to CMS in August 2025

West and East Elementary Schools

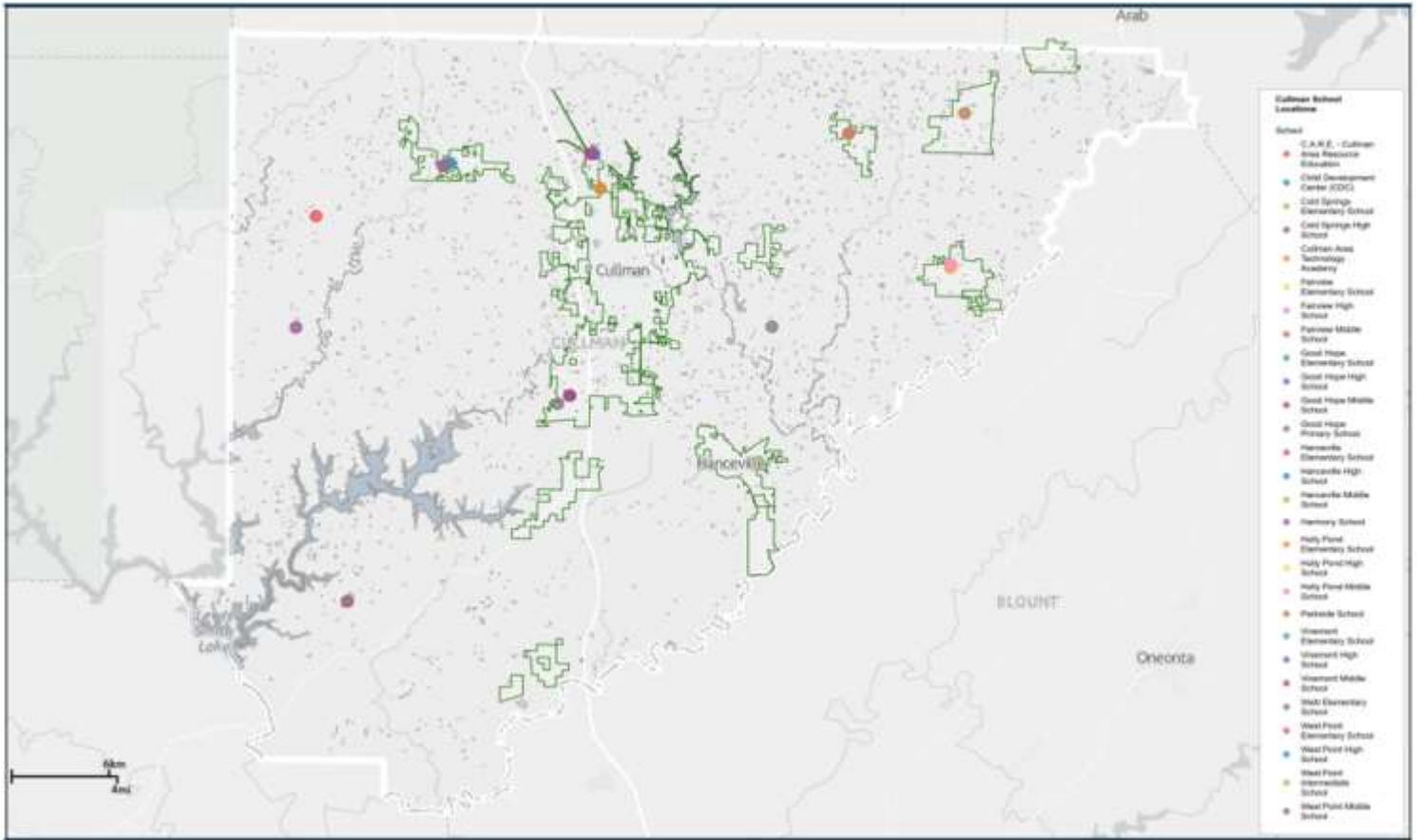
- Invest up to \$4,000,000.00 based on facility needs for future growth.
- Transition 2nd grade to CCPS in August of 2023
- Transition 6th grade to CMS in August of 2025

Cullman County School District

Cullman County's total student enrollment has remained steady. However, since 2017 the most student enrollment growth has occurred in Cullman Child Development Center at 42%, followed by Harmony School at 37% and Holly Pond Elementary at 29%. At the county level, Cullman County School District enrollment has decreased marginally since 2017 compared to 6.64 population growth in the county. Although the overall school enrollment is lagging behind the population growth in Cullman County, there may be a demographic pattern shift resulting in changes to age distribution which may still require strategies like redistricting, expanding existing facilities, or constructing new schools to meet the demands of a growing population.

School Enrollment By School	2017	2018	2019	2020	2021	2022	% Change Since 2017
Cullman County	9,642	9,386	9,382	9,205	9,245	9,611	0%
West Point Middle School	416	389	395	414	416	419	1%
West Point Intermediate School	248	276	278	243	241	250	1%
West Point High School	574	564	553	527	526	547	-5%
West Point Elementary School	515	492	497	507	511	516	0%
Welti Elementary School	200	167	170	162	160	190	-5%
Vinemont Middle School	240	240	245	272	268	261	8%
Vinemont High School	312	311	319	303	306	327	5%
Vinemont Elementary School	514	472	487	448	445	441	-17%
Parkside Elementary School	328	326	316	327	320	348	6%
Holly Pond Middle	237	238	211	203	211	-	n/a Merged into K-8
Holly Pond High School	350	326	317	297	286	288	-22%
Holly Pond Elementary School	397	343	325	330	318	563	29%
Harmony School	187	191	209	209	251	295	37%
Hanceville Middle School	281	281	294	293	272	295	5%
Hanceville High School	377	380	367	365	361	340	-11%
Hanceville Elementary School	601	591	570	608	595	603	0%
Good Hope Primary School	379	342	330	332	361	403	6%
Good Hope Middle School	314	316	357	343	360	345	9%
Good Hope High School	470	458	436	418	411	445	-6%
Good Hope Elementary School	354	350	341	367	345	349	-1%
Fairview Middle School	303	322	326	311	295	298	-2%
Fairview High School	506	477	468	464	527	506	0%
Fairview Elementary School	603	570	545	546	556	610	1%
Cullman Child Development Center	126	181	256	190	196	219	42%
Cold Springs High School	288	284	265	247	234	234	-23%
Cold Springs Elementary School	522	499	505	479	473	519	-1%

Cullman County School Locations



Wallace State Community College Off-Campus Student Housing

Wallace State Community College, located in Hanceville, Alabama, primarily serves students from the local area and surrounding communities. As a community college, Wallace State does not typically provide on-campus housing options for students. However, since many students may require off-campus housing, several options are available in the surrounding area. Housing options for Wallace State students include:

1. **Rental Apartments:** Hanceville and the nearby city of Cullman offer a range of rental apartments suitable for students. These apartments may vary in size, amenities, and price, providing options that accommodate different budgets and preferences.
2. **Shared Housing:** Some students may share housing with roommates to split costs and create a more affordable living arrangement. This can involve renting a house or apartment together and dividing the expenses.
3. **Rental Houses:** Renting a house off-campus is another option for students who prefer more space or want a different living arrangement.
4. **Commuting:** Some students choose to live with family or in their existing homes within commuting distance of Wallace State Community College. This option can be convenient for those who have transportation readily available.

Off-Campus Student Housing Options

The Pavilion

401 College Drive NE
Hanceville, AL 35077
256-352-6334
0.2 miles from Campus

Maplewood Apartments

315 College Drive NE
Hanceville, AL 35077
256-352-8968
256-507-1554
0.2 miles from Campus

Hanceville Inn & Suites

912 Main St NE
Hanceville, AL 35077
256-352-0000

0.3 miles from Campus

The Lioness Dorm (Women Only)

1009 Main St NW
Hanceville, AL 35077
256-590-7159
0.5 miles from Campus

Tanglewood Commons

400 Arkadelphia RD
Hanceville, AL 35077
256-352-6000
1.0 mile from Campus

Skipper's Landing

600 Edmondson Rd NE
Hanceville, AL 35077

256-793-0700

1.0 mile from Campus

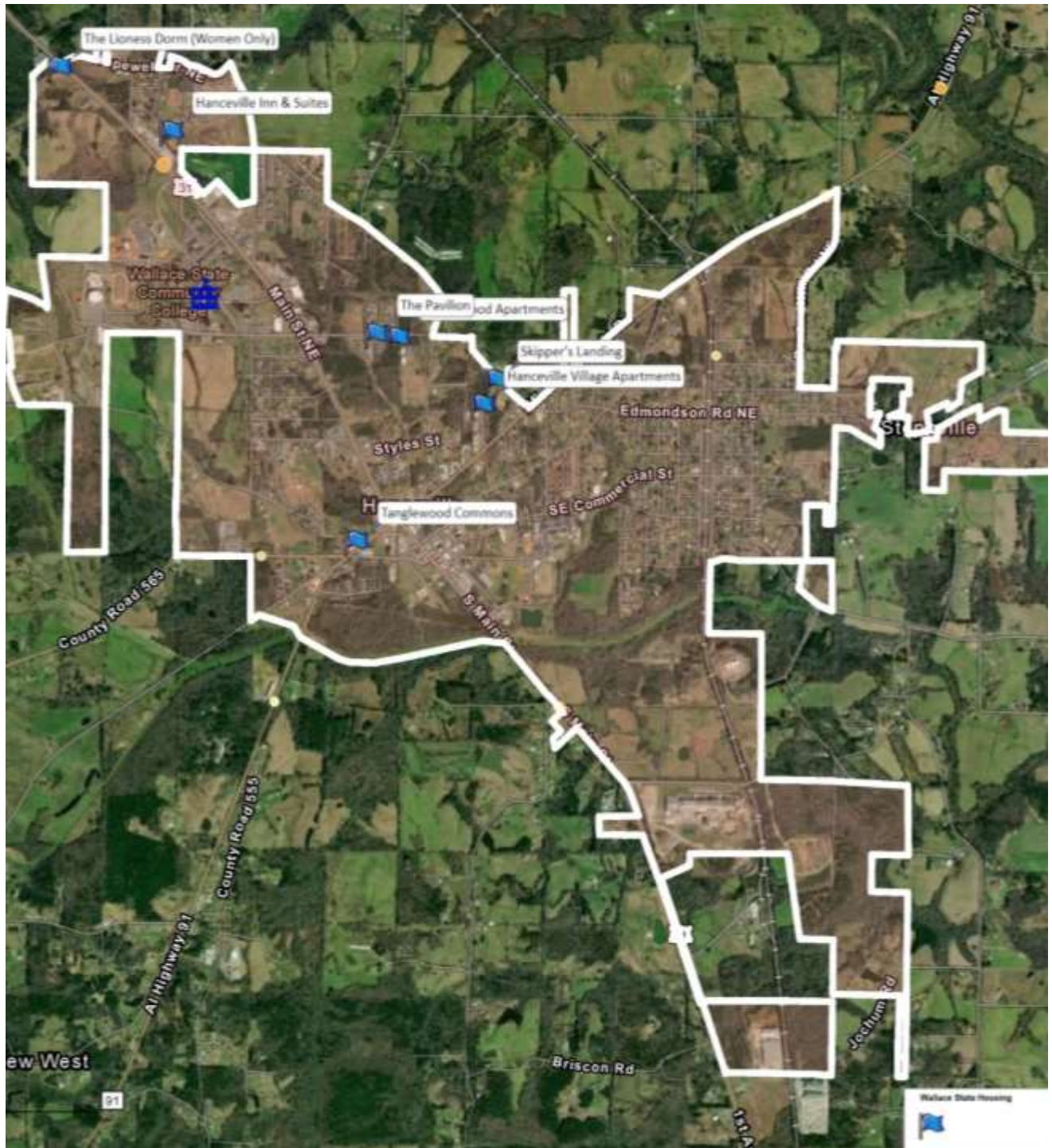
Hanceville Village Apartments

401 Whaley Ave NE
Hanceville, AL 35077
256-352-9999
1.3 miles from Campus

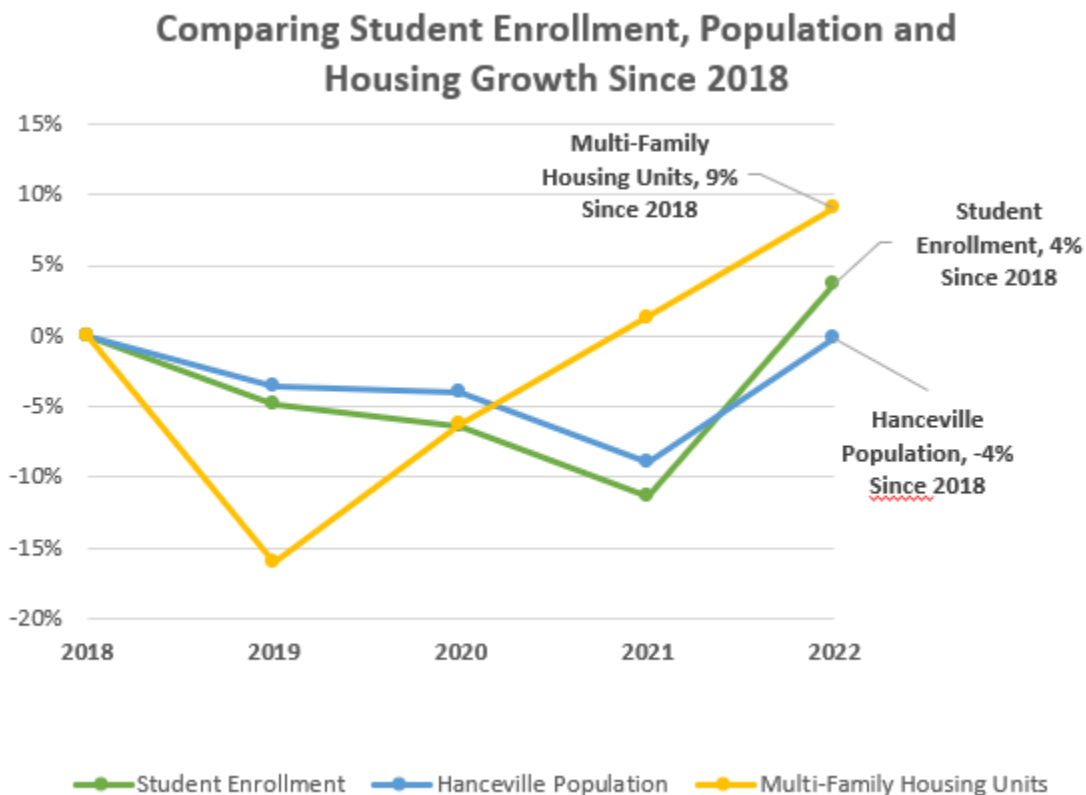
Pinegrove Apartments

424 Oak Manor Dr
Cullman, AL 35055
256-734-0817
8.1 miles from Campus

Off-Campus Student Housing Options Map Locations

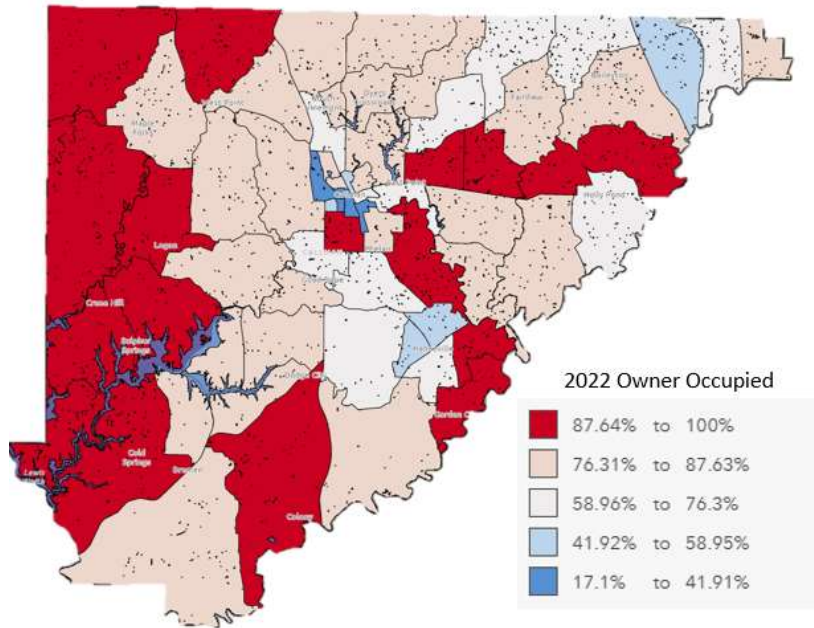


Wallace State Community College had its highest enrollment growth since 2012, with 5,502 enrolled students in 2022. The school anticipates that student enrollment will reach 6,000 students. The school identified a demand for multi-family housing (2-4 housing units) to provide short-term housing options for industry professionals visiting the Hanceville/Cullman area. There are approximately 60 students on the waitlist for on-campus housing dormitories, which may indicate a demand to develop additional off-campus housing units. Since 2018, the Hanceville City population has decreased by 4%; however, student enrollment has grown by 4%, and multi-Family housing has grown by 9% since 2018.

