



CHAPTER FOUR

HOUSING

presented to

MADISON COUNTY COMMISSION

by

**CHAMBER OF COMMERCE
OF HUNTSVILLE/MADISON COUNTY**

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TENNESSEE VALLEY REGIONAL GROWTH COORDINATION PLAN

DISCLAIMER

This study was prepared under contract with the Madison County Commission, Alabama, with financial support from the Office of Economic Adjustment, Department of Defense. The content does not necessarily reflect the views of the Office of Economic Adjustment.

This report is intended as an aid to planners, managers, elected officials, and other decision makers in the Tennessee Valley/Redstone Arsenal region. Our aim is not to dictate what should be done, but to assist in ongoing efforts to achieve goals and objectives identified and valued by the residents of the region. The recommendations presented in this report are suggestions for how the region could work towards those goals and objectives, based on best available information and current understandings.

The information, projections, and estimates in this report are based upon publicly available data and have been prepared using generally accepted methodologies and formulas. The projections and needs presented in this report are based upon best estimates using the available data. It is important to note that currently available information and understandings are incomplete and cannot account for the inevitable, but unpredictable, impacts of unexpected global, national, state, and/or local events. Actual results and needs may differ significantly from the projections of this report due to such unforeseen factors and conditions, as well as inaccuracy of available data, and/or factors and conditions not within the scope of this project. Persons using this information to make business and financial decisions are cautioned to examine the available data for themselves and not to rely solely on this report.

Neither the Madison County Commission, the Chamber of Commerce of Huntsville/Madison County, nor its subcontractors guarantee or warrant that the projections set forth in this report will, in fact, occur. The Madison County Commission, the Tennessee Valley Regional Growth Coordination Plan Advisory Committee and Task Forces, and the Chamber of Commerce of Huntsville/Madison County and its subcontractors disclaim any liability for any errors or inaccuracies in the information, projections, and needs analysis, regardless of how the data is used, or any decisions made or actions taken by any person in reliance upon any information and/or data furnished herein.

TABLE OF CONTENTS

Executive Summary -----	4.1
Background -----	4.4
Primary Study Area -----	4.5
Purpose -----	4.6
Methodology -----	4.6
Overview of Primary Study Area Real Estate Market -----	4.7
Projected Demand for Housing -----	4.8
Market Trends -----	4.9
Primary Study Area -----	4.9
Primary Study Area Versus Northern Virginia -----	4.10
Current Housing Inventory -----	4.13
Off-Base Housing -----	4.13
On-Base Housing -----	4.14
Projected New Construction -----	4.15
Conclusions -----	4.17
Recommendations -----	4.18

EXECUTIVE SUMMARY

The housing market in the Primary Study Area (PSA) is strong and will be able to successfully absorb residents new to the area as a result of BRAC- and non-BRAC-related growth. There is a good supply of existing and newly constructed housing, unoccupied housing, homes under construction, developed vacant lots, and undeveloped vacant lots. It is projected that new housing starts will remain stable over the next several years, providing a consistent supply of new homes suitable for relocating BRAC personnel and other new residents. Residential development has been and will continue to be the most noticeable growth trend and land use in the PSA in the foreseeable future. The existing or anticipated inventory of lots and housing starts indicates that persons relocating to the area as a result of the BRAC process should not have major difficulties finding a variety of housing options, particularly if residential real estate demand in the PSA diminishes as a result of the current national economic slowdown.

Key findings pertaining to the housing market in the PSA include:

- Based on the impact model discussed in Chapter One of the TVRGCP, it is estimated that approximately 9,619 additional housing units will be needed in the PSA from 2008 through 2011 as a result of the BRAC process.
- Between 2008 and 2011, natural growth (i.e., non-BRAC-generated) occurring in the PSA will increase the demand for housing units by 12,456, bringing the total number of units needed in the PSA over the next three years to 22,075.
- The PSA is seeing a slowdown in sales and a decline in sales prices. However, the market still shows signs of being fairly stable, and is not experiencing the dramatic “boom and bust” characteristics seen in other markets across the U.S.
- The top three residential locations for current Redstone Arsenal (Arsenal) employees are the City of Madison, southeast Huntsville City, and northwest Madison County (Monrovia). It is assumed that BRAC relocatees will follow a similar locational pattern because of demographic commonalities to current Arsenal employees; therefore, the housing opportunities in these areas are expected to receive primary attention from relocatees during the BRAC expansion. As outlined in Chapter One of the TVRGCP report, the Consultant Team estimates 50%-65% of BRAC relocatees will primarily seek housing in these sectors.
- There is a strong correlation between the top-performing school systems and where Arsenal employees live. The highest percentages of existing employees reside in areas with high-performing high schools such as Grissom High School in southeast Huntsville, Bob Jones High School in the City of Madison, and Sparkman High School in northwest Madison County.
- Relocating residents from northern Virginia will see a dramatic decrease in the cost of living in the PSA, particularly for housing. Despite the fact that the average sales price in northern Virginia has declined significantly over the past year, new residents will be able to purchase homes that are comparable to or larger than homes in northern Virginia at dramatically lower prices.

- Among existing properties currently on the market, the highest percentage is located in Madison County. Within Madison County, the sub-regions with the most homes currently on the market are the unincorporated northwestern portion of Madison County (368), northeast Madison County (366), and within the City of Madison (355).
- Housing starts in the PSA are projected to remain fairly stable between 2009 and 2013, and, at current levels, this anticipated supply should meet the projected BRAC demand. In particular, those areas that have been identified as the most likely preferred locations for relocated BRAC personnel are seeing the highest levels of new housing starts. Monrovia (northwest Madison County), south Huntsville, northeast Madison County, and the City of Madison were projected to have the highest number of housing starts in the PSA between February 2008 and February 2009. A total of 2,851 housing starts were projected in these areas during this time period.
- As shown in Chapter 3 of the TVRGCP, The City of Huntsville has residential subdivisions that provide an inventory of approximately 19,000 dwelling units that have been approved or are in the process of being approved. Some of these will be attractive to and available for BRAC-related relocatees.

The projected supply over the next four years is expected to be adequate to meet the demands of relocating BRAC personnel and other non-BRAC-related growth because of the PSA's large inventory of existing homes, units under construction, and permitted lots. This inventory, which exceeds the total expected BRAC and non-BRAC housing demand over the next four years, includes:

- 4,850 existing properties currently for sale, including single-family detached homes, condos, townhomes, farms, and garden/patio homes (including 1,036 new, finished, unoccupied homes)
- 1,685 homes under construction
- 12,373 developed vacant lots (streets and utilities are available)
- 14,555 undeveloped vacant lots (streets and utilities are not available—at least to the extent required for a building permit)
- 457 on-base family housing units for officers and enlisted personnel, some of which may be available to newly relocated personnel.

In total, this equates to nearly 34,000 existing or potential units, which exceeds the total anticipated demand of 22,075 households expected to move into the PSA over the next three years from the combined anticipated BRAC and non-BRAC growth. Importantly, there is a supply of existing and potential units in some of those areas projected to be most in demand by relocating BRAC personnel—namely, south Huntsville and northwest Madison County.

There is a shortfall of developed and undeveloped permitted lots in the City of Madison compared to projected demand. However, relocated BRAC personnel will have the option of purchasing pre-existing properties in this city, and anticipated annexation of unincorporated land in Limestone County by Madison City may close some of this gap for new housing.

Overall, the existing or projected inventory of homes, lots and housing starts is expected to provide sufficient housing for the new residents moving to the PSA as a result of the BRAC process, according to current conditions. Inventories are strong and the projected housing starts over the next several years are expected to remain fairly constant. Therefore, for the next several years, relocatees should have a good base of homes to choose from at various price points.

Recommendations for action include:

1. Expand the choices in market-rate housing and housing styles in the PSA to meet the needs of all demographic groups. These opportunities include “in-town living” for the Talented Young, empty-nesters, the retired, and others; and the creation of new, diversified, “adult” communities that match the needs of the Baby Boomers.
2. Promote higher-density living and market-priced housing in downtown Huntsville and Decatur. This would include housing for the Talented Young, empty-nesters, and other individuals who want to live in the downtown environment.
3. Develop additional adult communities that answer the needs of those of retirement age, nearing retirement age, and downsizing empty nesters.
4. On-going efforts to recruit and support quality residential developers throughout the area should be taken.

BACKGROUND

The **Madison County Commission (MCC)** issued a Request for Proposal (RFP) to develop the **Tennessee Valley Regional Growth Coordination Plan (TVRGCP)**. Funding for this study was provided by the **U.S. Department of Defense (DoD), Office of Economic Adjustment (OEA)** to prepare the Tennessee Valley for the impact of **Base Realignment and Closure (BRAC) 2005** at **Redstone Arsenal (Arsenal)**.

The **Chamber of Commerce of Huntsville/Madison County (Chamber)** submitted a proposal in response to MCC's nationwide search for a consultant as addressed in RFP P-2007-01. This proposal identified the Chamber as the lead consultant with Wadley-Donovan GrowthTech, LLC (WDG) serving as a subcontractor. After completing a competitive bid process, MCC awarded the contract to the Chamber with a Notice-to-Proceed date of October 29, 2007.

The Tennessee Valley Study Area for this project includes thirteen counties in northern Alabama and southern Tennessee within an eighty-mile-radius of the Arsenal. The Primary Study Area (PSA) includes the three Alabama counties of Limestone, Madison, and Morgan. The Broader Impact Region (BIR) includes the additional six counties in Alabama (Colbert, Cullman, Jackson, Lauderdale, Lawrence, and Marshall) and four counties in Tennessee (Franklin, Giles, Lawrence, and Lincoln). A map of the Study Area is shown in Figure 4-1.