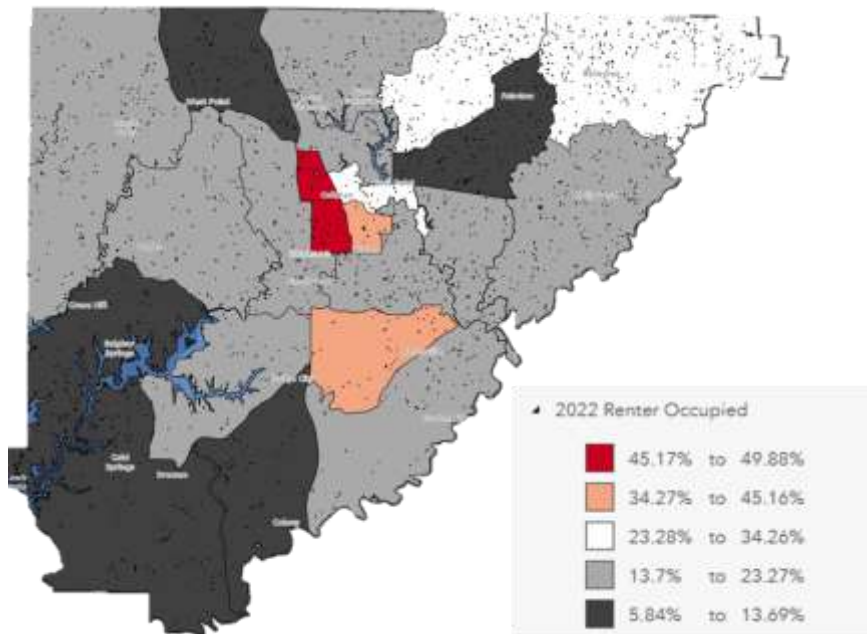


Neighborhood and Community Characteristics

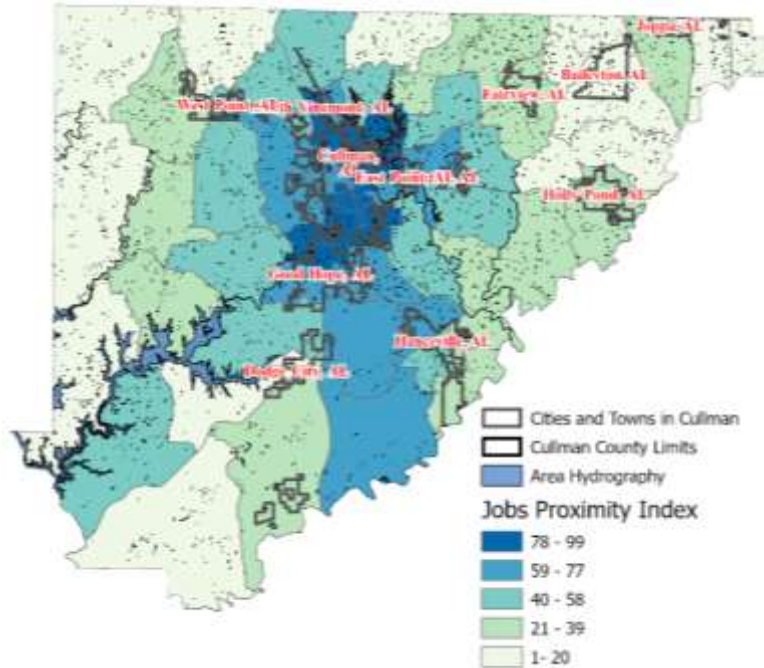
Percent Owner-Occupied Housing



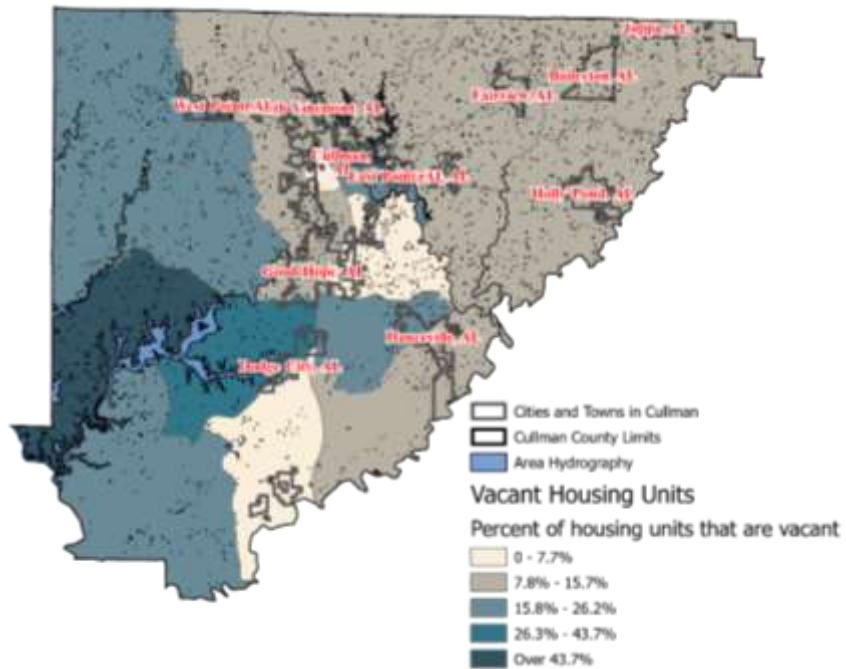
Percent Renter Occupied Housing



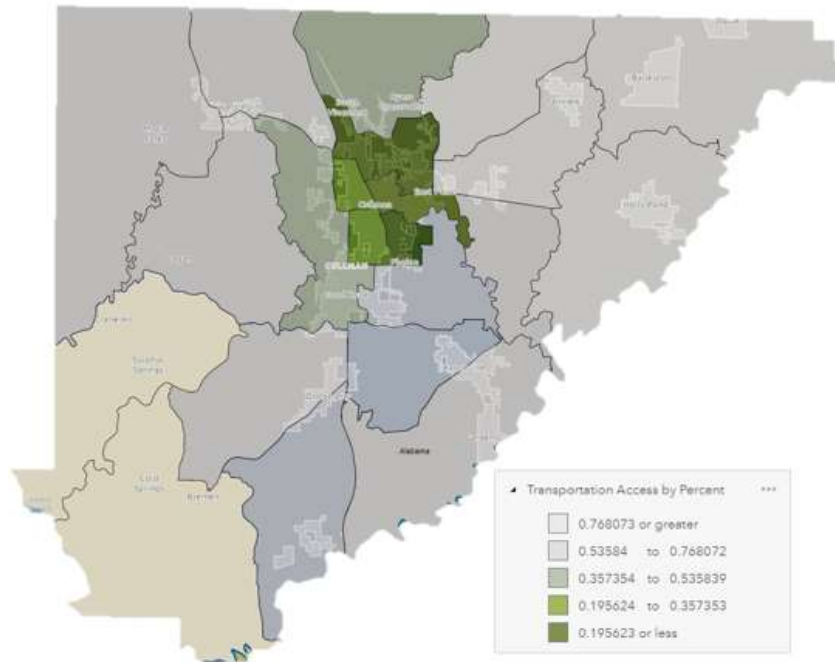
Job Proximity Index



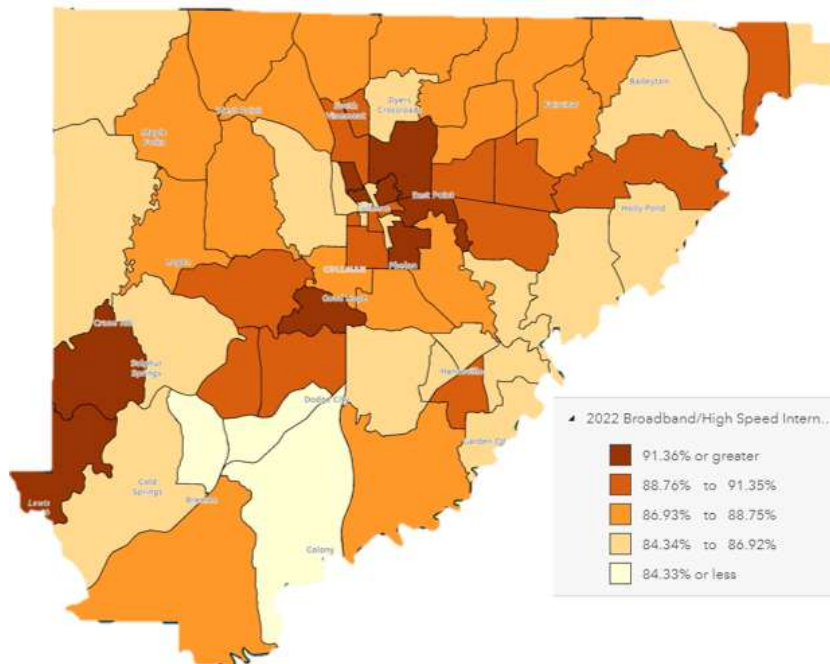
Vacant housing Units



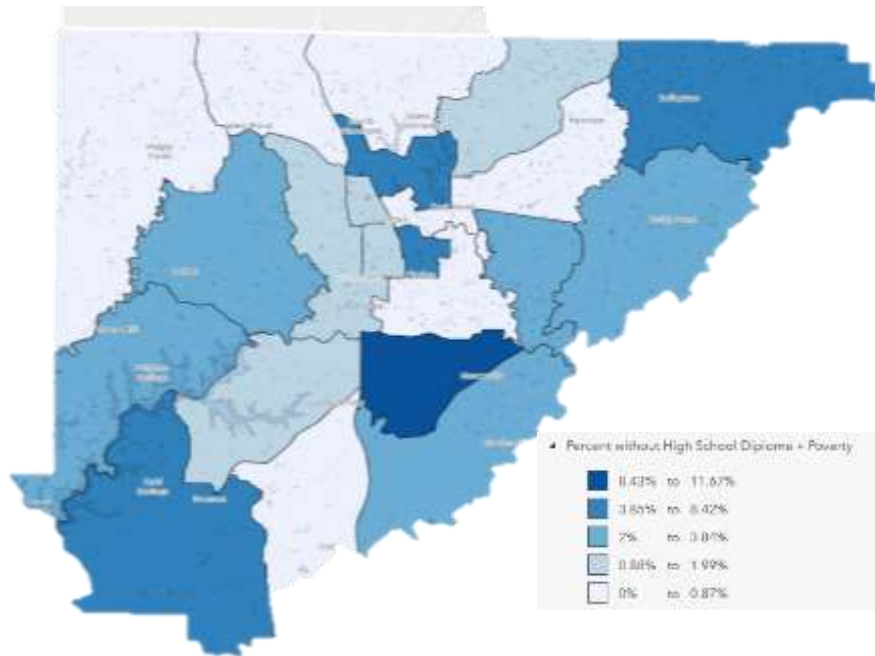
- **Access to Transportation by Percentage**



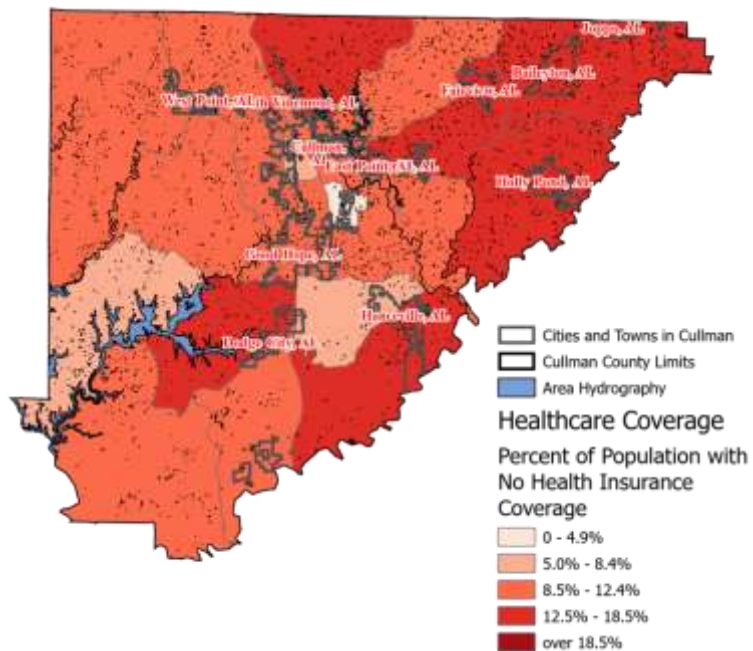
Access to Broadband/High-Speed Internet



Percentage of People without High School Diploma and Living Below Poverty Line



Percentage of People without Healthcare Coverage



2023 Findings for Analysis

Cullman County has experienced notable economic growth and development since 2017. The county has a diverse economy with contributions from various sectors, including manufacturing, agriculture, healthcare, and retail. The 2021 unemployment rate of 4.4 percent is the lowest in 5 years, according to 2017 - 2021 ACS data. The expected growth in total occupation is expected to increase by 0.8% over the next 5 years. Cullman County's highest-paying industries with the most jobs include Transportation and Warehousing, with an average annual wage of \$56,096; construction, with an average annual wage of \$54,691 and manufacturing, with an average annual wage of \$53,625. The average annual wage in Cullman County is \$45,731.

Takeaways for Housing Market Analysis

With the presence of manufacturing companies and a diverse economy, Cullman County has attracted workers and professionals from out-of-state and surrounding counties seeking housing in the area. This increased demand for housing has contributed to rising home prices and rental rates in certain parts of the county.

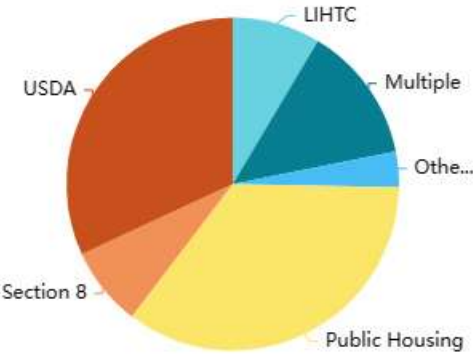
Population growth and economic prosperity have also led to increased housing development. In response to the demand, new residential construction projects have emerged to accommodate the growing population. This includes the construction of single-family homes and apartments.

Cullman County's desirable location and quality of life, including its natural beauty and access to amenities, have further enhanced its housing market appeal. Additionally, the county's transportation infrastructure and proximity to larger jurisdictions have made it an attractive residential option for commuters.

NEED FOR AFFORDABLE AND MARKET RATE HOUSING

Affordable housing refers to housing that is accessible and affordable to individuals and families with low to moderate incomes. Some of the critical issues contribute to the need for affordable housing in Cullman County.

1. **Low-Income Population:** According to the 2015 – 2019 Comprehensive Housing Affordability Strategy (CHAS) data, 17,015, or 54 percent of Cullman County households, earn less than 80 percent of the area median income. Cullman’s low-income population and many individuals and families struggle to find affordable housing options that meet their needs. This includes essential workers, seniors, individuals with disabilities, and families with limited financial resources.
2. **Cost of Housing:** The cost of housing, including both rent and homeownership, can be a burden for Cullman residents. Rental rates and home prices can exceed what low-income households can afford, creating a gap between housing costs and incomes.
3. **Affordable Housing Shortage:** There is a shortage of affordable housing units in Cullman, leading to long waitlists and limited availability. This scarcity can result in overcrowding, homelessness, or households spending a significant portion of their income on housing costs, leaving less for other essential needs.
4. **Rural Challenges:** Rural areas in Cullman often face unique challenges regarding affordable housing. Limited resources, a lack of infrastructure, and a smaller tax base can make it more challenging to address the housing needs of these communities.



Funding	Units	% Units
USDA	343	32%
Public Housing	377	35%
Multiple Assistance	143	13%
LIHTC	92	8.5%
Section 8	83	7.7%
Other HUD	37	3.4%
Total Units	1,075	

Owner Households VS. Owner Housing Units Available by HUD Income Ranges: 2021

More housing units are available to the middle to higher-income persons (51-80% HAMFI), and not enough units are available to higher-income households (greater than 100% HAMFI). More single-family homes at an average sales price of \$145,000 to \$174,000 would meet this demand. Cullman Realtor Association reported an average sales price for Cullman County of \$268,388 based on homes sold in 2022.

HUD Adjusted Median Family Incomes Available by Income Ranges (HAMFI) – Home Ownership

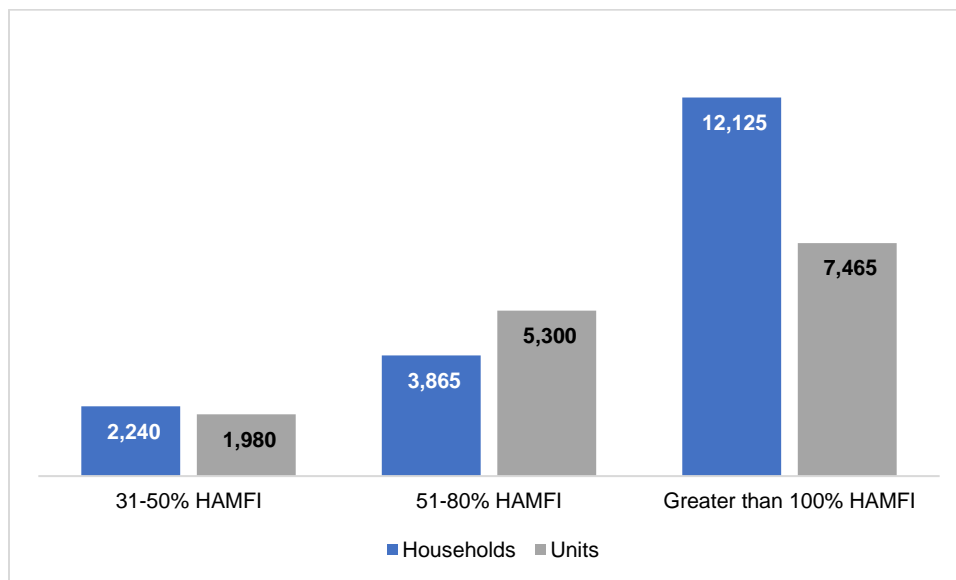


Table 45 Source: U.S. Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy, Cullman County Realtors Association.

Renter Households vs. Rental Housing Units Available by HUD Income Ranges: 2019

There are not enough very low-income housing units* (units available to households below 30% HAMFI). Significant housing units are available at 51% - 80% (middle to higher HAMFI market level).

HUD Adjusted Median Family Incomes Available by Income Ranges (HAMFI) – Renter Households

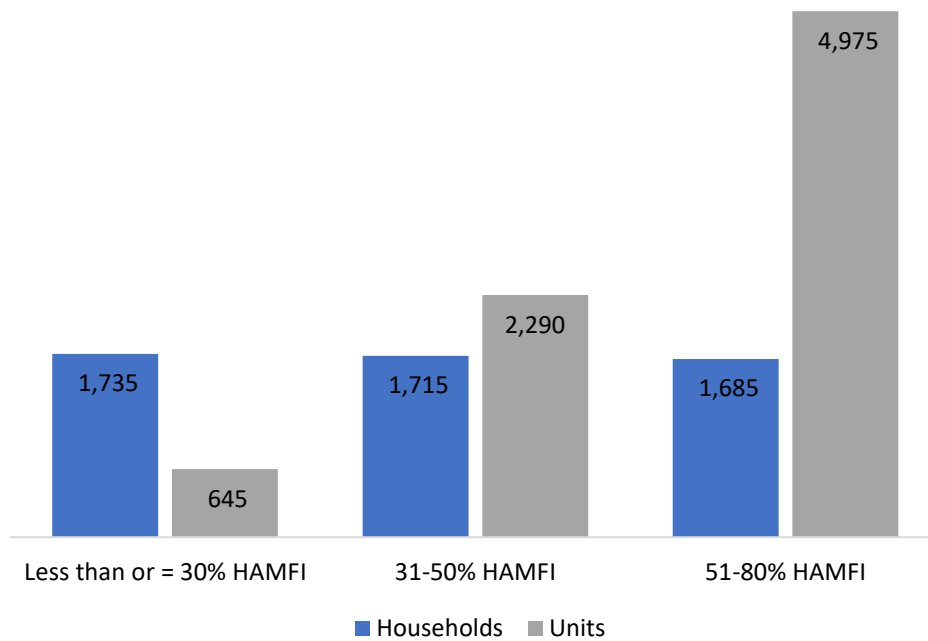


Table 46 Source: U.S. Department of Housing and Urban Development, Comprehensive Housing Affordability Strategy

2023 – 2040 HOUSING NEEDS AND MARKET PROJECTIONS – BALANCED HOUSING MODEL PROJECTIONS

The Balanced Housing Model is a tool used to project growth and support future housing development that aims to create diverse and inclusive communities by incorporating a mix of housing types and price ranges within an area. The model promotes the integration of affordable housing units alongside market-rate housing to ensure a balanced and equitable distribution of housing opportunities. Key features of the Balanced Housing Model include:

- **Housing Diversity:** The model encourages the inclusion of various housing types, such as single-family homes, townhouses, apartments, and accessory dwelling units (ADUs), within a neighborhood or development. This allows for a mix of housing sizes and configurations to accommodate different household sizes, income levels, and preferences.
- **Affordability:** The Balanced Housing Model emphasizes the integration of affordable housing units within market-rate housing developments. This ensures that individuals and families across a range of income levels can access quality housing options in desirable locations. Affordable housing can be achieved through income-restricted rental units, subsidized homeownership programs, or inclusionary zoning policies.
- **Community Integration:** By incorporating diverse housing options, the model promotes integrating people from different socioeconomic backgrounds, fostering social cohesion and inclusivity. It seeks to avoid concentrated poverty or exclusionary practices that can lead to social and economic disparities.
- **Location Considerations:** The model encourages the development of mixed-income housing in areas with access to transportation, amenities, and services. Locating housing options close to employment centers, schools, and public transportation, aims to promote sustainability, reduce commute times, and enhance residents' overall quality of life.
- **Policy and Planning Support:** Implementing the Balanced Housing Model projections often requires supportive policies, zoning regulations, and planning frameworks. Local governments can play a vital role by enacting inclusive zoning policies, providing incentives for affordable housing development, and promoting partnerships between the public and private sectors.

The Balanced Housing Model, through a mathematical approach, determines the number of housing units needed by the projected growth of households at each income level.

Assumptions about the future are usually based on examining past trends, as well as judgments about how the future is likely to deviate from these trends as a result of social and economic factors, the age and composition of the housing stock, expected immigration, and expected changes in the size and age distribution of the adult population.

Although several intermediate calculations are performed, The Balanced Housing Model's housing projection can be summed up as follows:

- 1. Establish the forecasted number of housing units needed by 2040 using the Census Data, Population Projections, and Key Indicators.*
- 2. Subtract the County's existing number of housing units from the county's 2040 projected housing units.*

2023 HOUSING NEEDS AND PROJECTIONS – RENTAL OCCUPIED

Cullman County Renter Occupied Housing Market Need by Income Range: 2021 & 2040

Renter Housing Key Takeaways

- In 2018 the number of renter housing units needed by 2040 was 1,218. As of 2022, the number of renter housing units needed by 2040 is 3,591. The annual production of 211 renter housing units is needed to meet the 2040 target.
- Renter Households earning between \$15,000 - \$35,000 is projected to make up 25.3% of all renter households by 2040 (29% currently). Housing demand for this income group projects to be the strongest (1,062 Renter units by 2040). This group's estimated monthly rent range is \$399 - \$899.
- Renter Housing Preference is projected to shift from 43% occupied single-family units in 2022 to 63% occupied single-family units by 2040. Housing preferences for Multifamily and Mobile Homes are projected to decrease by 2040.

Renter Housing Projections By Income

Cullman County	Rental Units							Total
	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	
Occupied Housing Stock Affordable at Income Level 2022	1,597	3,407	2,126	738	339	140	32	8,379
Households at Income Level 2022	1,682	2,435	1,587	1,587	609	279	190	8,369
Projected Households at Income Level 2040	2,014	2,906	2,116	2,198	890	477	320	10,921
Projected Units at Income Level 2040	2,111	4,271	3,048	1,117	564	279	56	11,446
Target Units Needed to Replace Obsolete Stock	97	198	140	51	25	11	2	524
Target Units Needed to Meet Projected Demand by Income	611	1,062	1,062	430	250	150	26	3,591

Renter Housing Projections Chart

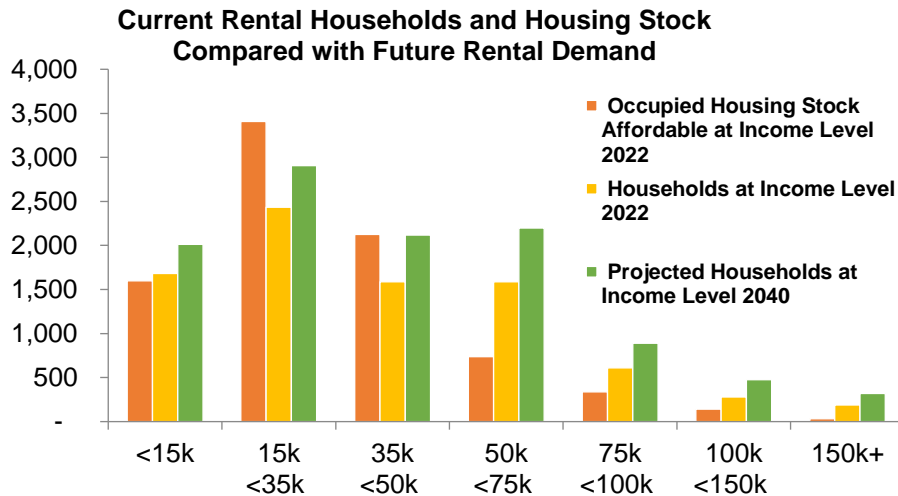


Table 47 Source: American Community Survey; Envision Tomorrow

Cullman County Apartment Complexes

Cullman County has seen overall population growth, particularly in Cullman City. As the population increases, the demand for housing, including rental options like apartments, also rises. There are approximately 2,723 rental units in multi-family apartment developments in Cullman County, according to the American Community Survey 2017 - 2021 five-year estimates. Most of these units are in Cullman City. Building permit data shows 286 apartment housing units have been constructed or planned since 2017.