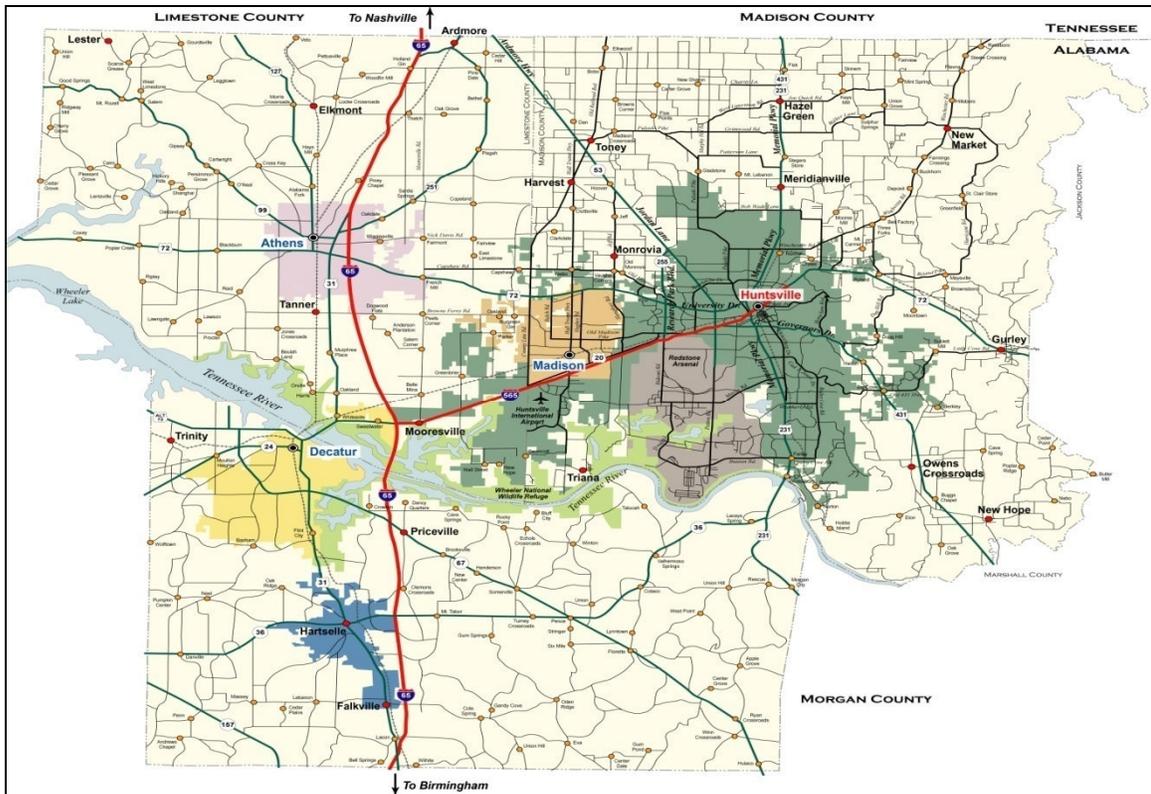
Figure 4-1
Tennessee Valley Regional Growth Coordination Plan Study Area



PRIMARY STUDY AREA

The **Primary Study Area (PSA)** consists of three counties in Alabama, Limestone, Madison, and Morgan, surrounding **Redstone Arsenal (Arsenal)**. Figure 4-2 shows the relationship of the Arsenal to the three counties and primary cities.

Figure 4-2
Primary Study Area



Source: City of Huntsville Planning Division and the North Central Alabama Regional Council of Governments

The PSA contains numerous incorporated areas, both large and small, as summarized below:

County	Large Municipalities	Small Municipalities
Madison	Huntsville, Madison	Gurley, New Hope, Owens Cross Roads, Triana
Limestone	Athens	Ardmore, Elkmont, Lester, Mooresville
Morgan	Decatur	Hartselle, Priceville, Trinity

The PSA includes a large amount of unincorporated area in all three of its counties. Alabama State Law allows the annexation of portions of a county by a municipality located in an adjacent county. Thus, the Cities of Huntsville, Madison, and Decatur have annexed portions of Limestone County; this is particularly the case along the I-565/Alabama Highway 20 corridor in the vicinity of I-65 (although this is not the only location).

PURPOSE

This chapter discusses the type of housing desired and its availability based on the anticipated incoming population driven by BRAC-related job relocations. Particular attention is paid to general types of structures and pricing, as well as projected future demand and supply issues.

As mentioned in Chapter Three of the TVRGCP, housing is a topic of concern for the PSA from two perspectives:

- Can the area provide enough housing to accommodate the households that will move to the area to fill the jobs being relocated to the Arsenal or by contractors who will support activities at the Arsenal?
- Will the anticipation of this BRAC-related need for housing fuel speculative development that will flood the market with a glut of unneeded units?

METHODOLOGY

This chapter looks at both the supply and demand for housing using a variety of sources, including the North Alabama Multiple Listing Service, the Huntsville Area Association of Realtors, the National Association of Realtors, MarketGraphics Research Group, the University of Alabama Center for Real Estate, Redstone Arsenal, demographic projections provided by Claritas, and other public- and private-sector sources. The housing projections used in this chapter are based upon those developed by the Consultant Team, as presented in Chapter One of the TVRGCP.

The findings, conclusions and recommendations in this chapter are based on conditions existing, and the data available, during the summer and fall of 2008. The text of this chapter is written from that perspective.

OVERVIEW OF PRIMARY STUDY AREA REAL ESTATE MARKET

Within the three-county Primary Study Area (PSA), housing and real estate options are extensive. The PSA has a fairly substantial inventory of built-but-unsold homes, developed-but-vacant lots, and undeveloped vacant lots. This data suggests that, in the single-family market, adequate housing can be provided over an extended period to meet relocated BRAC personnel (including military, civilian employees, and contractors). For purposes of this report, and based on information available through the North Alabama Multiple Listing Service, real estate information for the PSA has been broken down into the following sub-regions.

- Huntsville City Northwest (HSV City NW)
- Huntsville City Northeast (HSV City NE)
- Huntsville City Southwest (HSV City SW)
- Huntsville City Southeast (HSV City SE)
- Huntsville City East (HSV City East)
- Madison City in City Limits (Mad City Limits)
- Area from the city limits of Madison to the Madison/Limestone County border (west) to Highway 53 (east) – also referred to as the Harvest/Monrovia area (Mad Outside City)
- Madison County Northwest (Mad Co NW)
- Madison County Northeast (Mad Co NE)
- Madison County Southwest (Mad Co SW)
- Madison County Southeast (Mad Co SE)
- Morgan County
- Limestone County
- Athens City

As of November 2008, there were approximately 4,850 properties on the market, including condos, townhomes, farms, garden homes, and single-family detached homes. Prices range from multi-million-dollar homes to modest condos and bungalows starting below \$50,000. More detailed information on these properties by sub-region is provided in the “Current Housing Inventory” section of this chapter.

PROJECTED DEMAND FOR HOUSING

The demand for housing in the PSA will be influenced by a combination of relocating BRAC personnel and non-BRAC related growth that is expected to attract in-migration of new residents, and from natural demand generated by existing residents.

The impact model described in Chapter One of the TVRGCP indicates that there will be a need for 9,619 housing units in the PSA generated by BRAC related growth between 2008 and 2011. In addition to this demand, it is projected by Claritas that the PSA will see a population increase of 7.7%, or 12,456 new households between 2008 and 2011.

The breakdown of new BRAC households within the PSA is shown in Table 4-1. This estimate assumes that households have 1.48 workers each—the current average for PSA households, excluding those headed by persons 65 years of age and older (see Chapter One).

As shown, Madison County is projected to see the largest increase in households, accounting for 81.5% of total BRAC generated household growth. This is followed by Morgan County, accounting for 9.6% of new households, and Limestone County with 8.9% of new households.

Table 4-1
Projected Households in the PSA

Area	2005-2007	2008-2011	Total 2005 - 2011
County			
Madison	2,210	7,837	10,047
Morgan	261	925	1,186
Limestone	242	857	1,099
Total	2,713	9,619	12,332
County/School Systems			
Madison County Total	2,210	7,837	10,047
Madison County	955	3,387	4,342
Madison City	430	1,524	1,954
Huntsville	825	2,926	3,751
Morgan County Total	261	925	1,186
Decatur	155	550	705
Hartselle	4	12	16
Morgan County	102	363	465
Limestone County Total	242	857	1,099
Athens	94	332	426
Limestone County	148	525	673
Total	2,713	9,619	12,332

Source: TVRGCP Chapter 1

Table 4-2 shows the projected number of relocated BRAC households by year, as well as the average annual increase in households due to non-BRAC-related growth. The demand for housing from both sources peaks in 2010 with a required 8,540 units.

This forecast assumes a high likelihood that the location pattern of relocated BRAC personnel (including military, civilian employees, and contractors) will mirror the residential pattern of current Arsenal employees because of common demographic characteristics that drive housing locational decision making, particularly age, income, educational levels, and a desire to locate near the Arsenal to minimize commutation time.

Table 4-2
Projected BRAC- and Non-BRAC-Related Household Growth, 2008 – 2011

Area	Calendar Year				Total 2008-2011
	2008	2009	2010	2011	
BRAC-related					
Limestone County	165	66	484	143	857
Madison County	1,507	603	4,421	1,306	7,837
Morgan County	178	71	522	154	925
Total Households (BRAC-related)	1,850	740	5,426	1,603	9,619
Total Natural Increase (annual avg.)	3,114	3,114	3,114	3,114	12,456
Total Housing Units Required	4,964	3,854	8,540	4,717	22,075

Sources: TVRGCP Chapter One, Claritas

MARKET TRENDS

Primary Study Area

The PSA real estate market has been affected by the global economic recession. As of September 2008, there was a higher inventory of homes on the market, fewer sales, and lower average and median sales prices compared to September 2007. Despite these recent trends, however, due to the economic base of the PSA and the growth it has seen and will continue to experience, the housing market is significantly more stable than in other parts of the country and tends to be more immune to significant economic downturns.

As seen in Tables 4-4 and 4-5, September 2008 home sales totaled 709, a decrease of 21.7% from the previous month. September sales also reflect a decline of 10.1% compared to September 2007. The Huntsville area is only one of two Alabama metro areas (along with Mobile) that are currently out-performing the statewide year-to-date (YTD) percent change in home sales (-18.1%). According to the University of Alabama Center for Real Estate, YTD home sales statewide have decreased by 21.8% when compared to the same period in 2007. YTD data are not available for the PSA.

Total homes for sale during September 2008 increased by 0.2% from August 2008. Compared to the same time period last year, the available housing supply increased by 11.4%.