Although demand for apartment developments has increased since 2017, apartments are sometimes associated with certain stereotypes, such as being less desirable or lower in quality compared to other housing options like single-family homes. Recognizing that these negative stigmas do not universally apply to apartment developments is important.

Cullman County's renter housing vacancy rate has decreased significantly since 2010, from 11.1 percent to 5 percent by 2021. Vacancy rates refer to the percentage of available housing units that are unoccupied or vacant within a particular housing market or geographic area. It is a measure used to assess the tightness or scarcity of available housing inventory. Cullman's low vacancy rate of 5 percent means that 5 out of every 100 housing units are vacant or unoccupied, suggesting a high demand for housing compared to the supply. In other words, relatively few rental units are available for individuals or families seeking housing in Cullman County.

Apartments can provide a more affordable housing option than purchasing a home, particularly for individuals or families with low to moderate household incomes or those looking for more flexibility in their housing choices. Rent-assisted housing units account for 12.8 percent (1,075) of the county's total renter housing units of 8,362. These units are available through subsidized programs, including Public Housing, Low Income Housing Tax Credit (LIHTC), Section 8, and USDA, operated by the local public housing authority.

Considering the availability of job opportunities and economic growth in Cullman County since 2017, the county can attract individuals from outside the state or prompt internal migration. These individuals often seek rental units in apartments near their workplaces.

SECTION FIVE: 2023 HOUSING NEEDS PROJECTIONS

Alabama is composed of 67 counties, each with its own unique population dynamics and growth patterns. Cullman County is the 7th fastest growing county since 2017, with the county's population growing from 81,703 in 2017 to 87,129 by 2022 (6.64 percent increase). Cullman County's demographic shifts show that 51% of the population comprises people born before 1980. This amount is projected to increase to 54% by 2027, indicating that the population in Cullman is getting older. Housing preferences and demands will shift as the proportion of older adults increases, changing racial and ethnic composition, and shifts in household sizes and family structures. Inter-county migration patterns between counties in Alabama have influenced population growth. People may move from one county to another for various reasons, including job opportunities, lifestyle preferences, and access to amenities.

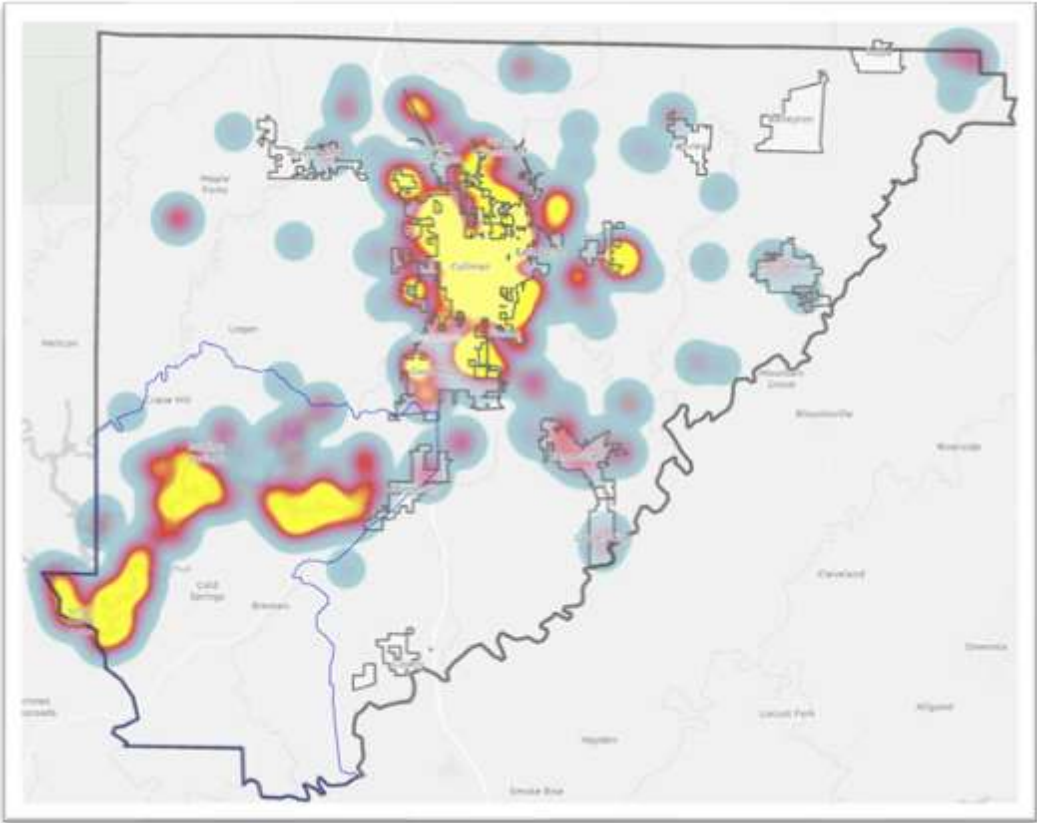
The homeownership rate in Cullman County has remained steady since 2017, from 62 percent to 63 percent by 2022. Cullman residents prefer Owner Occupied housing more than the Alabama residents statewide, which was 58% in 2022. Housing affordability can depend on factors such as income levels, housing prices, mortgage rates, and availability of financing options. Using the Housing Affordability Index (HAI), provided by the Cullman Board of Realtors, Cullman has an HAI of 170, which means a family earning the median family income has 170% of the income necessary to qualify for a conventional loan covering 80 percent of a median-priced existing single-family home. Alabama has an HAI of 150, indicating Cullman County residents are more likely to afford a home than Alabama statewide residents.



The following section uses the factors mentioned above and specific datasets to project the housing units needed by 2040 to meet Cullman County's future housing market demand.

Housing Growth Since 2018

Since 2018, Cullman City and Smith Lake are where most of the new housing units have been built, as indicated by the heatmap below. The growth of housing subdivisions in Cullman County reflects the expansion of residential areas and the availability of housing options for individuals and families.

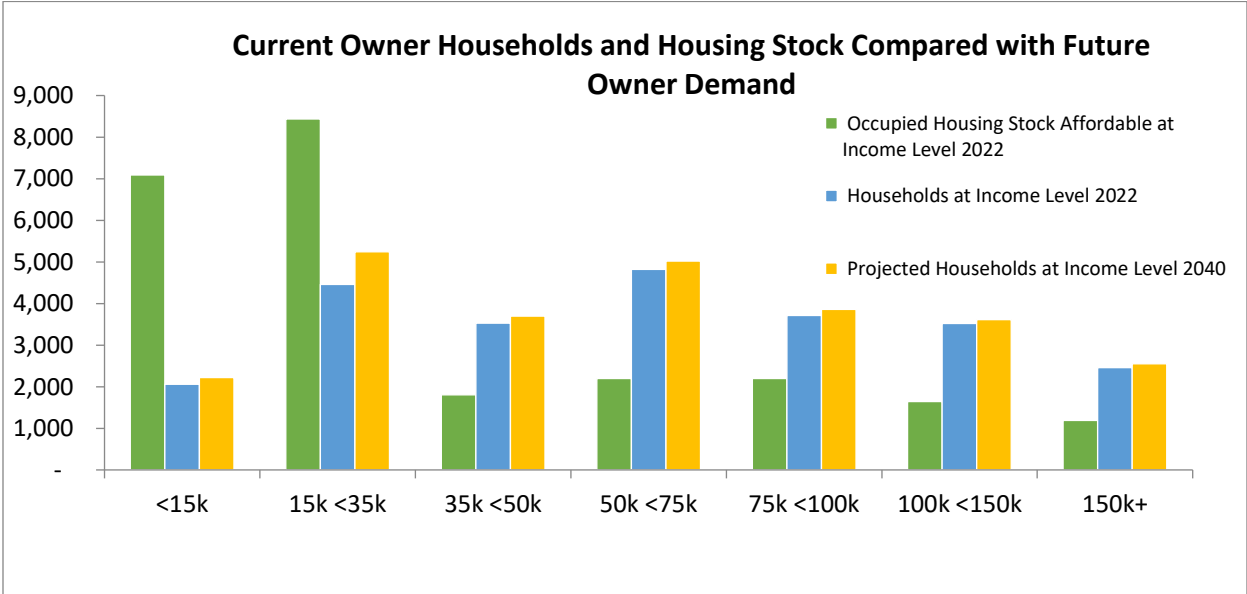


2023 HOUSING NEEDS AND PROJECTIONS – OWNER OCCUPIED

The Balanced Housing Model used to calculate the need for future rental housing is also used to calculate housing needs for homeowners. For this calculation, the model requires the use of ACS mortgage and ACS without mortgage data. The data used in calculating owner-occupied range estimates of future housing demand are provided by CBER, which projects an increase in Cullman County’s population from 87,129 in 2021 to 98,014 in 2040. Future housing projections are based on demographic data; data on the age of householders broken down by household income in conjunction with estimates for both owner and rental vacancy rates; the annual replacement rate for housing in the geography; and national tenure projections.

Cullman County Owner Occupied Housing Market Needs by Income Range: 2021 & 2040

The balanced housing model projects an increase in owner-housing units needed in Cullman County of 3,322 by 2040. The projected owner-housing units are expected to meet the housing demands of the 26,653 projected owner-households by 2040. The chart below shows the existing affordable owner-housing stock, the number of households at various income levels in 2022 and 2040, and the projected number of housing units needed by income.



Cullman County	Owner Units							
	<15k	15k <35k	35k <50k	50k <75k	75k <100k	100k <150k	150k+	Total
Occupied Housing Stock Affordable at Income Level 2022	7,092	8,439	1,806	2,199	2,199	1,647	1,189	24,570
Households at Income Level 2022	2,062	4,460	3,527	4,823	3,713	3,524	2,461	24,570
Projected Households at Income Level 2040	2,224	5,241	3,694	5,024	3,860	3,613	2,552	26,208
Projected Units at Income Level 2040	7,592	3,757	5,109	3,926	3,284	1,732	1,253	26,653
Target Units Needed to Replace Obsolete Stock	354	174	239	181	152	81	58	1,239
Target Units Needed to Meet Projected Demand by Income	854	-	3,542	1,908	1,237	166	122	3,322
Additional Units Beyond Forecasted Need Within this Income Range	-	4,682	-	-	-	-	-	-

Table 48 Source: American Community Survey; Envision Tomorrow

As part of this analysis, we compared the Balanced Housing Model projections with recent local home sales data for Cullman County. The average monthly sales price of homes sold in Cullman County was \$176,498 in 2019 and \$268,388 by 2022. The average monthly housing sales price is based on collected data provided by Cullman Realtors Association. The average number of days a home spent on the market in 2022 is 35 compared to 114 days in 2019.

Average Home Sales Price

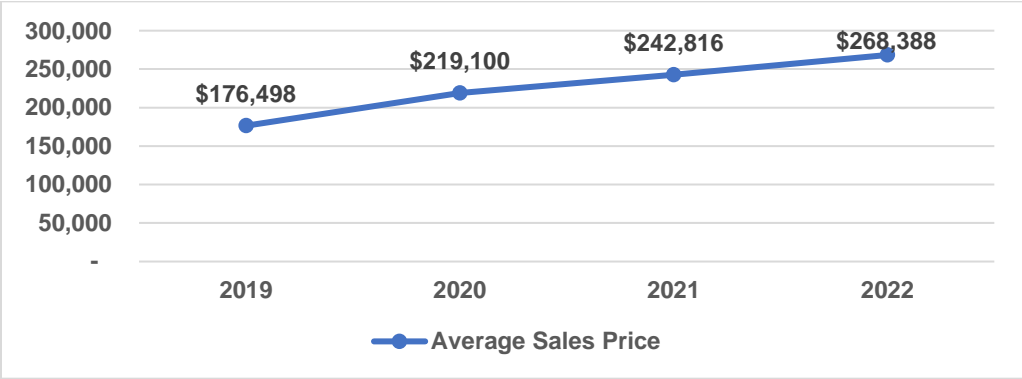


Table 49 Source: U.S. Bureau of Census, American Community Survey

Housing Preferences for Cullman County by 2040

Housing preferences in Cullman County can vary based on individual needs, lifestyle choices, and regional factors. Large lot single-family homes, common in rural areas like Cullman, have been the dominant preferred housing type, as shown in the table below, with 71.1 percent of single-family homes built on large lots. Using advanced non-census-based demographics, consumer behavior surveys, and geographic data analysis of Cullman's population, The Balance Housing Model projects a shift in housing preferences to small lot single-family units by 2040, accounting for 20.1 percent of single-family units. Building permit data show an increase in newly constructed and planned housing units by subdivision, further supporting the shift in housing preference to small lots of single-family homes.

- **Large Lot Single-Family** home typically refers to a residential property situated on a larger-sized lot and designed as a detached single-family dwelling. The lot size associated with a large lot single-family home is generally larger than those found in denser urban areas. The exact size can vary based on local zoning regulations. However, it typically provides ample space for the house, front, and backyards, and sometimes additional amenities like a garden, pool, farm, or outdoor living areas.
- **Small Lot Single-Family** homes are designed with space efficiency in mind, utilizing innovative floor plans and design elements to maximize functionality. They may feature two or more stories, attached garages or carports, minimal front, and backyard space, and sometimes shared community amenities in planned developments. Small-lot single-family homes have gained popularity in areas with limited land availability and high housing demand, allowing for more efficient land use and increased housing density.



Townhome ownership is expected to increase, accounting for 10.5 percent of all owner-occupied housing types. Multifamily is defined as developments with 5 units or more and all rental units. However, due to low vacancy rate among multifamily rental units,

increased home sales, consumer preferences for downtown lofts and townhome development, economic expansion, job creation, and increased wages expected, additional rental and homeownership housing beyond units projected by the model may be needed to meet market demand as these trends and population continue to grow.

Future Housing Preferences for Cullman County		
	Owner-Occupied Housing Supply Cullman County 2022	Mix to Meet Demand Household Increment 2040 (Owner)
Single-Family	80.2%	69.7%
Standard Large Lot SF	71.7%	49.5%
Small Lot SF	8.5%	20.1%
Townhome	0.4%	10.5%
Multifamily	0.3%	5.8%
Mobile Home/Other	19.1%	14.0%

Table 50: Balanced Housing Model Projections

Additional housing preferences in Cullman County include waterfront living. Smith Lake. Waterfront properties are popular choices for vacation homes, retirement living, and those seeking recreational activities. Using American Community Survey (ACS) ESRI adjusted data, Smith Lake has had an annual population growth rate of 1.56 percent since 2020, which is higher than Cullman County's growth rate of 0.67 percent in the same period. Population and housing growth is faster than the County as a whole. Smith Lake's popularity has contributed to a competitive real estate market, influencing property prices. Lakefront properties, especially those with desirable features such as expansive views, boat docks, and convenient access to amenities, tend to command higher prices.

Meeting the housing demand of Smith Lake in Cullman County requires a multi-faceted approach involving various stakeholders. Cullman Electric Cooperative (CEC), Cullman County's primary electricity provider, expressed concerns about ensuring reliable and uninterrupted electrical service to its members in Smith Lake. The CEC's concerns involve maintaining the infrastructure, addressing power outages promptly, and implementing measures to minimize disruptions caused by weather events or other factors. To support Smith Lake's growing population, investments to improve and expand infrastructure, such as roads, utilities, and public amenities, may be necessary to accommodate the increased housing demand. The investment also includes ensuring access to reliable water and sewer services, upgrading road networks, and enhancing recreational facilities to support the growing population.

2023 Balanced Housing Model Findings

In 2018 the number of owner-housing units needed by 2040 was 1,421. As of 2022, the number of owner-housing units needed by 2040 is 3,322. The annual production of 195 owner-housing units is needed to meet the 2040 target.

As of 2022, new owner housing units are most needed for households earning \$50,000 - \$75,000 (19.4% of all Owner Households) and \$100,000 – \$150,000 (14.3% of all Owner Households). The estimated affordable monthly housing cost for this income group range is \$999 - \$1999, meaning families could afford a home at or around the median home sales price in Cullman County of \$268,000 (Source: Cullman Realtor Association).

The 2023 Balance Housing Model projects a shift in housing preferences to small lot single-family units by 2040, accounting for 20.1 percent of single-family units. Building permit data show an increase in newly constructed and planned housing units by subdivision, further supporting the shift in housing preference to small lot single-family homes.

In 2018 the number of renter-housing units needed by 2040 was 1,218. As of 2022, the number of renter housing units needed by 2040 is 3,951. The annual production of 211 renter-housing units is needed to meet the 2040 target.

Rental Housing Affordability data shows that 59 percent of rent-occupied housing units are affordable (household spends less than 30 percent of monthly income on rent), 22 percent are unaffordable (household spends more than 30 percent of monthly income on rent), and 18 percent are severely unaffordable (household spends more than 50 percent of monthly income on rent).

Renter Households earning between \$15,000 - \$35,000 will comprise 25.3% of all renter households by 2040 (29% currently). Housing demand for this income group will be the strongest (1,062 Renter units by 2040). This group's estimated monthly rent range is \$399 - \$899.

Renter Housing Preference is projected to shift from 43% occupied single-family units in

2022 to 63% occupied single-family units by 2040. Housing preferences for Multifamily and Mobile Homes are projected to decrease by 2040.

Since 2017 the most renter household growth has occurred in Cullman City. In conjunction with The Balance Housing Model projection, this data provides insight into where future renter housing units may be most needed by location.

2023 Housing Model Takeaways from Housing Market Projections

Approximately 42 percent of Cullman County's renters are occupying single-family units. The demand for rent-occupied single-family units is projected to grow by 2040. Increasing the supply of single-family housing units is necessary to meet the growing demand. Addressing the demand can involve a combination of strategies, including promoting new construction, encouraging infill development, and repurposing underutilized or vacant properties. Collaborate with developers, builders, and local agencies to streamline the approval and permitting processes to expedite housing construction.

Approximately 49% of Cullman County Renter Households earned less than 50% AMI (\$33,850) in 2022, significantly less than in 2018 when 71% of Cullman renters earned less than 50% AMI. The income needed to afford a 3-bedroom (\$40,360) and 4-bedroom (\$40,520) home at Fair Market Rent in Cullman County is lower than Alabama statewide (3-Bed=\$44,241 and 4-Bed= \$50,522) and ranks in the top 3 of inexpensive counties.

More jobs and increased incomes in the County will increase demand for housing, decrease household cost burdens, and provide funding for home improvements. Employers indicated that Cullman County has a diverse workforce both demographically and based on wages earned. Most agree that housing is needed for persons at all income levels. Antidotal comments from employers included the industry buying housing and making it available to the specialized workforce for rent due to the limited supply of rental housing.

Younger demographics are an important consideration for Cullman County, especially as it continues to try and lure workers for all sectors of industry in the area. Average incomes for younger demographics will likely reflect an average income of \$30,000 to \$35,000,

meaning average home sales price points are likely \$100,000 to \$120,000, and average rents \$700 – to \$850. The average rental of a 2-bedroom apartment is currently \$747, but units are much older and not necessarily located in downtown-main street districts.

Wallace State Community College had its highest enrollment growth since 2012, with 5,502 enrolled students in 2022. The school anticipates that student enrollment will reach 6,000 students. The school identified a demand for multi-family housing (2-4 housing units) to provide short-term housing options for industry professionals visiting the Hanceville/Cullman area. There are approximately 60 students on the waitlist for on-campus housing dormitories, which may indicate a demand to develop additional off-campus housing units. On-Campus Student Housing for college students, including those attending Wallace State, is severely limited, with most on-campus housing dedicated to those participating in athletics. Off-campus student housing is also limited and sometimes priced out of affordability for most students. Since 2018, the Hanceville City population has decreased by 4%; however, student enrollment has grown by 4%, and multi-Family housing has grown by 9% since 2018.

Based on Census Tract Block Group data, the population located South of County Road 278 and East of County Road 31 is projecting the most growth by 2027. Overall, population growth projections are stronger on the Eastern side of Cullman City, with more Census Tract by Block Groups showing higher growth rates by 2027. Cullman City's population grew by 18% from 2017 to 2021; however, School Age Children grew by 5% in the same period.