Table 4-4
Primary Study Area Residential Sales Trend 2003-2008

Date	No. of Sales	Average Selling Price	Median Selling Price	Average Days on Market	Total For Sale
September, 2008	709	\$168,857	\$143,200	97	6,382
September, 2007	906	\$177,996	\$155,900	108	5,727
September, 2006	976	\$163,133	\$144,000	90	4,524
September, 2005	812	\$152,969	\$129,900	93	3,233
September, 2004	627	\$147,006	\$127,000	105	3,419
September, 2003	688	\$134,647	\$117,900	104	3,751

Source: University of Alabama Center for Real Estate

Table 4-5 shows the number and characteristics of properties sold in 2008 by month. As can be seen, July saw the highest number of sales, and the average selling price was the second highest for the year, following the highest average selling price in August. Days on the market ranged from a high of 131 in March to a low of 97 in September. The total number of properties on the market ranged from a high of 6,442 in July to 5,582 in January. Overall, the “for sale” housing inventory has remained fairly steady between June and September 2008. The average sales price in the PSA in September matched the average in January.

Table 4-5
Primary Study Area Residential Sales Report January-September 2008

2008	No. of Sales	Average Selling Price	Median Selling Price	Average Days on Market	Total For Sale
September	709	\$168,857	\$143,200	97	6,382
August	789	\$188,457	\$155,000	110	6,397
July	870	\$181,912	\$149,600	104	6,442
June	824	\$180,581	\$156,900	107	6,317
May	865	\$173,651	\$155,000	110	6,119
April	741	\$164,932	\$137,900	121	6,028
March	683	\$179,197	\$145,500	131	5,829
February	730	\$166,285	\$139,900	112	6,199
January	596	\$168,790	\$145,000	104	5,582

Source: University of Alabama Center for Real Estate

Primary Study Area Versus Northern Virginia

Home prices in the Huntsville metro area (Madison and Limestone Counties) tend to be more affordable than in other parts of the country (cost-of-living data are not available for the entire PSA, but is presumed also to be the case). As seen in Table 4-6, the cost of living in the Huntsville metro area is considerably lower than in other major metro areas and technology-focused communities nationwide. In particular, the cost of housing is only 80.6% of the national average. The only communities in the representative list to have lower housing costs are Charlotte, NC and Dallas, TX. Residents of Northern Virginia will see a 40.5-point decrease in their cost of living if they were to relocate to the PSA.

Table 4-6
Cost-of-Living Comparison between Huntsville Metro Area and Other Metro Areas

Metropolitan Area	Composite Index (100%)	Grocery Items (12.49%)	Housing (29.84%)	Utilities (9.94%)	Transportation (10.73%)	Health Care (4.07%)	Misc. Goods & Services (32.93%)
Huntsville, AL	92.7	96.9	80.6	83.2	97.4	94.3	103.2
National Average	100	100	100	100	100	100	100
Comparable Technology Communities							
Austin, TX	95.5	90.6	86.7	83.7	98.7	95.9	107.8
Charlotte, NC	93.5	102.5	79.2	88.4	93.5	107.9	102.8
Orlando, FL	101.3	99.6	88.6	105.1	103.3	94.0	112.5
Raleigh, NC	100.4	108.3	96.7	93.0	96.9	106.4	103.4
Richmond, VA	103.6	97.5	108.2	108.9	102.8	108.1	99.8
San Jose, CA	157.4	133.3	252.8	118.0	113.1	120.1	111.0
Major U.S. Metro Areas							
Atlanta, GA	97.5	103.6	88.0	86.3	103.2	101.3	104.8
Boston, MA	132.3	114.5	150.8	144.3	106.6	130.8	127.4
Chicago, IL	115.3	108.3	131.3	122.5	109.8	107.2	104.1
Dallas, TX	92.6	98.5	71.6	108.7	102.9	105.6	99.7
Denver, CO	104.9	109.1	108.6	95.6	98.9	106.5	104.6
New York (Manhattan), NY	224.2	144.6	413.2	171.2	119.3	135.2	144.3

TABLE CONTINUES NEXT PAGE

Table 4-6, continued
Cost-of-Living Comparison between Huntsville Metro Area and Other Metro Areas

Metropolitan Area	Composite Index (100%)	Grocery Items (12.49%)	Housing (29.84%)	Utilities (9.94%)	Transportation (10.73%)	Health Care (4.07%)	Misc. Goods & Services (32.93%)
Philadelphia, PA	125.8	123.2	149.4	115.9	104.1	109.4	117.6
Portland, OR	114.0	103.9	125.6	85.8	110.0	108.5	117.8
San Diego, CA	136.1	111.9	207.3	97.8	110.5	113.6	103.5
San Francisco, CA	173.6	125.8	297.3	98.6	109.0	122.8	129.6
Seattle, WA	124.6	119.9	154.6	81.1	112.0	119.0	117.3
Tampa, FL	94.3	97.5	84.8	90.8	104.2	95.0	99.4
Washington-Arlington-Alexandria, DC-VA	137.4	107.5	216.8	88.9	108.1	104.8	105.0

Source: C2ER

There is a significant difference in the asking price for houses for sale in the PSA compared to Fairfax County, Virginia, from where many relocating BRAC personnel will originate. As illustrated in Table 4-7, 48.4% of active listings in Fairfax County are listed below \$250,000. Meanwhile, 64.4% of homes in the PSA are listed at \$250,000 or lower. Similarly, over one quarter of homes in Fairfax County are priced at \$500,000 or higher, compared to only 6.7% in the PSA.