The demand for alternative housing products such as modular housing, townhomes and smaller lot development could reduce price points for home ownership by 20 – to 30%. Townhome, multifamily, and loft housing is desired in downtown-main street districts as evidenced by consumers participating in the community engagement process. However, developers indicate that land holdings are generally expensive and not available for sale by existing owners. Other developers indicate that development cost in these areas renders developments infeasible because of regulatory requirements and the need to go vertical to achieve the desired development cost.

Alternative Housing Projections for 2040

While the Balanced Housing Model is more reliable in accurately projecting future housing needs, alternative housing projections for Cullman County can involve exploring different types of housing options to address the evolving needs and preferences of the population.

- **Sustainable and Energy-Efficient Housing:** Promoting sustainable and energy-efficient housing can benefit residents and the environment long-term. This can involve incentivizing the construction of green homes with energy-efficient features, utilizing renewable energy sources, and incorporating sustainable design principles into new housing developments. Sustainable and Energy-Efficient Housing would address the energy consumption concerns identified by Cullman Electric Cooperative (CEC) due to population growth.
- **Mixed-Use Developments:** Mixed-use developments combine residential, commercial, and sometimes industrial spaces within a single project. This approach promotes a live-work-play environment with housing units, retail, office spaces, and recreational amenities. Mixed-use developments can create vibrant communities, enhance walkability, and provide diverse housing options. Because of the lack of multi-family housing supply, mixed-use developments would address the housing needs of Cullman renters.
- **Accessory Dwelling Units (ADUs):** ADUs, also known as granny flats, in-law suites, or backyard cottages, are self-contained housing units on the same property as a primary residence. Encouraging the construction of ADUs can provide additional housing options, particularly for multi-generational households or individuals seeking affordable rentals. Smith Lake housing needs could be addressed with ADUs since many of the homes are used for retirement living.

SECTION 6: KEY SOLUTIONS AND STRATEGIES FOR ADDRESSING HOUSING ISSUES AND OPPORTUNITIES

Strategies and solutions for addressing key issues and opportunities including housing and neighborhood needs, creating new housing, maintaining neighborhood stability, and strengthening neighborhoods in transition. Other strategies needed include development strategies, financing alternatives, potential resources, and housing products necessary to implement planning goals. Some recommendations focus on integrating strategies developed in the Needs Assessment into Housing Policies applicable to all jurisdictions in Cullman County and / or specific to individual jurisdictions.

Restoring the “Basic Attributes” of the Communities is essential in meeting future housing needs, developing housing that is affordable to a wide range of consumers, and stimulating revitalization and reinvestment. Communities in Cullman County must address needed improvements to local basic attributes such as: public safety, street maintenance, clean streets, timely infrastructure improvements, trash collection, brush collection, well maintained buildings, vacant lots that are regularly mowed and kept free of debris, regular yard maintenance, and a general neighborhood appearance and level of community involvement that suggests that people care about their community.

Local public schools continue to demonstrate that academic programming and student achievement are comparable to that of surrounding jurisdictions and the public’s perception of the quality of their schools validates that comparability. Although most residents currently feel safe in their homes and confident that they can conduct their daily routines without being victimized by crime, the current low crime rate and safety and security must continue to be a priority for Cullman County and all the individual jurisdictions in the County.

Zoning and Development Regulations should be reviewed to identify ways to encourage the development of mix of housing types, affordable to persons with diverse incomes and needs. Recommendations include incentivized zoning, tax abatement, development subsidies and a variety of programs funding with federal – state.

Creating New Mixed Residential Development in areas designated for new housing development and encouraging reinvestment in areas containing a mixture of marginal and obsolete residential, commercial and retail structures, dilapidated houses and vacant lots, is an essential need. There is also a need to improve the quality of life in reinvestment area and to attract new residents with a range of residential development types that will complement existing reinvestment in the planning area. A broad range of residential types desired by renters and homeowners, and supporting the needs of families, singles and elderly are needed. Existing residential must be improved and neighborhood rooftops increased to demonstrate levels of demand that support the retail establishments needed along the retail corridors. New residential development must also be affordable to existing and potential residents and designed in response to their desire for certain development alternatives offered in other parts of the County.

Increase Homeownership, Housing Finance, and Preservation of Affordable Housing - Increased homeownership, utilization of vacant lots and underutilized properties, and decreased vacancy rate of commercial and residential properties is a high priority. The ACS estimates 37,524 total housing units, rental and homeownership combined, in Cullman County in 2017, with 83 percent occupied and 17 percent vacant. The Needs Assessment goals include a high priority on increasing homeownership opportunities for renters, so they can build equity in the property in which they currently reside or purchase, and among property owners losing their property due to tornado and flood damage. In addition, increasing the homeownership rate will contribute to the strength of the local tax base and reduce vacancy rates.

Weaknesses and Treats - Strengths and opportunities focused much on the strategic location of the Cullman Area between the Birmingham and Huntsville metropolitan areas, and the view that the Cullman area is a growing – healthy economy from a workforce, quality of life, and most important as having quality education at all levels from elementary to college and trades. Weaknesses and treats primarily focused on the area’s ability to meet future housing needs and to keep pace with the growing demand of housing that keeps pace with economic and growth. Another important factor that must be addressed is housing affordability and housing choice for all populations and demographics.

Housing Policies for the Cullman Area have been recommended as part of the development of the Cullman Area Housing Needs Assessment. It is important to note that these policies are recommendations of the JQUAD consultant team based on our analysis and does not represent acceptance or endorsement by the Cullman Area Chamber. Future analysis by the Chamber and its many stakeholders will follow to determine the course of action needed relative to changes, adoption or implementation of the recommendations for housing policies. Ultimately, recommendations should be evaluated and customized for individual jurisdictions in the County and consideration given by each jurisdiction for adoption of the Housing Needs Assessment and recommended strategies as appropriate. Neighborhood and housing conditions continue to be least desirable in older areas of cities, towns, and in the County where there are concentrations of poorly maintained housing. Obsolete multifamily and public housing built in the 1950's and 1960's cannot be economically or ecstastically improved without increasing rents that would make housing unattainable for the populations needing lower cost housing the most.

Younger demographics are an important consideration for Cullman County, especially as the County and local jurisdictions continue to lure workers for all sectors of industry in the area. Incomes for younger demographics reflect an average income of \$30,000 to \$35,000, meaning average home sales of \$100,000 to \$120,000 and average rents \$700 – to \$850 are expected. The average rental of a 2-bedroom apartment is currently \$623 but existing units are much older and not necessarily located in downtown-main street districts. Current multifamily housing has limited amenities or appeal.

On Campus Student Housing for college students including those attending Wallace State is severely limited, with most on campus housing dedicated to those participating in athletics. Off campus housing for students is also limited and sometime priced out of affordability for most students. One likely solution is the growing trend of private sector housing designed specifically for students.

The demand for alternative housing products such as modular housing, townhomes and smaller lot development could reduce price points for home ownership by 20% – to 30%. Townhome, multifamily, and loft housing is desired in downtown-main street districts as evidenced by consumers participating in the community engagement process. However,

developers and landowners indicate that land holdings are generally expensive and not always available for sale by existing owners. Other developers indicate that development cost in these areas renders developments infeasible because of regulatory requirements and the need to go vertical to achieve the desired development cost.

Smith Lake is seen as one of the County's major assets as a cultural and recreation amenity. Smith Lake is also viewed as an opportunity to meet the growing need for diverse housing in the county. Utility providers indicated that market demand reflects an increase in the number of new residents selecting the area as their primary residence, however the cost and timely expansion of extending utilities to the area is not keeping pace.

Smith Lake – Photos illustrate this cultural asset and recreation attraction.



Higher Cost Housing Demand / Smith Lake Residential

This trends and market analysis for the Cullman Area Needs Assessment supports a demand for medium and higher priced housing includes housing for households earning up to \$150,000 and above. In Cullman County, 18 percent of the population earned \$50,000 to \$74,000, which based on industry standards can afford homes between \$200,000 and \$300,000. Smith Lake is one of the areas of increased interest for both higher end owner occupied housing and resort housing. Zillow's web site listed 131 homes for sale in the Smith Lake area ranging in listing price from \$217,000 to \$650,000. Lots were listing starting at \$80,000.

Smith Lake Residential



Lake Front Resort and Vacation Homes - Waterfront properties used as primary residents as well as vacation housing is an important amenity and asset to Cullman County. Lake Crane Hill is a private resort offering luxury accommodations on Alabama's pristine Lewis Smith Lake. Smith Lake, a vacation paradise, is Alabama's third largest with 21,000 acres of deep, clear water and 650 miles of rocky shoreline located adjacent to Bankhead National Forrest and the Sipsey Wilderness Area. The resort offers waterfront suites and fishing gear, floats, kayaks, and paddle boards for complimentary guest use. This could be replicated in downtown areas where hotels are on major commercial corridors away from downtown.

Smith Lake Resort



Smith Lake RV Resort



Lake Crane Hills Resort



SECTION VII: HOUSING POLICY

A Housing Policy is a statement developed by jurisdictions on a city, county, or regional basis. The policy is designed to guide the community beyond individual perceptions, ideas and disconnected interpretations as to what are our housing needs and goals and how do we achieve those goals, and toward creating consensus and vision for an overall housing strategy that ensures that policies relative to housing and neighborhood needs, development, and future sustainability, are well-coordinated and well-tailored to meet diverse needs and objectives. The policy is generally developed based on discussions and consensus building involving board community representation, government's guidance and with a diverse group of stake holders providing input throughout the planning process.

The needs assessment recommends formulation and codification of individual housing policies for Cullman County and each jurisdiction, focusing on implementation of the needs assessment recommendations and on addressing issues of housing supply, affordability, location, future needs, amenities, and quality to ensure that housing is available for individuals and families at all income levels. Important to the process is how each jurisdiction will address housing needs based on both future growths, as well as current and future sustainability. Challenges include forecasting and addressing special needs including housing for seniors, multifamily housing, downtown housing, public and assisted housing, work force housing, and infrastructure supporting housing and economic growth.

Cullman Area Chamber of Commerce convened meetings with government officials, home builders, developers, utility providers, school and education officials and lenders to help develop strategies for meeting future housing needs. With a comprehensive database of potential attendees, the Chamber sent invitations and hosted each meeting. An increased number of new developers and the enhanced interest of existing developers suggest that education on housing needs, coupled with the demand data presentations, have increased interest in community and housing development in the community.

SECTION VIII: IMPLEMENTATION

Housing is the most basic of human needs and viewed as a top priority. When people can secure stable and affordable housing near locations of jobs and opportunity, they can focus on achieving other life goals, such as education, career advancement, health, wellness, or raising a family. Without stable and affordable housing, other life goals are often pushed to the sideline and difficult to attain. This needs assessment examines the availability of housing in comparison to projected need for housing.

The supply and availability of decent and affordable housing is also essential to a well-functioning community. When workers can't live close to their jobs, they commute longer distances, adding to pollution and traffic congestion on local streets. A lack of affordable housing also makes it difficult to recruit, hire, and retain employees such as teachers and nurses. Students in families struggling with housing insecurity often have increased challenges in school and require greater attention and resources.

Many aspects of the housing market are out of the control of Cullman City, County, and other local jurisdiction. However, there are actions that the city or county can take to allow, encourage, direct, and support the development of new housing and preservation of existing stock. The purpose of conducting and updating the housing needs assessment is to support informed decision making about which actions are most likely to result in the kinds of housing that are in greatest need. JQUAD's supports communities in addressing housing challenges by developing needs assessments as well as housing strategies and implementation plans.

Phase 1. Assess housing needs and market demands.

Our assessment began by analyzing data and trends about the current housing inventory (both market-rate and subsidized), housing costs, demographic and household characteristics, population growth projections, and development activity. We also analyze the characteristics of the local workforce, including wage levels and home locations, to help identify those who may be priced out of the local market. When quality data about a topic is in short supply, we've developed efficient methods of generating useful data from sources

such as real estate listings and trends. Our analysis looks at emerging trends such as expansion of industry, the impacts of housing demands and preferences, utility cost and availability to cities, rural areas, and emerging growth areas such as Smith Lake.

The includes identifying potential gaps between current needs and what the housing market is providing.

Phase 2. Strategies for addressing current and future housing needs.

During the initial phase in 2017 - 2018, we conducted community outreach to identify which kinds of housing solutions can both address needs and are compatible with the neighborhood character and housing preferences and affordability that consumers desire. Outreach to local government officials and housing developers was helpful to understanding the barriers they face in building desired housing projects. The goal is to develop a set of recommendations to guide future actions.

Phase 3. Implementation

Building upon the housing needs assessment, Cullman County and local jurisdiction officials will identify short- and medium-term actions the community can take to address housing needs. This phase may include more detailed analysis to determine the potential impacts of proposed actions on the housing market and development feasibility, such as zoning changes, infrastructure, public policy, new incentives, or requirements for diversity in housing and housing affordability.

Phase 4. Future Updates and Ongoing Implementation

Site-specific housing needs analyses may be needed to further formulate housing strategies and policies and evaluate the effectiveness of existing housing policies and regulations. Other opportunities include further assessing unmet housing needs through a synthesis of population cohorts by age and income, housing characteristics and pricing, localized preferences, evolving demographic, development trends, and community input.

APPENDICES - 2018 HOUSING NEEDS ANALYSIS HIGHLIGHTS

2018 KEY FINDINGS – DEMOGRAPHIC AND HOUSING CHARACTERISTICS

Population - Cullman County experienced positive trends in population growth in recent years, adding nearly 1,800 new residents from 2010 to 2017. The total population of Cullman County according to the 2013 - 2017 American Community Survey was 81,703. This was an increase of 1 percent above the 2015 total population of 80,965 and approximately 2 percent over the 2010 total population of 79,941.

Households - Cullman County had 31,097 total households in 2017. Of the total households, 69.1 percent were family households and 54 percent were married-couple households. Approximately 19 percent were married-couple households with children under the age of 18. About 17 percent of households were female-headed and 10 percent of those female-headed households had children under the age of 18 present.

Race/Ethnicity - The largest racial/ethnic group in Cullman County according the 2017 American Community Survey were whites, which accounted for 96 percent of the population. The second largest group was Hispanic, which accounted for about 4 percent of the population.

Income - According to the 2013 - 2017 American Community Survey 5-Year Estimates, the median household income for Cullman County was \$40,997. The median income for Cullman County is \$40,997 and 18% of residents in Cullman County earn incomes between \$50,000 and \$74,000. This means that home ownership is affordable to large segments of the populations and 18% of the population can afford most housing offered in the county based on sales price data recorded since 2016.

Housing Units - The ACS estimated 37,524 total housing units, rental and homeownership combined, in Cullman County in 2017, with 69 percent single-family, 9 percent multifamily, and 22 percent mobile home and other types. It is estimated that 75 percent of housing is owner occupied and 25 percent renter occupied.

2018 KEY FINDINGS – MARKET ANALYSIS AND HOUSING TRENDS

Type of units: Rental of single-family detached homes, duplex, townhome, and units in small multifamily developments 10 to 30 units, are considered most in demand. Although the needs analysis supports demand for larger multifamily unit developments, there appears to be a limited interest and developer strategies for accumulation or assembly of land to build the larger developments of multifamily units of 40 or more units.

Neighborhood and Housing Conditions: Neighborhood and housing conditions are least desirable in older areas of cities, towns, and in the County where there are concentrations of poorly maintained housing. Obsolete multifamily and public housing built in the 1950's and 1960's cannot be economically or ecstastically improved without increasing rents that would make housing unattainable for the populations needing lower cost housing the most.

Single Family Price Range: Single-family units should be priced (in current dollars) between \$85,000 and \$130,000. The average income required to qualify for a mortgage based on the home value of \$85,000 to \$130,000 is approximately \$25,000 to \$40,000 in total household income. Additional subsidy to reduce the purchase price and to provide down-payment and closing cost to increase affordability will be needed for LMI populations.

Single Family Unit Size: According to consumer surveys, housing units intended to address future needs should be between 1,250 and 1,500 square feet, 3 bedrooms - 2 bathrooms, based on the market preferences and to preserve affordability. Smaller units may be desired by elderly, younger demographics, and others including cluster housing, townhomes, and duplexes. Some larger units may be necessary to support larger families however, cost may be a factor given current incomes and affordability of LMI persons.

Rental Housing Price Range and Affordability: Rental markets reflect a median rent of \$640. The average income to qualify for a contract rent of \$644 is \$24,000 to \$31,000. Additional subsidy to reduce the cost and increase affordability is needed for LMI populations. In Cullman County, mobile homes are becoming an increased choice for lower cost housing. Surveys indicated apartments and other types of rental housing are needed due to perceived predatory rental practices of some mobile home landlords and owners.

Housing Preferences: The most underrepresented housing product in the market is rental units, especially in and around downtowns, main streets, along commercial corridors, and in or near entertainment districts and special points of interest. Younger populations, empty nesters and persons considering entering the market recently expressed interest in living in these settings. The major issue appears to be the cost-effective ability to produce this type of housing in such locations at a price affordable to those desiring the housing. Solutions include providing development subsidies, infrastructure and incentives to developers to supplement cost of land and development cost associated with loft conversions and vertical development of multifamily, while enhancing financially feasible for developers. Federal and state development and rental subsidies may be needed to make units more affordable to some renters.

Repurposed Development and Redevelopment in Existing Areas: The market analysis and community engagement process revealed two important considerations. Existing areas in the City of Cullman are experiencing decline and will require changes in development patterns to transition into areas where future housing needs can be realized. In Hanceville, collaboration of the private sector and Wallace State College in providing off campus student housing could provide an opportunity to increase the economic vitality of Hanceville's downtown and near downtown areas. This concept is being embraced in college communities that are home to Baylor University, the University of Mississippi, the University of Alabama, the University of Texas and others. This strategy also helps lessen the consumption of affordable housing by college students. In Cullman, the West Side area adjacent to downtown and Highway 278 has lost much of its fabric, with some areas proliferated with vacant land and obsolete housing units. Development concepts could include an emphasis on increasing vertical height to make multifamily development more feasible along with infrastructure improvement that support increased housing densities.

Economic Indicators and Population Growth – Economic indicators and population growth are not the only indicators of an increased need for housing. Industry leaders indicate challenges in finding housing for their workforce, including housing for temporary and specialized workforce. Some industries have taking steps to purchase housing to make available as rental housing to their workforce. Community engagement revealed a potential interest in employer assisted housing programs that are discussed in the strategies section.

2017 – 2018 HOUSING NEEDS ASSESSMENT – FUTURE GROWTH PROJECTIONS

Balanced Housing Model Projections

Based on increasing economic growth, steady job creation, decreasing unemployment and Cullman County's \$44,200 average wage, the Needs Assessment analysis project an increased demand for both rental and owner-occupied housing. The average income of \$44,200 will potentially afford homes at a price point of \$160,000 to \$180,000 and provides on average approximately \$1,125 in income for monthly rent.

The balanced housing model projects an increase in housing units needed in Cullman County of 3,470 units, rental and home ownership housing combined by 2040. This includes 1,421 new homeownership housing units, all expected to be single family homes on standard lots and small lots. The need for new townhomes is estimated at 287 units; multifamily rental units at 1,218 units; and 544 additional mobile home and other units.

When comparing existing owner-occupied single-family housing to household incomes, the analysis concludes that most of the single-family home ownership demand will be consumed by households earning \$35K or greater in household income. This translates to homes at a likely sales price point of \$140,000 and above.

The disparity between single-family home supply and demand of some household income ranges is projected to continue through 2040 for households earning up to \$150,000. This translates into a potential need for units at a price point of \$250,000 to \$450,000. This need is also supported by recent home sales data provided by Cullman Realtors Association showing a December 2018 monthly home sales price average of \$174,111.

Rental housing is likely to exceed projections as well. The ACS 2013 – 2017 Five-Year Average shows multifamily housing, 5 units or more, represented 9% of the total housing stock in Cullman County with single-family comprising 69%. This means that renters are likely consuming a sizeable portion of single-family housing stock. The vacancy rate for multifamily housing is estimated at 2.8% based on the rental housing survey conducted in conjunction with the Needs Assessment. The remaining 32% of the housing stock is comprised of mobile homes, townhomes, duplex and other housing types. These types of

units could increase as well based on limited alternative products in the market, and increased consumer preference for downtown, main streets, mixed-use housing, and housing needed for college students. More jobs and increased incomes in Cullman County are expected to increase demand for housing, decrease household cost burdens, and provide funding for home improvements. University of Alabama Center for Business and Economic Research and CEDA forecast Cullman County will continue to support a diverse workforce both demographically and based on wages earned. Most agree that housing is needed for persons at all income levels. Antidotal comments from employers included industry buying housing and making it available to specialized workforce for rent due to limited supply of rental housing.

Younger demographics are an important consideration for Cullman County, especially as the County and local jurisdictions continue to lure workers for all sectors of industry in the area. Incomes for younger demographics reflect an average income of \$30,000 to \$35,000, meaning average home sales of \$100,000 to \$120,000 and average rents \$700 – to \$850 are expected. The average rental of a 2-bedroom apartment is currently \$623 but existing units are much older and not necessarily located in downtown-main street districts. Current multifamily housing has limited amenities or appeal.

On Campus Student Housing for college students including those attending Wallace State is severely limited, with most on campus housing dedicated to those participating in athletics. Off campus housing for students is also limited and sometime priced out of affordability for most students. One likely solution is the growing trend of private sector housing designed specifically for students.

The demand for alternative housing products such as modular housing, townhomes and smaller lot development could reduce price points for home ownership by 20% – to 30%. Townhome, multifamily, and loft housing is desired in downtown-main street districts as evidenced by consumers participating in the community engagement process. However, developers and landowners indicate that land holdings are generally expensive and not always available for sale by existing owners. Other developers indicate that development cost in these areas renders developments infeasible because of regulatory requirements and the need to go vertical to achieve the desired development cost.

2018 Alternative Housing Projections

While the Balanced Housing Model is the more reliable in accurately projecting future housing needs, we have offered alternative projections that take into consideration the recent local data collected on the Cullman County’s housing market. Our alternatives projections are based on the following assumptions:

Single- Family Home Ownership Housing – currently the model shows the most increase in need for units affordable to households earning \$35,000 and above. The Cullman Association of Realtors shows an average monthly sales price of \$174,111 for December 2018. This trend includes households earning up to \$150,000 that can afford homes between \$250,000 and \$450,000. We therefore recommend a 10% increase over the 459 single family units projected, and a 5% increase for townhomes based on anticipated smaller unit consumption. Multifamily housing demand is projected to be 10% more based on a low average vacancy rate of 2.8%, changes in consumer preference, younger demographics with higher average earnings, demand for off-campus college student housing, and the need for more updated multifamily with more amenities. We recommended only a 2% increase for mobile homes and other types of units as the market currently shows an over-supply of housing for person with incomes \$0 to \$30,000.

2018 Alternative Housing Projections based on local market data for Cullman County in 2040				
Unit Types	Occupied Housing Supply Cullman County (2017)	Future Total Units (includes new units, rehabbed vacant units, and vacancy (2017-2040))	Future Incremental Units (includes new units, rehabbed vacant units, and vacancy (2017-2040))	Alternative Demand when considering local data (2017 – 2040)
Single Family	22,046	22,431	1,421	1,817
Standard Large Lot SF	14,647	14,607	459	505
Small Lot SF	7,399	7,824	962	1,010
Townhome	238	366	287	302
Multifamily	2,801	3,562	1,218	2,340

2018 KEY SOLUTIONS AND STRATEGIES FOR ADDRESSING HOUSING ISSUES AND OPPORTUNITIES

Strategies and solutions were developed for addressing key issues and opportunities, and housing and neighborhood needs recommended for creating housing, maintaining neighborhood stability, strengthening neighborhoods in transition. Other strategies explore development strategies, financing alternatives, potential resources, and housing products necessary to implement the planning goals. Some recommendations focus on integrating strategies developed in the Needs Assessment into Housing Policies applicable to all jurisdictions in Cullman County and / or specific to individual jurisdictions.

Restoring the “Basic Attributes” of the Communities is essential in meeting future housing needs, developing housing that is affordable to a wide range of consumers, and housing stimulating revitalization and reinvestment. Communities in Cullman County must address needed improvements to local basic attributes such as: public safety, street maintenance, clean streets, timely infrastructure improvements, trash collection, brush collection, well maintained buildings, vacant lots that are regularly mowed and kept free of debris, regular yard maintenance, and a general neighborhood appearance and level of community involvement that suggests that people care about their community.

Local public schools must demonstrate that academic programming and student achievement are comparable to that of surrounding jurisdictions and the public’s perception of the quality of their schools must validate that comparability. Although most residents currently feel safe in their homes and confident that they can conduct their daily routines without being victimized by crime, the current low crime rate and safety and security must continue to be a priority for Cullman County and all the individual jurisdictions in the County.

Zoning and Development Regulations should be reviewed to identify ways to encourage the development of mix of housing types, affordable to persons with diverse incomes and needs. Recommendations include incentivized zoning, tax abatement, development subsidies and a variety of programs funding with federal – state.

Creating New Mixed Residential Development in areas designated for new housing development and encouraging reinvestment in areas containing a mixture of marginal and obsolete residential, commercial and retail structures, dilapidated houses and vacant lots, is an essential need. There is also a need to improve the quality of life in reinvestment area and to attract new residents with a range of residential development types that will complement existing reinvestment in the planning area. A broad range of residential types desired by renters and homeowners, and supporting the needs of families, singles and elderly are needed. Existing residential must be improved and neighborhood rooftops increased to demonstrate levels of demand that support the retail establishments needed along the retail corridors. New residential development must also be affordable to existing and potential residents and designed in response to their desire for certain development alternatives offered in other parts of the County.

Increase Homeownership, Housing Finance, and Preservation of Affordable Housing

- Increased homeownership, utilization of vacant lots and underutilized properties, and decreased vacancy rate of commercial and residential properties is a high priority. The ACS estimates 37,524 total housing units, rental and homeownership combined, in Cullman County in 2017, with 83 percent occupied and 17 percent vacant. The Needs Assessment goals include a high priority on increasing homeownership opportunities for renters, so they can build equity in the property in which they currently reside or purchase, and among property owners losing their property due to tornado and flood damage. In addition, increasing the homeownership rate will contribute to the strength of the local tax base and reduce vacancy rates.

Housing Policies for the Cullman Area have been recommended as part of the development of the Cullman Area Housing Needs Assessment. It is important to note that these policies are recommendations of the JQUAD consultant team based on our analysis and does not represent acceptance or endorsement by the Cullman Area Chamber. Future analysis by the Chamber and its many stakeholders will follow to determine the course of action needed relative to changes, adoption or implementation of the recommendations for housing policies. Ultimately, recommendations should be evaluated and customized for individual jurisdictions in the County and consideration given by each jurisdiction for adoption of the Housing Needs Assessment and recommended strategies as appropriate.

2018 IMPLEMENTATION RECOMMENDATIONS

Implementation - The Needs Assessment recommendations are designed to guide implementation of actions and solutions identified in the Housing Needs Assessment. The recommendations should be divided into categories of short term, midterm and long term for purposes of estimating timeframes to carry out the implementation program. The categories and timeframes identified to guide implementation may vary depending upon resources required for implementation or public policy and regulatory changes that must be enacted before implementation can occur.

Short-term implementation actions should include evaluation of the recommendations contained in the report to determine fiscal impact, policy implications and to what extent recommendations and timeframes for implementation should be adjusted to meet the needs of individual jurisdictions. Formal adoption of the Needs Assessment by participating jurisdictions is recommended. Adoption of the Needs Assessment will underscore the importance of this effort to those who must carry out the implementation.

The individual jurisdictions participating in the needs assessment and the CAC will be responsible for post planning activities and determine the level of community involvement necessary for implementation. The strategies and recommendations of the report are intended to guide the implementation of the Plan. The stakeholders, including neighborhood residents, home buyers, business, industry, local school districts and colleges, and religious institutions should be encouraged to continue to provide leadership in refining the recommendations and transforming the planning area through implementation of the needs assessment and plan recommendations.

The initiatives and programs described in the Needs Assessment may require further study for implementation and in some instance, pilot programs can be used to further evaluate their potential application in individual jurisdictions. An Evaluation and Revision process should be considered providing for annual auditing of accomplishments and adjustments as needed, to be successful.

COMMUNITY ENGAGEMENT 2018

Process – The 2017 – 2018 Community Engagement process was a collaborative effort involving stakeholders in strategic planning and visioning exercises to determine public perspective of the housing needs for a future Cullman Area. This included analysis and problem solving relative to identified strengths, weaknesses, opportunities and threats that were perceived to be impacting housing needs. Throughout the process the planning team solicited and received guidance for resolving issues and creating opportunities. Acting as a sounding board for resolving issues, CAC staff, Board of Directors, and stakeholders in work sessions were asked to help JQUAD further understand and refine the key issues and opportunities identified as part of the Needs Assessment, planning and development process and to identify preliminary strategies and policies for implementation. The community engagement process and strategic planning input provided a basis for the planning team to perform a Strengths / Weaknesses / Opportunities / Threats (SWOT).

Housing Needs Assessment Community Outreach and Planning

Overview - In August of 2018, community outreach sessions helped establish the priorities and preferences of current residents, elected and appointed government leaders and industry professionals.



Groups participating in the community engagement effort to date include:

- Housing Task Force
- Cullman County Realtors
- Industry Stakeholders, City and County Industrial Boards
- Developers, Contractors and Finance Representatives
- County and City School officials and County School Principals
- Cullman Mayors, Council Members; County Elected Officials
- Chamber Board of Directors
- Wallace State College

The purpose of the outreach exercise was to: 1) involve a diverse group of residents and stakeholders in the housing needs analysis; 2) acquire knowledge of current housing in the Cullman area; 3) learn more about what residents and stakeholders would like to see for the future. Each group was led through a series of questions using response card technology to collect answers. Those responses were collected and analyzed to provide an overview of the community's needs and priorities to address current housing issues and potential for the future housing. On November 15, 2018, an open forum was held to gather additional insight from the general public.

Surveys – Surveys were disseminated to residents and industry by CAC; to students at Wallace State Community College, and to City/County School Systems parents, administrators, teachers and principals. Demographic, housing characteristics, and market analysis data combined with public feedback from the forum and surveys provided a foundation for the formulation of recommendations.

Survey Results – The following summarizes the 2018 survey responses.

Current Conditions. The first series of questions focused on the state of housing in the Cullman area. It is clear that housing is a chief concern among stakeholder groups – not only the availability of new housing but the condition of existing housing as well.

- ❖ Overwhelmingly, participants believed that any housing effort should include the building of additional housing as well as the rehabilitation of existing units.
- ❖ Few people agreed that the regional market is currently meeting the need of residents.

In fact, not one participant selected the “Strongly Agree” option when asked this question. Most either disagreed or strongly disagreed that the market is meeting demand.

- ❖ Most participants felt that housing availability was the significant challenge in the Cullman area. Interestingly, the school principals had a different perspective, as 65% of them felt affordability was the most critical factor.
- ❖ When considering what populations need housing the most, the collective response belonged to the young workers and families trying to settle in the region. With almost 63% of the responses, this group appears to struggle the most when it comes to finding housing that fits their needs.
- ❖ Additional public input and survey information that is targeted toward these population segments will augment the perspective in this case. However, younger demographics appear to have a more difficult time finding housing, according to community opinion.
- ❖ As with the previous question, school principals have a different perspective. Their group indicated that the neediest population when it comes to housing is the low- to moderate-income residents. In fact, 54% of the principals felt that this population group has the most need, with young workers and families a distant second at 27%.
- ❖ Respondents agree that the Cullman area has a substantial competitive advantage due to its location. Nestled between the growing metro areas of Birmingham and Huntsville, Cullman County is seeing moderate population increases.
- ❖ Respondents believed that economic development efforts in the community have successfully recruited numerous industries in the automotive and specialty manufacturing sectors. A retail attraction strategy has led to the development of the city of Cullman into a hub for retail and services. Strong school systems have made Cullman a desirable community for families. Yet all these results started with the location, a factor which participants believe is still a competitive advantage for Cullman.
- ❖ Demand for new single-family housing is high throughout Cullman County. Even in the smaller communities there appears to be a lack of housing available for purchase or rent.
- ❖ Multifamily housing demand was viewed differently. The majority of respondents felt that the more urbanized areas of Cullman County could utilize multifamily options more than rural areas.

Desired Future. Questions about the future needs delved into the types and qualities desired in Cullman Area. Once again, patterns have emerged from the participants' responses, as highlighted below.

- ❖ A large majority of respondents believed that single-family homes that can be purchased are most needed in the Cullman region. Nearly 63% of participants chose this type of housing. Once again, school principals had a different viewpoint. They selected single-family rentals as a greater need than homeownership models by a margin of 48% to 32%.
- ❖ Entry level to mid-range cost housing is the preferred option according to survey and forum participants. By a large margin (88%), respondents felt that homes under \$200,000 would best fit the current demand.
- ❖ Affordability is the key factor when looking for housing, according to participants. Though other priorities were chosen, finding a house that is affordable ranked at the top of the list.
- ❖ When looking at other housing characteristics that are considered, respondents felt that access to shopping and the downtown areas, walkable neighborhoods and access to public transportation were all important. However, access to shopping or a downtown district came in a close second on its own. This speaks to the importance of having vibrant downtowns, main streets, commercial corridors, and neighborhoods with diverse housing options.
- ❖ Younger demographic groups are an important consideration for Cullman, especially as it continues to try and lure workers for all sectors of industry in the area. Most think that the economic opportunities will be the main factor in attracting younger generations. Additional feedback from the surveys and public forum helped the community learn more about this segment of the population and what it sees as most important.
- ❖ When thinking about the challenges facing new homebuyers, the participants from the community believe that better technical assistance and services would be beneficial. This includes help with establishing and repairing credit, down-payment assistance, and goal-setting and budgeting services. Financial empowerment tools are powerful incentives to attract and keep new residents.
- ❖ Finally, when asked about specific options for affordable housing, a great majority

of respondents indicated support and a potential market for modular homes. These can be a unique way to meet the needs of low- to moderate-income residents and set them on the path to financial stability and homeownership.

2018 SWOT ANALYSIS PARTICIPANT RESPONSES

PARTICIPANT COMMENTS

STRENGTHS

1. SAFE/LOW CRIME
2. CLEAN
3. PUBLIC SERVICES (PARKS, POLICE AND ETC.)
4. GREAT SCHOOLS
5. FAMILY FRIENDLY

WEAKNESSES

1. WALKABLE NEIGHBORHOODS
2. NOT BIKER/WALKER FRIENDLY
3. HOUSING CHOICES
4. NO GATHERING PLACES
5. NOTHING SPECIAL THAT SETS OUR NEIGHBORHOODS APART

OPPORTUNITIES

1. ARTS AND ENTERTAINMENT
2. THE LAKE
3. WALKABLE HOUSING OPTIONS/RETAIL SPACE
4. DEVELOPMENT OF BLIGHTED DOWNTOWN
5. RECRUITMENT OF YOUNG PROFESSIONALS

THREATS

1. LACK OF DIVERSITY
2. ZONING & CODES (TOO MUCH/TOO LITTLE)
3. LAND AVAILABILITY (CITY ESP.)
4. TRANSPORTATION
5. WALKABILITY

2018 Important Considerations:

Strengths and opportunities focused much on the strategic location of the Cullman Area between the Birmingham and Huntsville metropolitan areas, and the view that the Cullman area is a growing – healthy economy from a workforce, quality of life, and most important as having quality education at all levels from elementary to college and trades.

Weaknesses and treats primarily focused on the area’s ability to meet future housing needs and to keep pace with the growing demand of housing that keeps pace with economic and growth. Another important factor that must be addressed is housing affordability and housing choice for all populations and demographics.

The Cities, Towns, County, and private sector business and industry, with CAC support must provide leadership in creating and enhancing a “**Market Niche**” that serves to retain businesses and residents to live and invest in their community and attracts new persons to make the Cullman area their choice as a place to live, work and conduct business. Complete results of the SWOT Analysis are presented in Appendix C.

Note: The comments of the participants and responses presented in the SWOT analysis are not necessarily representative of the Cullman Area Chamber of Commerce.

2017 SINGLE FAMILY HOUSING DEMAND

According to the 2013 – 2017 American Communities Survey five-year average – U. S. Census – median home value increased substantially for Cullman County from \$102,200 in 2010 to \$121,900 in 2017. This increase trend in median home value was true for all county jurisdictions except for East Point, Garden City, Hanceville and West Point. Some jurisdictions experienced a decrease in median home values between 2010 and 2014 as both the local and national housing markets suffered due to the mortgage crises and the after impact of the downturn in housing finance.

The market appears to have strengthened and is expected to continue its current trend of increasing median home values.

1. Median Home Values

Geography	2010	2014	2017
Cullman County	\$102,200	\$107,000	\$121,900
Baileyton	\$107,800	\$77,200	\$106,300
Colony	\$76,300	\$76,100	\$88,500
Cullman City	\$124,300	\$132,600	\$140,700
Dodge City	\$102,800	\$88,900	\$121,900
East Point	\$84,700	\$99,300	\$69,600
Fairview	\$94,200	\$105,000	\$118,300
Garden City	\$83,100	\$106,600	\$76,600
Good Hope	\$89,800	\$102,500	\$92,400
Hanceville	\$100,300	\$98,900	\$90,900
Holly Pond	\$111,400	\$117,100	\$130,300
South Vinemont	\$93,800	\$111,500	\$113,900
West Point	\$96,100	\$89,500	\$88,100

Table 1 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

2. Home Sales by Quarter

The Cullman County Realtors Association provided data for Home Sales from January 2016 to December 2018, reflecting a strong sales market based on total sales and sale prices. The County recorded some 4,967 homes sold in the three (3) year period with December, August and April home sales be the strongest months. Cullman City (1,457 or 29%) and Hanceville (572 11.5%) accounted for 40.8 percent of total sales for the County during the three-year period. Similar sales among the other jurisdictions were also strong and contributed to the healthy sales market in Cullman County.

2. Average Home Sales by Jurisdiction and Quarter January 2016 – December 2018

Geography	Cullman County,	Hanceville/Dodge City/Colony/Garden City	Cullman City/Eastpoint	Fairview	Good Hope	Holly Pond	South Vinemont	West Point
Jan '16	46	5	9	2	7	6	2	9
Apr '16	233	26	64	23	23	18	14	18
Aug '16	488	58	136	42	50	39	30	41
Dec '16	741	85	199	59	72	62	57	63
Jan '17	42	8	15	3	1	3	2	2
Apr '17	242	28	73	16	15	21	29	24
Aug '17	562	93	161	45	46	46	54	50
Dec '17	852	94	244	70	75	58	92	79
Jan '18	47	4	14	3	5	3	6	5
Apr '18	259	29	80	16	26	9	20	25
Aug '18	589	58	180	44	48	30	49	49
Dec '18	866	84	282	62	75	46	76	72

Table 2 Source: Cullman County Realtors Association

3. Home Sales Prices by Year

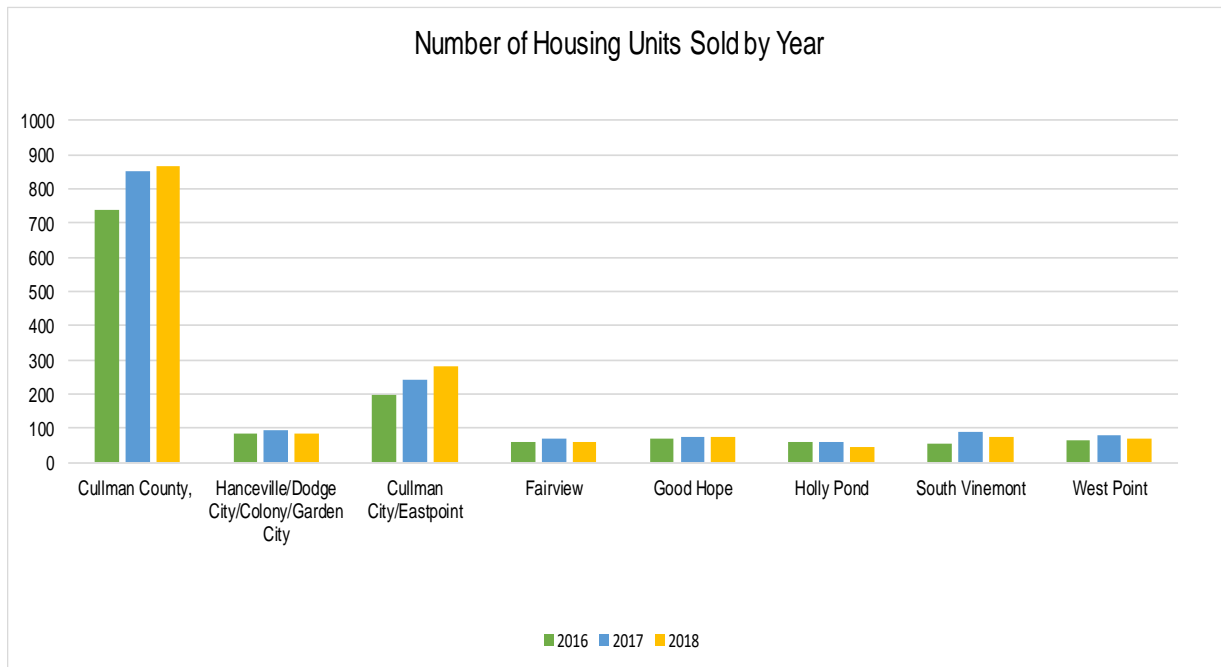


Table 3 Source: Cullman County Realtors Association

4. Average Housing Sales Price for Cullman County by Quarter

Quarter	Cullman County
Jan '16	\$142,367
Apr '16	\$146,551
Aug '16	\$151,823
Dec '16	\$155,814
Jan '17	\$133,944
Apr '17	\$158,010
Aug '17	\$169,103
Dec '17	\$161,839
Jan '18	\$159,510
Apr '18	\$173,740
Aug '18	\$177,753
Dec '18	\$174,111

Table 4 Source: Cullman County Realtors Association

5. Income Requirement for Value

According to ACS 2013 – 2017 5-year average, the median income for Cullman County was \$40,997 in 2017. Approximately 18% of residents in Cullman County earn incomes between \$50,000 and \$74,000. Table 5 below shows that for the 5-year average, homeowners with homes valued between \$100,000 and \$240,000 required an annual income between \$32,334 and \$77,601 to meet the income requirements for home value and monthly cost. This means that home ownership is affordable to large segments of the populations and 18% of the population can afford most housing offered in the county based on sales price data recorded since 2016.