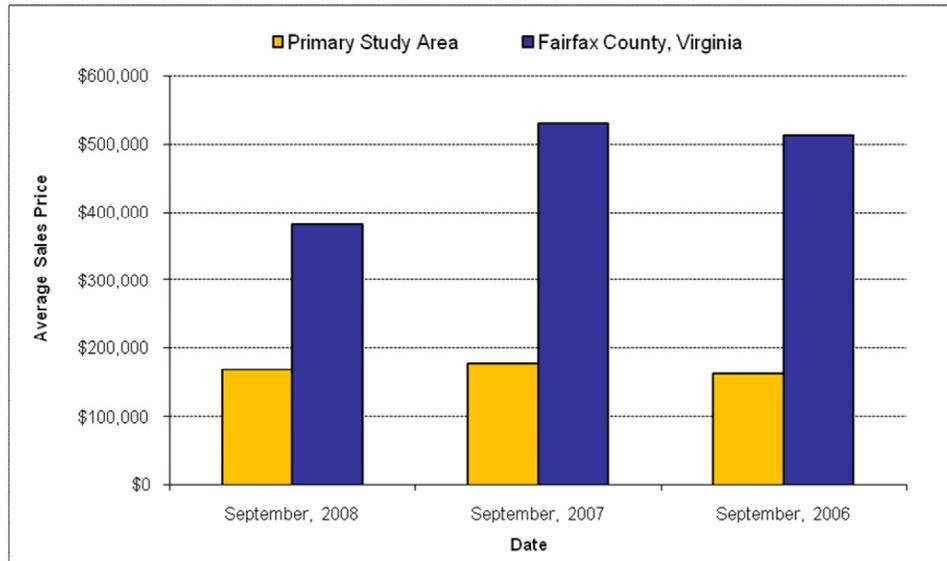
Table 4-7
Active Listing by Price Range in Fairfax County, VA and the PSA

Price Range	Fairfax County, VA		Primary Study Area	
	# of Active Listings	% of Total Active Listings	# of Active Listings	% of Total Active Listings
\$0 - \$124,999	3,144	37.0%	1,058	22.3%
\$125,000 - \$249,999	965	11.4%	2,002	42.1%
\$250,000 - \$374,999	1,264	14.9%	1,010	21.3%
\$375,000 - \$499,999	940	11.1%	363	7.6%
\$500,000 - \$999,999	1,405	16.6%	257	5.4%
\$1,000,000 - \$4,999,999	737	8.7%	61	1.3%
\$5,000,000 +	33	0.4%	1	0.0%

Source: North Alabama Multiple Listing Service and Metropolitan Regional Information Systems, Inc.

The price differential between the PSA and Northern Virginia is also evident in recent sales prices despite the fact that the average sales price in Fairfax County has taken a substantial drop in 2008 over 2007. In September 2008 the average sales price for homes in Fairfax County was 126.8% higher than the average sales price in the PSA. This data shows that despite the recent drop in housing prices in northern Virginia, residents relocating from northern Virginia to the PSA will see a dramatically lower housing cost (see Figure 4-3). Figure 4.3 also shows the relative sales price stability in the PSA between 2007 and 2008 versus northern Virginia.

Figure 4-3
PSA Average Sales Price Versus Fairfax County, VA



Source: University of Alabama Center for Real Estate and Metropolitan Regional Information Systems, Inc.

CURRENT HOUSING INVENTORY

Off-Base Housing

In November 2008 there were approximately 4,850 homes currently on the market across the PSA, ranging from condos to large, multi-acre estates and farms. Table 4-8 shows the number of available properties by type and area. As expected, the largest single category of dwellings currently on the market are single-family homes, of which there are 4,128 for sale. 62.9% of these are located in Madison County. Approximately 5% of the total homes currently on the market are located in northwest Huntsville County, 7.2% are in southeast Huntsville City, and 8.5% are located in the City of Madison. All of these areas are projected to be in demand by relocating BRAC personnel.

There is a considerable range of prices for the properties currently on the market. For single-family detached homes, prices range from a low of \$15,900 (Morgan County) to a high of \$11.9 million (Madison County). The highest number of homes are available in the PSA subregion of Mad Outside City (Madison city limits to border of Limestone/Madison county to the west to Highway 53 to the east), Madison County northeast (Mad Co NE), and within Madison City limits (Mad City Limits).