5. Housing Values, Monthly Cost, and Yearly Income Requirements

Housing Value	Monthly P&I	Monthly Tax	Monthly Insurance	Monthly Utilities	Monthly Total	Yearly Income Requirements
\$100,000	\$568	\$64	\$83	\$120	\$835	\$32,334
\$120,000	\$681	\$77	\$100	\$144	\$1,002	\$38,801
\$140,000	\$795	\$90	\$117	\$168	\$1,169	\$45,267
\$160,000	\$908	\$103	\$133	\$192	\$1,336	\$51,734
\$180,000	\$1,022	\$116	\$150	\$216	\$1,504	\$58,201
\$200,000	\$1,136	\$128	\$167	\$240	\$1,671	\$64,668
\$220,000	\$1,249	\$141	\$183	\$264	\$1,838	\$71,134
\$240,000	\$1,363	\$154	\$200	\$288	\$2,005	\$77,601

Table 5 Source: Interest rate used based on Mortgage Rate Survey by Mortgage News Daily, Cullman County Tax Assessor, Monthly Payment based on Conventional Mortgage Requirements

The median housing value according to 2017 American Community Survey (ACS) in Cullman County was 121,900. The average income required to qualify for a mortgage including monthly cost based on the Cullman County median home value of \$121,900 is approximately \$38,000 to \$45,000. The average income required to qualify for a mortgage based on the home value of \$240,000 including monthly cost in the Cullman County primary market is approximately \$78,000 in household income. Therefore, homeownership for households earning less than \$35,000 annually is most challenging. Approximately 1 percent of Cullman County’s population earn \$35,000 or less.

6. Types of Loans Originated & Purpose

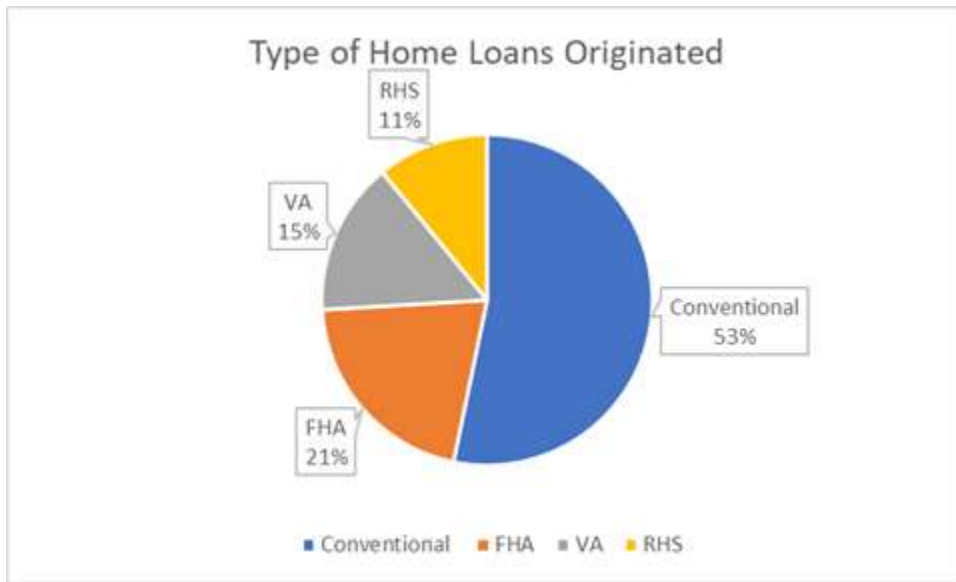


Table 6 Source: Home Mortgage Disclosure Act Data

7. Home Loans Originated



Table 7 Source: Home Mortgage Disclosure Act Data

8. Cost Burden Owner Occupied Housing

Cost burden is a growing concern as the gap between cost of housing and income to support housing increases for some in the marketplace. The federal government indicators show that households paying more than 30% of their household income for housing and housing related cost, mortgage principal and interest – taxes and insurance, rent and utility cost, in either category, are considered cost burdened and severely cost burdened if paying 50% or greater for the cost of housing.

8. Cost Burden

Geography	Total	30.0 Percent of More		50.0 Percent of More	
Cullman County	23,271	2,990	13%	1,974	8%
Baileyton town	221	33	15%	5	2%
Colony town	112	10	9%	5	4%
Cullman City	3,449	409	12%	212	6%
Dodge City	177	30	17%	21	12%
East Point	96	17	18%	0	0%
Fairview	132	24	18%	7	5%
Garden City	143	24	17%	11	8%
Good Hope	656	122	19%	33	5%
Hanceville	741	36	5%	87	12%
Holly Pond	250	42	17%	27	11%
South Vinemont	72	13	18%	5	7%
West Point	176	23	13%	12	7%

Table 8 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

9. Foreclosures

Foreclosures	
Cullman County	1 in 2838
Cullman City	1 in 2860
Hanceville	1 in 2828
South Vinemont	1 in 3963

Table 9 Source: Realtytrac.com Cullman County Real Estate Trends and Market info 2018

2018 RENTAL HOUSING DEMAND

1. Rental Housing Supply

In 2016, rental housing was estimated at 7,498 units, approximately 24% of the total 31,081 household housing units in Cullman County. There were approximately 12,900 owner occupied units with mortgages and 10,683 estimated to be without mortgages. Apartments with 5 or more units were estimated to be approximately 2,179 of the total rental units. To understand more fully the characteristics of rental housing supply in the County, JQUAD conducted a telephone survey of rental housing developments, five (5) units or more, during the period of February 1 – February 11, 2019. Direct calls were made to apartment owners and managers to determine a wide range of variables including cost, unit size and number of bedrooms, condition and age of units, vacancy, and occupancy characteristics. The apartment development contact information and some data were compiled using information from the ACS Data, internet websites and apartment owner advertisements. The survey data is reflected in Tables 10 - 12.

10. Rental Housing Survey – All Jurisdictions in Cullman County Alabama

Survey Details	Survey Totals	Baileyton	Colony	Cullman	Dodge	East Point	Fairview	Garden	Good Hope	Hanceville	HollyPond	Vinemont	West Point
Total Units 5 or More	2,179	-	-	1,349	-	-	-	-	4	684	34	103	5
Total Survey	1,578	-	-	1,145	-	-	-	-	-	397	24	12	-
% Surveyed	72%	-	-	85%	-	-	-	-	-	58%	71%	-	-
Total 1 Bed	425	-	-	260	-	-	-	-	-	157	8	-	-
Total 2 Bed	771	-	-	599	-	-	-	-	-	144	16	12	-
Total 3 Bed	63	-	-	53	-	-	-	-	-	10	-	-	-
Total 4 Bed	19	-	-	19	-	-	-	-	-	-	-	-	-
1 Bed Rent Range	\$330 - \$775	-	-	\$330 - \$775	-	-	-	-	-	\$425 - \$775	-	-	-
1 Bed Average	\$513	-	-	\$502	-	-	-	-	-	\$525	-	-	-
2 Bed Rent Range	\$360 - \$860	-	-	\$360 - \$860	-	-	-	-	-	\$685 - \$850	-	-	-
2 Bed Average	\$623	-	-	\$639	-	-	-	-	-	\$607	-	\$435	-
3 Bed Rent Range	\$390 - \$1,100	-	-	\$390 - \$999	-	-	-	-	-	\$825 - \$1,100	-	-	-
3 Bed Average	\$865	-	-	\$768	-	-	-	-	-	\$963	-	-	-
% Vacancy	3%	-	-	3%	-	-	-	-	-	2%	-	-	-
1960's Construction		-	-	-	-	-	-	-	-	-	-	-	-
1970's Construction	405	-	-	365	-	-	-	-	-	40	-	-	-
1980's Construction	329	-	-	249	-	-	-	-	-	56	24	-	-
1990's Construction	164	-	-	52	-	-	-	-	-	112	-	-	-
2000's Construction	254	-	-	108	-	-	-	-	-	134	-	12	-
2010's Construction	56	-	-	56	-	-	-	-	-	-	-	-	-
% Student Residents	4%	-	-	5%	-	-	-	-	-	2%	-	-	-
% Elderly Residents	48%	-	-	50%	-	-	-	-	-	45%	-	-	-
% Families w Children	18%	-	-	25%	-	-	-	-	-	10%	-	-	-
% Residents w Subsidy	33%	-	-	30%	-	-	-	-	-	35%	-	-	-

Table 10 – 1 Source: Telephone Survey of Cullman County Apartment, 2013 - 2017 American Community Survey (ACS) - US Census. Apartment Listings, Internet Postings.

The City of Cullman and City of Hanceville, Alabama had the highest number of units total and surveyed, at 1,349 total units and 1,145 units reflected in the survey. Hanceville had 684 units and we were able to survey 397 of total units. The vacancy rate was only 2% to 3% of total units surveyed reflecting a strong rental market. Age of units reflected distribution among all decades from 1960 to 2010. Fewer units were built from 2010 to 2018. Elderly or senior renters were almost 50% of all renters, 18% families with children, 8% students, and 33% reported some type of subsidy used to supplement a person's rent. All the developments reported their units as privately owned and therefore Public Housing operated by housing authorities are not reflected in these numbers. Rental housing cost by bedroom size was consistent across the County with rents being slightly higher in Hanceville, possible reflecting student housing consumption and more recently built rental housing units.

11. City of Hanceville, Alabama – Apartment Survey

Apartment Name	Maplewood	Hanceville Village	Tanglewood	The Pavilion Apt	Heart of Hanceville	Autumnwood	Keystone	Crestwood	Central Acres
# Units in Structure	54	24	40	88	60	34	14	32	51
# OF BEDROOMS									
1 Bed	54	12	12	34	25	16	4		0
2 Bed	-	12	25	44	35	18	10		0
3 Bed	-	-	-	10	-	-	-	-	-
4 Bed	-	-	-	-	-	-	-	-	-
Avg Rent by Bedroom Size & Range									
1 Bed Range	\$475	\$575	-	\$495	\$725	-	-	-	-
1 Bed Average	\$525	-	-	\$610	\$680	\$397	\$413	\$0	\$0
2 Bed Range	-	-	-	\$685	\$850	-	-	-	-
2 Bed Average	-	-	-	\$768	\$710	\$469	\$481	\$0	\$0
3 Bed Range	-	-	-	\$825	\$1,100	-	-	-	-
3 Bed Average	-	-	-	\$963	-	-	-	-	-
4 Bed Range	-	-	-	-	-	-	-	-	-
4 Average	-	-	-	-	-	-	-	-	-
Vacancy Rate	10%	-	-	0%	3%	2%	1%		0%
Age of									
1960's Construction	-	-	-	-	-	-	-	-	-
1970's Construction	-	-	40	-	-	-	-	-	-
1980's Construction	-	-	-	-	-	-	-	-	-
1990's Construction	-	24	-	88	-	-	-	-	-
2000's Construction	54	-	-	-	-	34	14	32	-
2010's Construction	-	-	-	-	-	-	-	-	-
Quality Units 1-10 rating	5	-	-	9	10	9	9		
% of Units rented to									
Students	8%	-	-	-	-	-	-	-	-
Elderly	10%	-	-	-	5%	-	-	-	-
Families with Children	15%	-	-	-	-	100%	100%	-	-
% of residents receiving	0%	-	-	0%	-	50%	80%	-	-

Table 11 – 2 Source: Telephone Survey of Cullman County Apartment, 2013 - 2017 American Community Survey (ACS) - US Census. Apartment Listings, Internet Postings

12. City of Cullman, Alabama – Apartment Survey

Apartment Name	Musgrove Estates	Pine Grove	Kensington Station	Morgan Square	Covey Chase	Villas at cloverdale	Veigl Village	Cullman	Greentree Apart				
# Units in Structure	108	100	72	30	49	37	135	50	92				
# OF BEDROOMS													
1 Bed	3	32	0	30	16	-	45	50	24				
2 Bed	105	50	70	-	28	-	80	-	72				
3 Bed	-	18	2	-	5	18	10	-	-				
4 Bed	-	-	-	-	-	19	-	-	-				
Avg Rent by Bedroom Size & Range													
1 Bed Range	\$665	\$665	\$730	\$775		\$509	\$524	\$330	\$510	\$220	\$500	\$335	\$355
1 Bed Average	\$665		\$753		\$0		\$517		\$420		\$360		\$345
2 Bed Range	\$675	\$750	\$830	\$875	\$625	\$1,029	\$534	\$549	\$360	\$545		\$360	\$380
2 Bed Average	\$713		\$853		\$827		\$542		\$453				\$370
3 Bed Range	\$0	\$0	\$890	\$935	\$999	\$1,169	\$559	\$574	\$390	\$570			
3 Bed Average	\$0		\$913		\$1,084		\$567		\$480				
4 Bed Range	-	-	-	-	-	-	-	-	-	-	-	-	-
4 Average	-	-	-	-	-	-	-	-	-	-	-	-	-
Vacancy Rate	3%	20%	provided	-	0%	-	-	2%	-	-	10%	-	-
Age of Development/Units													
1960's Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
1970's Construction	-	100	50	30	-	-	135	50	-	-	-	-	-
1980's Construction	-	-	7	-	49	-	-	-	-	-	-	92	-
1990's Construction	-	-	5	-	-	-	-	-	-	-	-	-	-
2000's Construction	108	-	-	-	-	-	-	-	-	-	-	-	-
2010's Construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Quality Units 1-10 rating	10	10	10			10		7	9			5	
% of Units rented to													
Students	-	50%	0%			0%	0%	0%	0%	0%		0	
Elderly	-	20%	-	-	-	15%	-	70%	50%			-	-
Families with Children	-	30%	-	-	-	23%	-	30%	50%			-	-
% of residents receiving	0%	0%	0%	-	-	20%	70%	0%	50%	-	-	-	-

City of Cullman, Alabama – Apartment Survey continued

Apartment Name	Oak Ridge	Gold Mark	Cullman Village	Saras Ridge	Krout	Park Manor	Hight	Nesmith Park
# Units in Structure	101	96	40	56	8	47	20	5
# OF BEDROOMS								
1 Bed	8	-	-	-	11	41	-	-
2 Bed	5	-	-	56.00	27	6	19.00	-
Bed	-	-	-	-	-	-	1.00	-
4 Bed	-	-	4 Bed	-	-	-	-	-
Avg Rent by Bedroom Size & Range								
1 Bed Range	\$510	\$55	-	-	-	\$525	\$750	-
1 Bed Average	-	-	-	\$410	\$75	\$638	-	-
2 Bed Range	\$650	\$680	-	-	-	\$540	\$750	-
2 Bed Average	-	-	-	-	\$515	\$645	-	-
Bed Range	-	-	-	-	-	-	-	-
Bed Average	-	-	-	-	-	-	-	-
4 Bed Range	-	-	-	-	-	-	-	-
4 Average	-	-	-	-	-	-	-	-
Vacancy Rate	6%	-	-	-	50%	0%	-	-
Age of Development/Units								
1960's Construction	-	-	-	-	-	-	-	-
1970's Construction	-	-	-	-	-	-	-	-
1980's Construction	101.00	-	-	-	-	-	-	-
1990's Construction	-	-	-	-	-	47.00	-	-
2000's Construction	-	-	-	-	-	-	-	-
2010's Construction	-	-	-	56.00	-	-	-	-
Quality Units 1-10 rating	6	-	-	10	8	-	-	-
% of Units rented to								
Students	25%	-	-	0%	-	0%	-	0%
Elderly	5%	-	-	100%	50%	100%	-	100%
Families with Children	70%	-	-	-	20%	0%	-	-
% of residents receiving	0%	-	-	50%	0%	100%	-	100%

Table 12 – 3 Source: Telephone Survey of Cullman County Apartment, 2013 - 2017 American Community Survey (ACS) - US Census. Apartment Listings, Internet Postings

Lower vacancy rates and fewer rental housing units being built contributes to an ongoing concern for quality rental housing alternatives and an adequate supply of rental housing that can keep pace with economic trends, employment growth, and reflective of the housing preferences of the changing lifestyles and demographics in the County.

13. Median Gross Rent

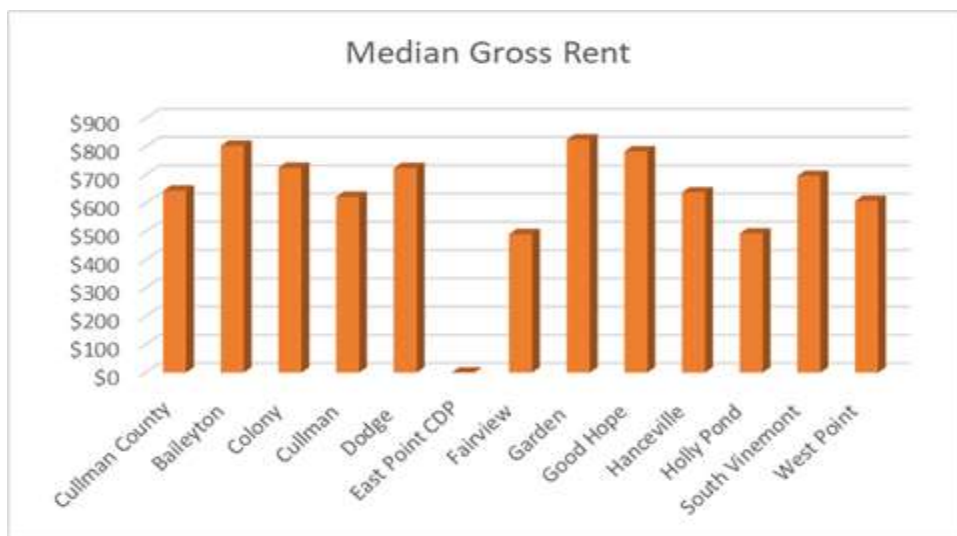


Table 13 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

14. Vacancy Status

Geography	Vacant	Total Units	Vacancy Rate
Cullman County	6427	37524	17.13%
Baileyton town	31	340	9.12%
Colony town	41	189	21.69%
Cullman City	740	6736	10.99%
Dodge City	40	273	14.65%
East Point	25	121	20.66%
Fairview	21	200	10.50%
Garden City	34	221	15.38%
Good Hope	105	961	10.93%
Hanceville	340	1621	20.97%
Holly Pond	40	409	9.78%
South Vinemont	83	353	23.51%
West Point	25	236	10.59%

Table 14 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

15. Overcrowding

Geography	Total Owner-Occupied	Overcrowded Units	Percent Overcrowded in Owner-Occupied Units	Total Renter-Occupied	Overcrowded Units	Percent Overcrowded in Renter-Occupied Units	Total Units	Overcrowded Units	Percent Overcrowded Units
Cullman County	23,271	328	1.41%	7,826	207	2.65%	31,097	535	1.72%
Baileyton	221	9	4.07%	88	11	12.50%	309	20	6.47%
Colony	112	0	0.00%	36	0	0.00%	148	0	0.00%
Cullman City	3,449	64	1.86%	2,547	80	3.14%	5,996	144	2.40%
Dodge City	177	0	0.00%	56	0	0.00%	233	0	0.00%
East Point	96	0	0.00%	0	0	0.00%	96	0	0.00%
Fairview	132	6	4.55%	47	0	0.00%	179	6	3.35%
Garden City	143	6	4.20%	44	6	13.64%	187	12	6.42%
Good Hope	656	0	0.00%	200	22	11.00%	856	22	2.57%
Hanceville	741	10	1.35%	540	0	0.00%	1,281	10	0.78%
Holly Pond	250	2	0.80%	119	0	0.00%	369	2	0.54%
South Vinemont	72	2	2.78%	198	6	3.03%	270	8	2.96%
West Point	176	4	2.27%	35	5	14.29%	211	9	4.27%

Table 15 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

2018 HOUSING TRENDS ANALYSIS

Household Units

The table below compares the total household units for Cullman County and Cullman City. In 2011, total household units for Cullman County were at its highest with 31,364 total units. This amount decreased to 31,081 by 2016 which was the lowest total since 2010.