Table 4-8
Available Properties for Sale by Type, November 2008

PSA Subregion *	Condo	Farm w/ home	Pre-con- struction	Garden / patio home	Proposed condo	Proposed garden / patio	Proposed SFD	Proposed Townhouse	Single-family detached	Town- house	Total
HSV City NW	36	1	5	4	0	0	43	0	287	31	407
HSV City NE	0	0	0	0	0	0	3	0	123	4	130
HSV City SW	28	0	0	9	0	7	42	0	296	38	420
HSV City SE	15	0	2	4	2	5	8	2	298	7	343
HSV City East	6	0	0	23	0	0	23	0	211	4	267
Mad City Limits	18	0	10	14	0	1	14	0	355	33	445
Mad Outside City	0	0	0	2	0	0	10	0	368	3	383
Mad Co NW	0	3	0	0	0	0	15	0	217	0	235
Mad Co NE	0	5	0	0	0	0	28	0	366	0	399
Mad Co SW	0	0	0	0	0	0	11	0	2	0	13
Mad Co SE	0	1	0	0	0	0	16	0	74	0	91
Morgan County	1	8	0	15	0	0	1	0	806	70	901
Athens/Limestone Co.	69	7	1	11	0	0	39	6	725	17	875
Total	173	25	18	82	2	13	253	8	4,128	207	4,909

Source: North Alabama Multiple Listing Service

*See page 4.7 for definitions

Meanwhile, in addition to the available properties indicated in Table 4-8, there is a fairly substantial inventory of homes under construction, developed-but-vacant lots (streets and utilities are available) and undeveloped vacant lots (streets and/or utilities are not available, or not to the extent required for a building permit), according to data from MarketGraphics Research Group and shown in Table 4-9. This data indicates that additional housing can be provided over an extended period to meet BRAC relocatees' and support-contractors' needs in the single-family market.

According to MarketGraphics and shown in Table 4-9, Madison County has the largest supply of undeveloped lots, totaling 11,183 of the PSA's 14,555 lots, indicating that additional housing development can be expected in Madison County over time as BRAC-related or other market demands arise.

Table 4-9
Construction Summary by County, February 2008

County	New Finished Unoccupied Homes	Homes Under Construction	Developed Vacant Lot	Undeveloped Vacant Lot
Limestone	213	384	3,577	3,331
Madison	758	1,155	7,796	11,183
Morgan	65	146	1,000	41
Total	1,036	1,685	12,373	14,555

Source: MarketGraphics, Inc.

Based on the estimated number of relocating BRAC personnel in the top residential locations, the supply of developed vacant lots and undeveloped vacant lots in existing subdivisions will exceed the projected demand, except in the case of the City of Madison. Recent and planned annexations by the city of land in Limestone County will, however, provide additional land for housing construction.

On-Base Housing

A variety of housing exists at Redstone Arsenal. The Arsenal has seven General Officer quarters and 457 family-housing units for other officers and enlisted personnel. In addition, there are 20 two-bedroom units located on the installation for single service members E-7 and above. Some units have garages. The one- and two-story facilities range from single to multiplexed units.

PROJECTED NEW CONSTRUCTION

Since the BRAC announcement, there has been some speculative housing development. As shown in Figure 4-11 and described in Chapter Three of the TVRGCP, substantial residential development activity has taken place in the City of Huntsville, with 127 projects in various stages, totaling 6,384 single-family lots that received final approval; 5,243 lots that received preliminary approval; and 5,540 lots that were in the layout stage. While multi-family development was not as significant, there were 11 apartment projects with 1,821 units that had received final approval and 240 units that had received preliminary approval. There was only one condominium project during the period covered, with 90 units that had received preliminary approval. If all these projects are built out as currently planned, they will result in more than 19,000 new dwelling units in the City of Huntsville.

Table 4-11
City of Huntsville Residential Lot/Unit Activity: 2004 through November 2007

Type of Project	# of Projects	Final Approval	Preliminary Approval	Layout
Single-family (lots)	115	6,384	5,243	5,540
Apartments (units)	11	1,821	240	
Condominiums (units)	1		90	
Totals	127	8,205	5,393	5,540

Source: City of Huntsville data analyzed by Garnet Consulting Services, Inc.

Residential construction trends can be difficult to predict. However, MarketGraphics of North Alabama (MarketGraphics Research Group) publishes a *North Alabama Housing and Subdivision Analysis* three times a year. Their report dated February 2008 was used in this analysis.

Table 4-12 shows forecasted housing starts by area and price range. In total, it was projected that there would be 5,913 housing starts in the PSA between February 2008 and February 2009. Madison County accounts for the largest share of the projected starts, followed by Limestone County and Morgan County. Housing starts are projected across all price points, but the largest share (30.2%) is predicted to be below \$175,000.

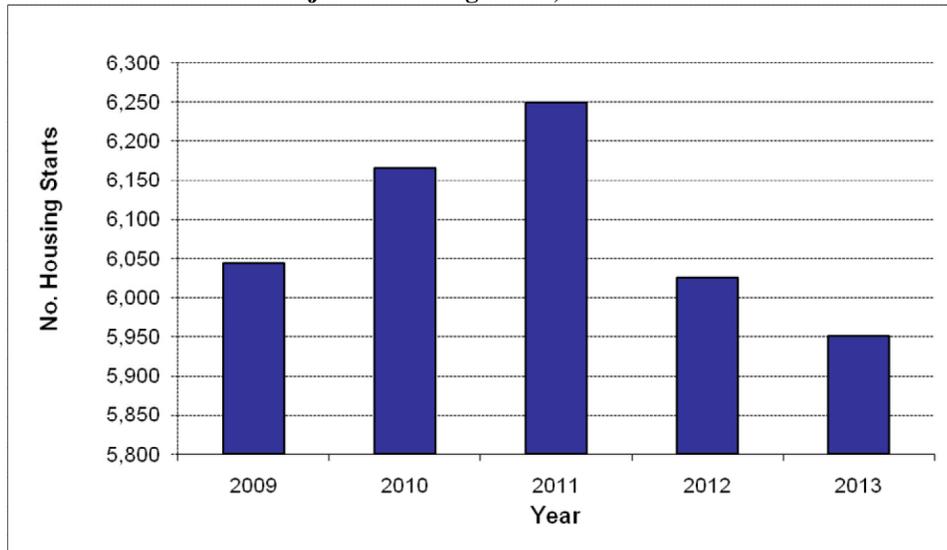
Table 4-12
Forecasted Housing Starts by Price (February, 2008 to February, 2009)