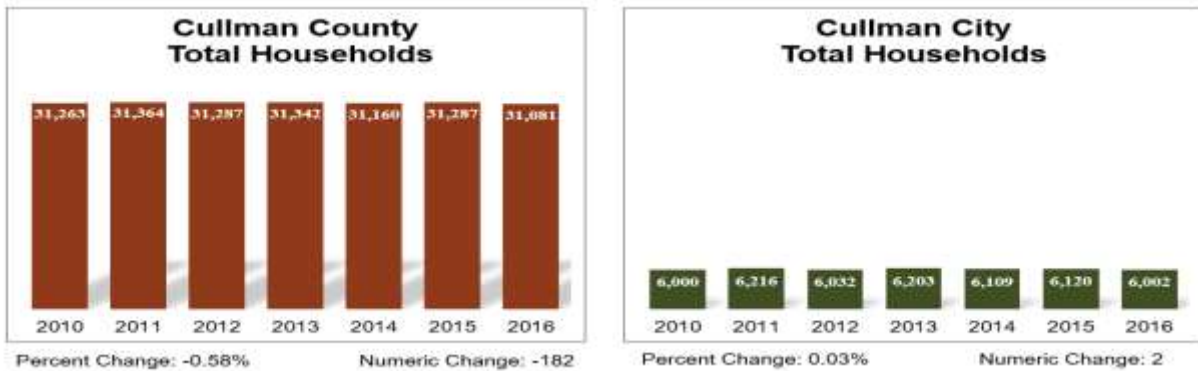


Table 16 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Housing Units with and without a Mortgage

Household units with a mortgage decreased to 12,900 in 2016 for an overall percent change of -5.83 percent from 2010. It should be noted; nationally household units with a mortgage also reached its lowest value within the same period. Conversely household units without a mortgage increased to its highest total in 2016 with 10,683 units.

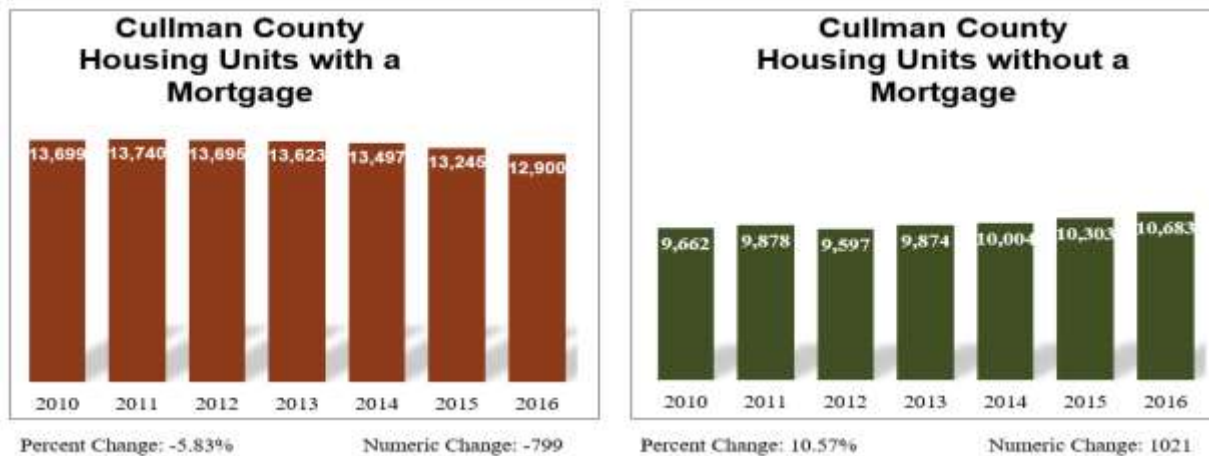


Table 17 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

2018 Average Household Size

Cullman County and Cullman City's average household size peaked in 2016 to 2.58 and 2.42 respectively. The total population for Cullman County was 81,316 in 2016 suggesting the household size is correlated to population growth.

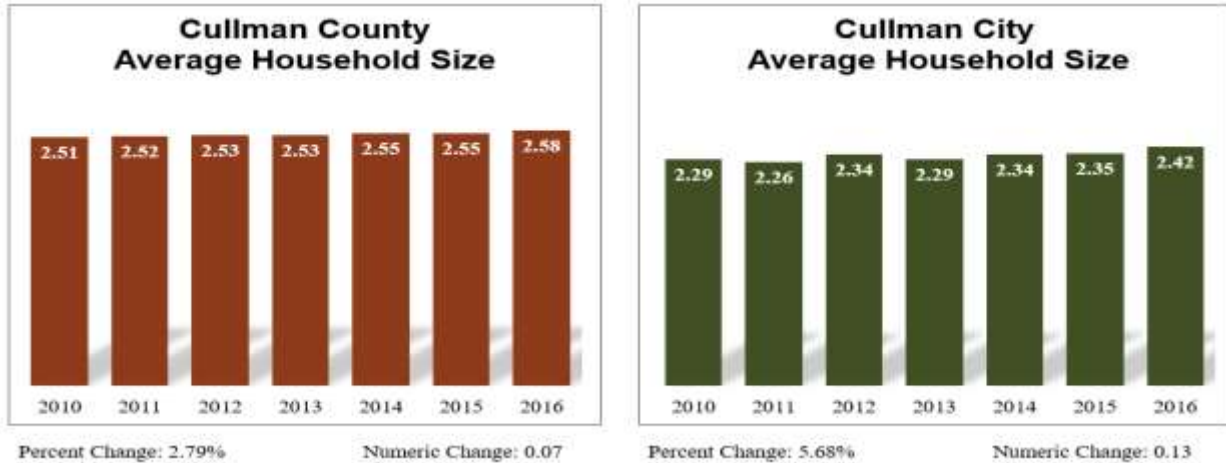


Table 18 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Total Families

The total families for Cullman County decreased from 21,864 in 2015 to 21,594 in 2016. Although a marginal decrease, the more significant decreased of -3.58 percent occurred from 2010 to 2016. Cullman City total families decreased at lesser rate than Cullman County in the same period at -2.30 percent.

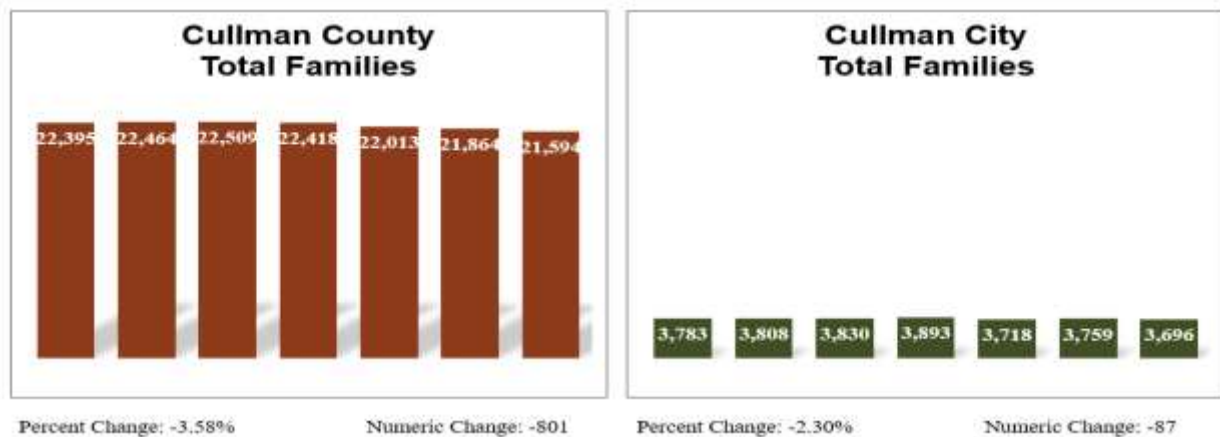


Table 19 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Households with Children under 18 years

The number of households with children under the age of 18 significantly decreased from 9,130 in 2010 to 7,838 in 2016, a 14 percent change.

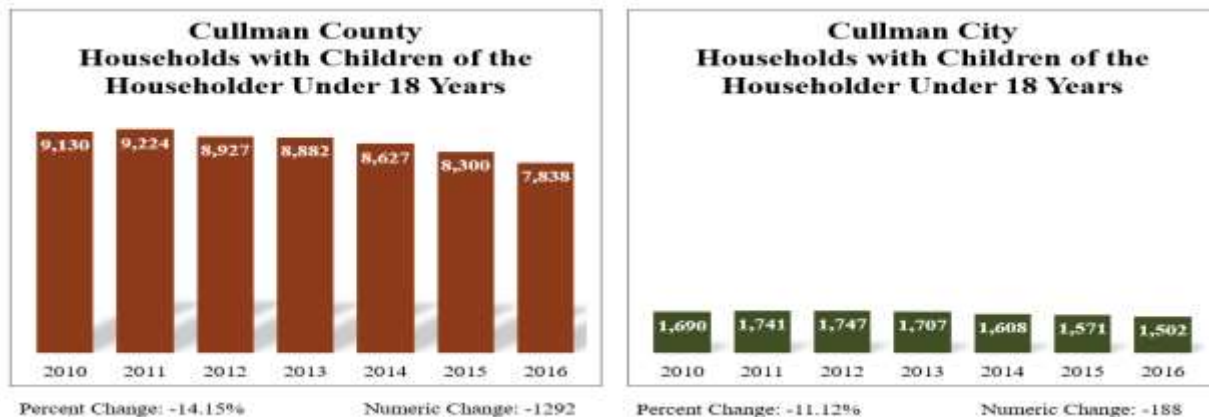


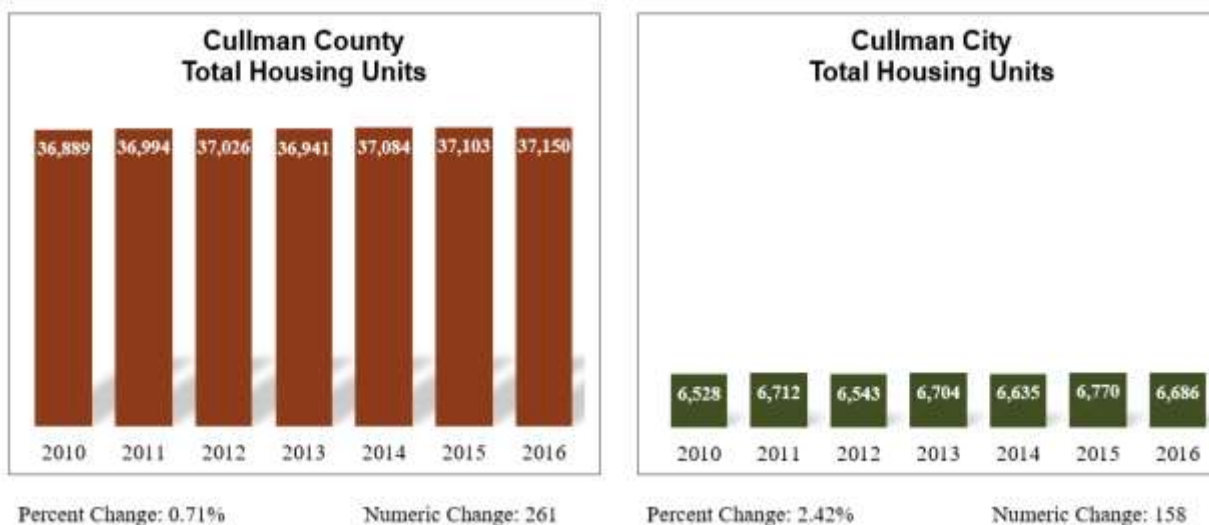
Table 20 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Total Housing Units

Since 2010, total units for Cullman County have been steady with a marginal change of less than 1 percent. Cullman City had a more significant increase in total housing units compared to Cullman County.

Table 21 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Occupied Housing Units & Vacant Housing Units



A housing unit is classified as occupied if it is the current place of residence of the person

or group of people living in it at the time of interview, or if the occupants are only temporarily absent from the residence for two months or less. If all the people staying in the unit at the time of the interview are staying there for two months or less, unit is considered to be temporarily occupied and classified as “vacant.” The occupants may be a single family, one person living alone, two or more families living together, or any other group of related or unrelated people who share living quarters. A housing unit is vacant if no one is living in it at the time of interview. Units occupied at the time of interview entirely by persons who are staying two months or less and who have a more permanent residence elsewhere are considered to be temporarily occupied and are classified as “vacant.” Vacancy excludes units with a sign stating to be condemned or demolished.

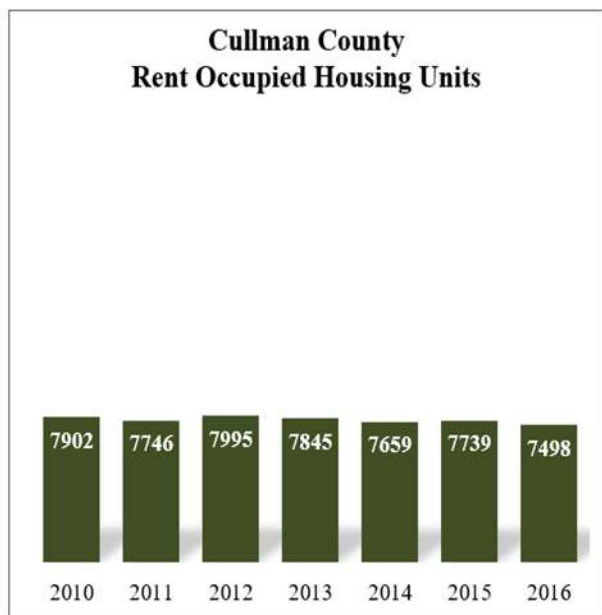
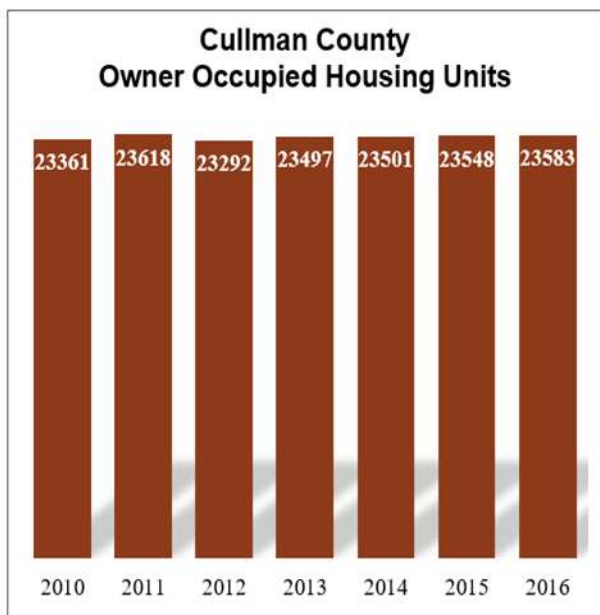


Table 22 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Specified owner-occupied and vacant-for-sale units include only 1 single-family house on less than 10 acres. The data for “specified units” excludes mobile homes, houses on 10 or more acres, and housing units in multiunit buildings.

Owner Occupied Housing Units & Rent Occupied Housing Units

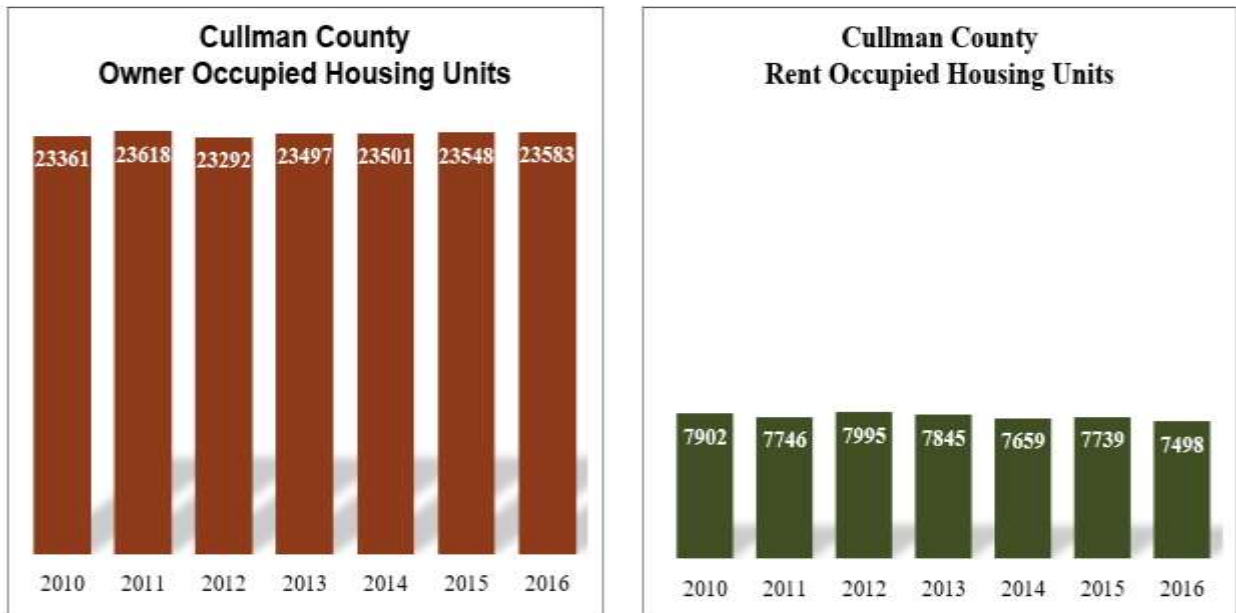


Table 23 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Cullman County Monthly Owner Costs as Percentage of Household Income: Housing Units with a Mortgage

Monthly Owner Cost

Selected monthly owner costs are the sum of payments for mortgages, deeds of trust, contracts to purchase, or similar debts on the property (including payments for the first mortgage, second mortgages, home equity loans, and other junior mortgages); real estate taxes; fire, hazard, and flood insurance on the property; utilities (electricity, gas, and water and sewer); and fuels (oil, coal, kerosene, wood, etc.). It also includes, where appropriate, the monthly condominium fee for condominiums and mobile home costs (personal property taxes, site rent, registration fees, and license fees).

Cullman County and Cullman City Monthly Owner Costs as Percentage of Household Income for Housing Units *with* a Mortgage

From 2010 to 2016, the majority of selected monthly owner costs as a percentage of household income, with a mortgage, in the county and city remained at less than 20%.

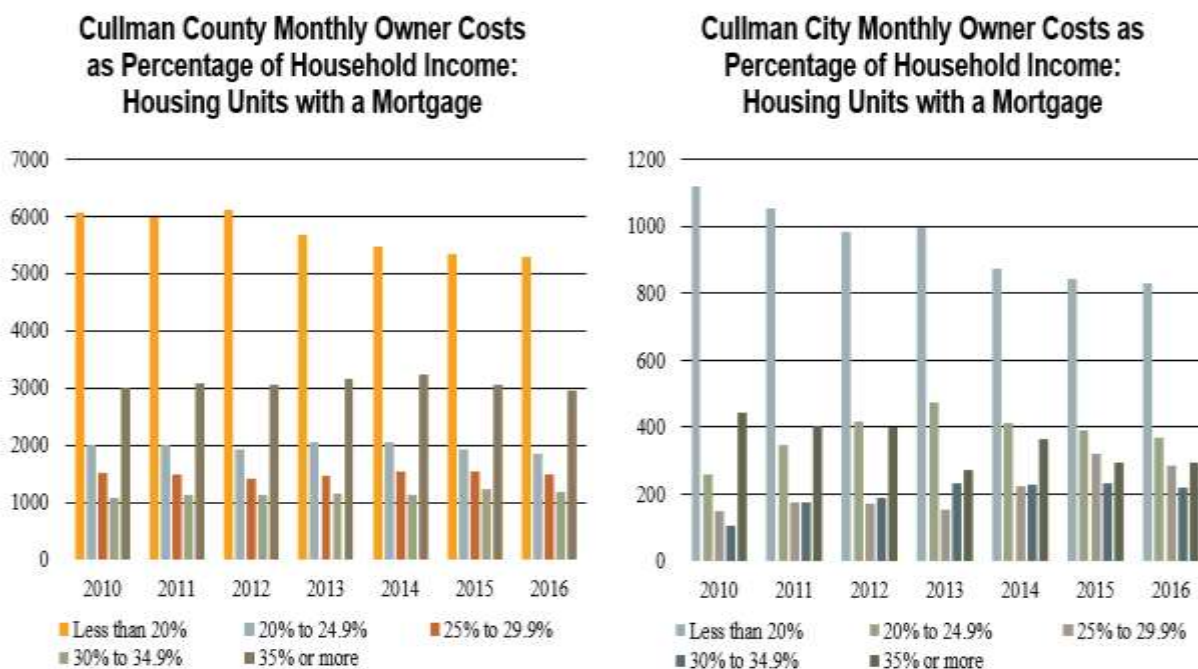


Table 24 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

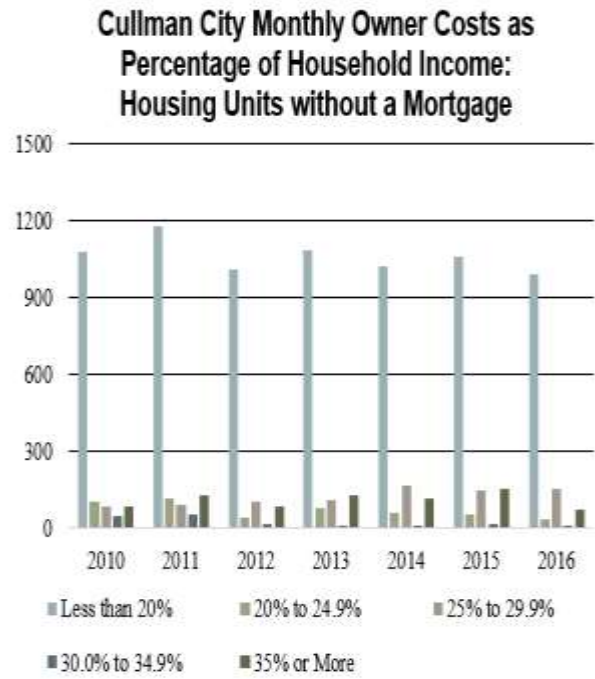
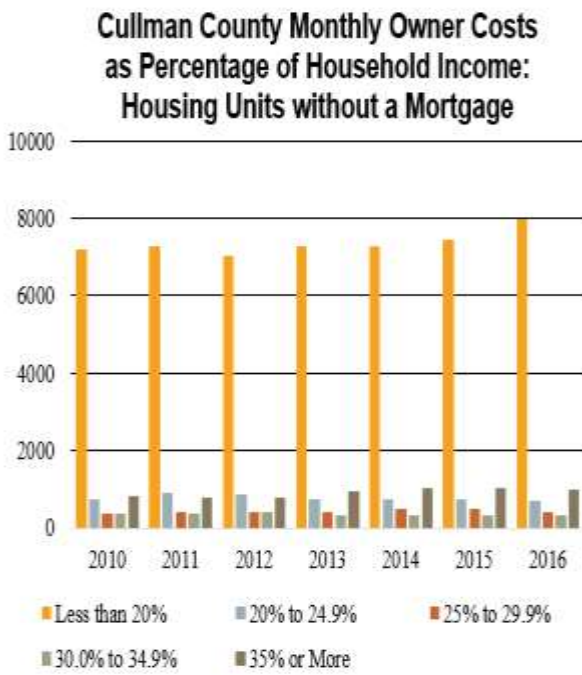


Table 25 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Cullman County Monthly Owner Costs Housing Units *with* a Mortgage

From 2010 to 2016, the majority of selected monthly owner costs, with a mortgage, in the county and city remained from \$500 to \$1,499.

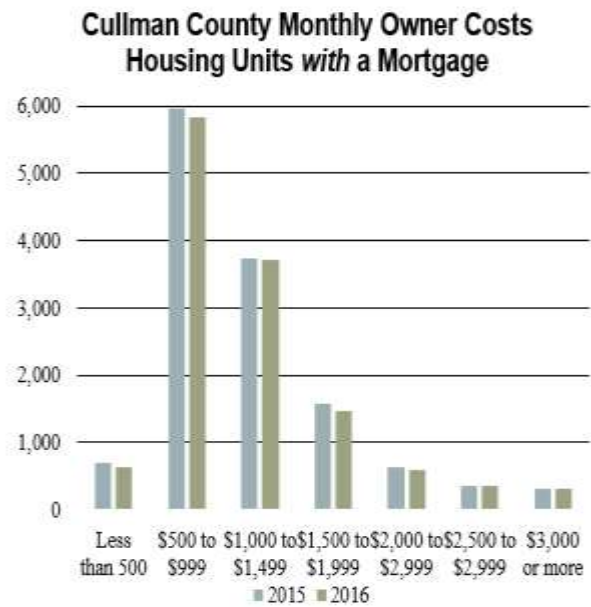
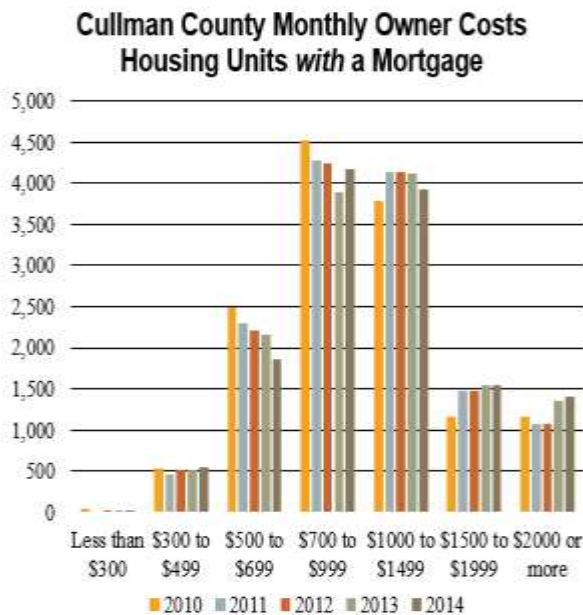


Table 26 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

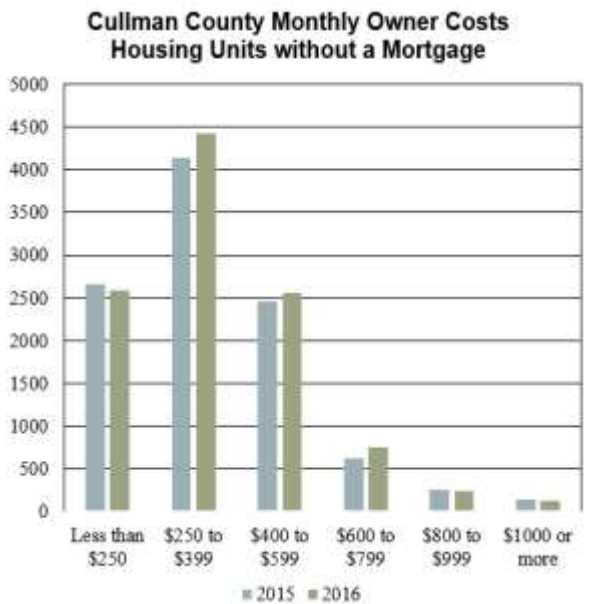
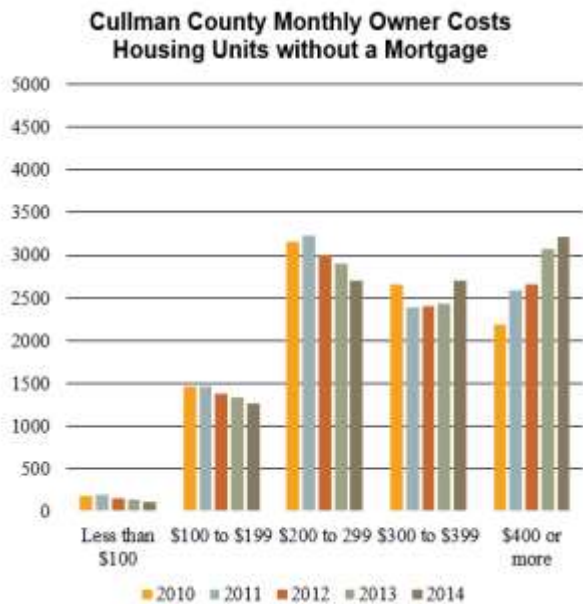


Table 27 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Cullman County Monthly Gross Rent Costs

Gross rent is the contract rent plus the estimated average monthly cost of utilities (electricity, gas, water, and sewer) and fuels (oil, coal, kerosene, wood, etc.) if these are paid by the renter (or paid for the renter by someone else).

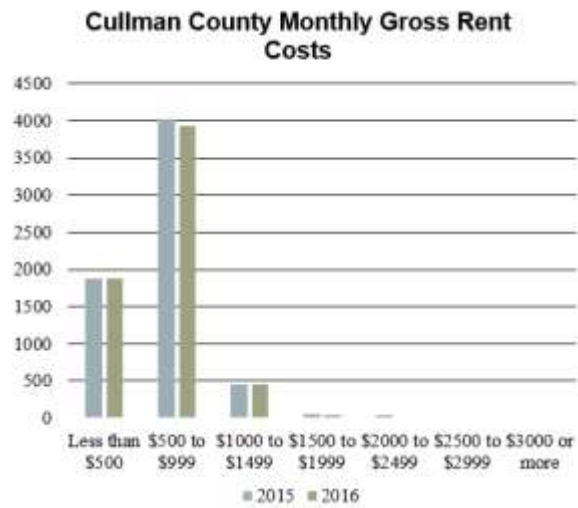
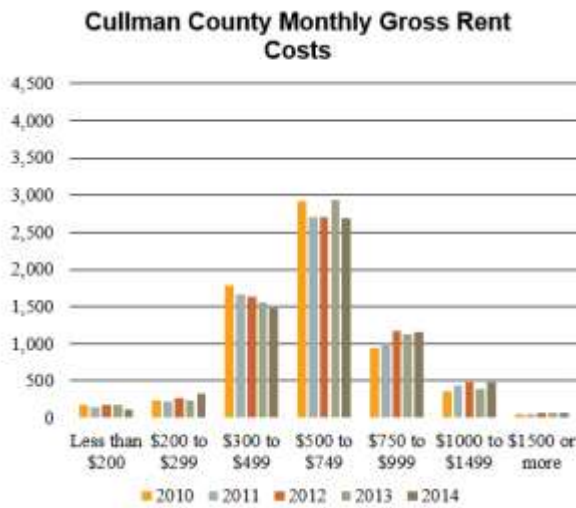


Table 28 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

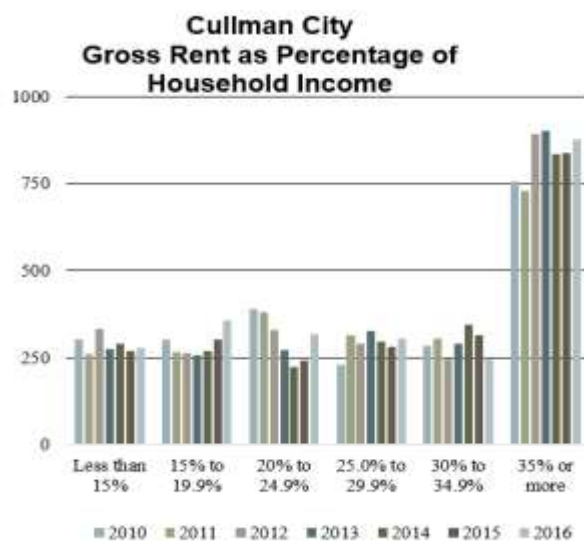
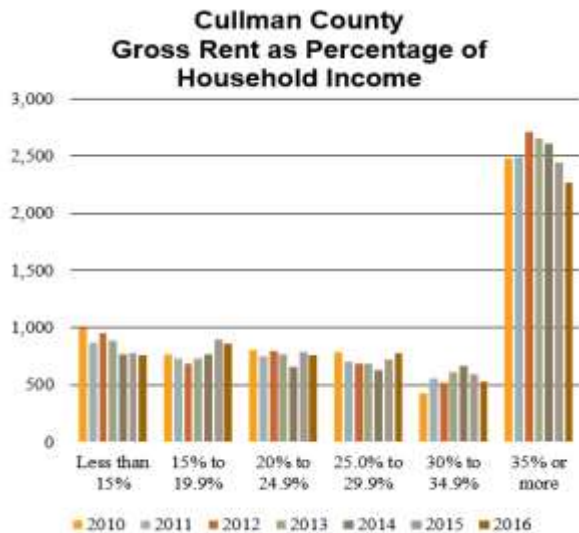


Table 29 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

2018 KEY FINDINGS - HOUSING MARKET, DEMOGRAPHIC, SOCIO ECONOMIC ANALYSIS

Cullman County Educational Attainment

As of 2017, over 34 percent of Cullman County’s population between the ages of 18 to 24 have graduated from high school. Of the total population over the age of 25, approximately 36 percent have graduated from high school. The table below focuses on education attainment over the age of 25 for the cities and towns within Cullman County.

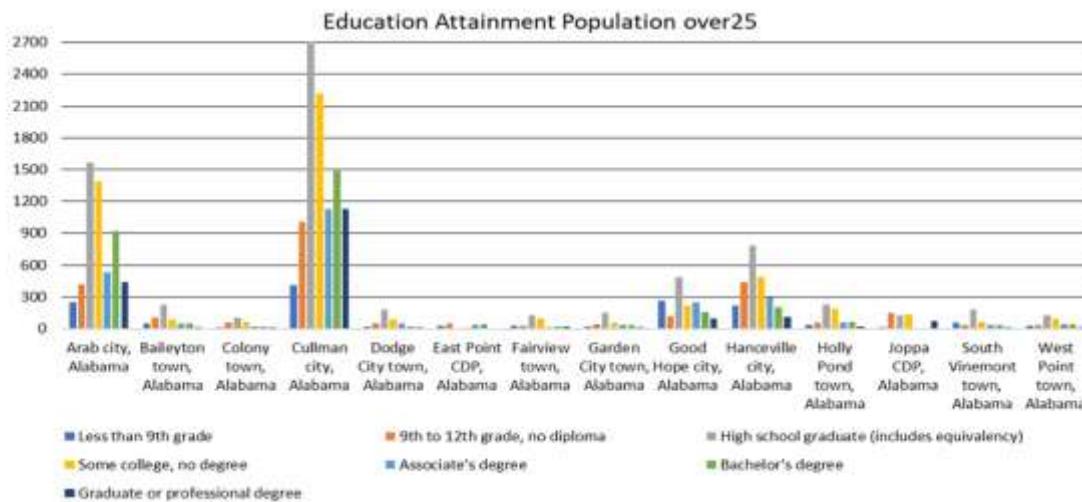


Table 30 Source: 2013-2017 American Community Survey (ACS) – U.S. Census

Type of Units: Rental of single-family detached homes, duplex and townhome, and small multifamily development, 5 to 30 units, are considered most in demand. Although the analysis may also support demand at this time for larger multifamily unit developments, there is little interest or identified strategy for accumulation or assembly of land to build the larger developments of multifamily units of 40 or more units. Current vacancy among rental housing developments of 5 units or more is less than 2%.

Neighborhood and Housing Conditions: Neighborhood and housing conditions are least desirable in older areas and where there are concentrations of poorly maintained housing. Obsolete multifamily, mobile homes, and public housing built in the 1950’s and 1960’s cannot be economically or ecstastically improved without increasing rents that would make housing unattainable for the populations needing housing most.

Single Family Price Range: There is significant housing demand for single-family units in all price ranges. The median income for Cullman County is \$40,997 and 18% of residents in Cullman County earn incomes between \$50,000 and \$74,000. The average home sales price from January 2016 to December 2018 ranged from \$142,000 to \$174,000, demonstrating a strong correlation between home sales and a significant portion of the population that can afford most housing offered in the county based on sales price data.

Single Family Affordability Price Range: Based on both income and community input, focus on affordable single-family housing for home ownership should be priced (in current dollars) at between \$85,000 and \$130,000. The average income required to qualify for a mortgage based on home values of \$85,000 to \$130,000 is \$25,000 to \$40,000 in household income. Additional subsidy to reduce the purchase price and to provide down-payment and closing cost to increase affordability will be needed for LMI populations.

Single Family Unit Size: Units between 1,250 and 1,500 square feet are needed. Units most desired are 3 bedrooms - 2 bathrooms based on market preferences and affordability. Smaller units, 2-bedroom 2-bathroom units, are desired by seniors, students and empty nester seeking or maintaining home ownership. Housing types desired include cluster housing, townhomes, and duplexes. Units are desired in downtown and mixed-use areas.

Rental Housing Price Range and Affordability: Rental markets reflect a median rent of \$640. The average income to qualify for a contract rent of \$644 is \$24,000 to \$31,000. Additional subsidy to reduce the cost and increase affordability is needed for LMI populations. In the county, mobile homes are becoming an increased choice for lower cost housing. Affordable apartments and other types of rental housing are needed due to perceived predatory rental practices of some mobile home landlords and owners. Vacancy rates for multifamily 5 units or more is less than 2%. An Increase in rental housing demand is expected based on limited supply and changes in housing preferences.

Housing Preferences: The most underrepresented housing product in the market are

multifamily rental units 5 units or more, and rental units in and around downtowns, along commercial corridors, and in or near entertainment districts and special points of interest. Both younger populations, empty nesters and persons considering the market recently expressed interest in living in these settings. The issue appears to be the cost-effective ability to produce this type of housing in such locations at a price affordable to those desiring the housing. Developers indicate concerns with escalating development cost and feasibility due to regulations. Solutions for bridging the gap between development cost and rents necessary to pay for development include government incentives, infrastructure to developers to supplement the development cost and the cost of loft conversions and vertical development of multifamily financially feasibility. Federal and state development and rental incentives and subsidies may be needed to make units feasible and more affordable.

Repurposed Development and Redevelopment in Existing Areas: The market analysis and community engagement process revealed two important considerations. Existing areas that are experiencing decline may require a change in development patterns in order to transition into areas where future housing needs can be realized. In Hanceville collaboration of the private sector and College in providing off campus student housing for Wallace State could provide an opportunity to increase the economic vitality of Hanceville's downtown and near downtown areas. This concept is being embraced in college communities that are home to Baylor University, The University of Mississippi, The University of Alabama, The University of Texas and others. This strategy also helps lessen the consumption of affordable housing by college students.

In Cullman, the West Side area adjacent to downtown and Highway 278 has lost much of its fabric and is proliferated with vacant land and demolished housing units. Development concepts could include a greater emphasis on increasing vertical height to make multifamily development more feasible along with infrastructure improvement that support increased densities. Public and assisted housing predominately built between 1950 and 1970 is largely obsolete and in need of replacement. While some reinvestment is occurring, zoning and subdivision regulations limit the predictability of what type of development will occur next to your investment due to regulations permitting multifamily and single-family adjacency without buffering, screening and other provisions.

Economic Indicators and Population Growth: Economic indicators and population growth support increased future demand for rental and home ownership housing and increased demand for alternative housing types among a diverse mixture of demographics. While there has been steady population growth in the County and among the larger municipalities such as Cullman and Hanceville, economic and population growth in some smaller jurisdictions has been minimal. Developable land is available but there are some existing limitations to accessing those land holding that have been held by families not interested in developing their properties or sale of their property for development.

Industry leaders indicate challenges in securing and identifying housing for their workforce and housing affordable to their workforce, including housing for expanding jobs and temporary specialized workforce. Some industries have taking steps to purchase housing to make available as rental housing to their workforce. This supports a demand for a diverse range of housing types and price points affordable to a wider range of the workforce. The solution may include further involvement of industry in supporting their workforce in addressing their housing needs. One potential opportunity is employer assisted housing programs that are discussed in the strategies section.

Job growth has been steady and is expected to increase over the next 10 years. The number of employers and available jobs affect how many people will potentially make Cullman their home and helps to define the future housing needs of the area. According to the employment estimates provided by Cullman Economic Development Agency (CEDA), the total number of employed persons in the Cullman County market will increase by 0.4% percent, a total of 43,543 jobs between 2016 and 2026.

Build New Housing in Downtowns and Main Streets: A majority of residents participated in County wide surveys indicated they would consider housing in Downtown/Main Street locations if they were to move. Amenities such as trails, sidewalks and proximity to entertainment, restaurants and retail were among the highest amenities requested. While not all housing options are appropriate or scalable to downtown, multi-family, townhome, small lot, and rehabbed or re-repurposes housing options are suitable for downtowns, particularly Hanceville and Cullman.

Update Zoning Procedures and Prepare for Future Housing: While a review of municipal zoning and subdivision ordinances suggested the larger communities currently promote most housing types, the reality is that some housing types, including new multi-family rental housing, mixed housing types, housing as part of mixed-use development, and housing in downtowns, is not being built for various reasons. Developers are concerned that current subdivision regulations and building codes, in some situations, do not support current and future housing needs and densities. If market demand and consumer preferences for specific housing recommended in this report are not realized, it could potentially stunt economic development efforts and promote out migration of current residents.

Provide Incentives for Market Rate Housing: Infrastructure grants, tax incentives, and development incentives should be considered to promote new construction and rehabilitation in existing neighborhoods and downtowns. The return on investment to build new and rehabilitate existing housing units is low or negative.

APPENDIX A: DEFINITIONS AND ACRONYMS

Definitions

Fair Market Rent (FMR) – Private market value of rental housing.

Fair Market Value (FMV) – Anticipated sales price of property based on current values of property in the private market.

Inclusionary Zoning – A locally-adopted regulatory program that incentivizes production of affordable housing as part of a market rate development.

Infill Development – Development of vacant or underutilized land, lots, or subdivision parcels.

Land Bank – Land assembly by local government agency for resale or reinvestment.

Low and Moderate Income (LMI) – Persons earning incomes at or below 80% of the area median income.

Loan - To -Value (LTV) – Loan to value ratio percentage of property value that a lender will loan to a borrower requesting a mortgage loan.

Modular Housing – Factory or fabricated built transportable building components assembled on site as permanent commercial or residential building in conformance with all building codes.

Acronyms

ACS – American Communities Survey Data – U.S. Bureau of Census

HUD – U.S. Department of Housing and Urban Development

CAC – Cullman Area Chamber

CBER – Center for Business and Economic Research – University of Alabama

CCRA – Cullman County Realtors Association

CDBG – Community Development Block Grant – U. S. Department of HUD Entitlement Grant

CHAS – Comprehensive Housing Affordability Strategy Data – U. S. Bureau of Census

HAMFI – Housing Affordability Multifamily Index

HMDA – Home Mortgage Disclosure Act Analysis

HOME – Home Investment Partnership Program – U. S. Department of HUD Entitlement Grant