Area	Under \$175,000	\$175,000 to \$225,000	\$225,000 to \$275,000	\$275,000 to \$325,000	\$325,000 to \$425,000	\$425,000 to \$625,000	\$625,000 to \$925,000	Over \$925,000	Total
Limestone County	374	206	161	85	80	31	7	1	947
Morgan County	245	147	76	34	29	7	3	2	543
Madison County	1,164	868	764	549	576	335	139	28	4,423
<i>Total</i>	<i>1,783</i>	<i>1,221</i>	<i>1,001</i>	<i>668</i>	<i>685</i>	<i>373</i>	<i>149</i>	<i>31</i>	<i>5,913</i>

Source: MarketGraphics Research Group

As of February 2008, MarketGraphics predicted that housing starts would remain fairly constant over the next several years. Between 2009 and 2013, annual housing starts were projected to range from a high of 6,245 in 2011 to a low of 5,951 in 2013, as illustrated in Figure 4-4.

Figure 4-4
Projected Housing Starts, 2009 – 2013



Source: MarketGraphics Research Group

CONCLUSIONS

1. BRAC- and non-BRAC-related growth over the last several years has put significant demands on the housing market in the PSA, which has created a strong and stable real estate market that has avoided the dramatic “boom and bust” characteristics seen in other markets across the U.S. While the current economic slowdown has affected housing values and sales in the PSA, the projected impact is not likely to be as long-term or as severe as in other parts of the nation.
2. While this analysis has focused on the supply of housing for relocated BRAC personnel, this growth will not be happening in isolation. Additional natural growth – non-BRAC-related – is projected and will also impact the demand and supply of housing. While BRAC-related growth is anticipated to result in the demand for 9,619 additional housing units, another 12,456 housing units will be needed to satisfy other new, non-BRAC-related households. In determining the availability for relocating BRAC personnel, other demands for housing must be considered.
3. Based on the residential distribution of existing Arsenal employees, it is anticipated that a majority of new BRAC-related personnel will choose to live in Madison County because of proximity to the Arsenal, greater housing availability, and a more substantial base of services and amenities. The perceived quality of school systems will also play a role in the relocation decisions of new residents. The largest percentage of existing employees are somewhat concentrated in three general regions of Madison County, including the City of Madison, the City of Huntsville, and northwest Madison County. It is assumed that the new residential distribution will mirror the existing employee residential distribution.
4. New residents moving in from northern Virginia as a result of the BRAC process will see a significant decrease in their cost of living, particularly for housing. Despite the fact that the average sales price in northern Virginia has declined significantly between September 2007 and September 2008, relocatees will likely see newer and larger homes at lower price points in the PSA.
5. The PSA is in the strong position of having a substantial inventory of existing homes for sale, built-but-unsold homes, homes under construction, developed-but-vacant lots, and undeveloped vacant lots. Many of these options are available in those regions where new employees are expected to locate. The current inventory, which exceeds the total demand from BRAC and non-BRAC-related growth over the next four years, includes:
 - 4,850 existing properties currently for sale including single-family detached homes, condos, townhomes, farms, and garden/patio homes (including 1,036 new, finished, unoccupied homes)
 - 1,685 homes under construction
 - 12,373 developed vacant lots (streets and utilities are available)
 - 14,555 undeveloped vacant lots (streets and utilities are not available—at least to the extent required for a building permit)

- 457 on-base family housing units for officers and enlisted personnel, some of which may be available to newly relocated personnel.
6. In total, this equates to nearly 34,000 existing or potential units. Importantly, there is a supply of existing and potential units in those areas projected to be most in demand by relocating BRAC personnel. The inventory of developed and undeveloped lots in existing subdivisions exceeds the projected BRAC-related growth in households in south Huntsville and northwest Madison County. There is a shortfall in the City of Madison; however, anticipated annexation of land in Limestone County will increase the land available for residential development in that city.

RECOMMENDATIONS

In regard to the housing market in the PSA, the following actions are recommended:

1. Expanded choices in market-rate housing and housing styles in the PSA is strongly urged, to meet the needs of all demographic groups. These opportunities include “in-town living” for the Talented Young, empty-nesters, the retired, and others; and the creation of new, diversified, “adult” communities that match the needs of the Baby Boomers.
2. Promote higher-density living and market-priced housing in downtown Huntsville and Decatur. This would include housing for the Talented Young, empty-nesters, and other individuals who want to live in the downtown environment. The cities are urged to have downtown-development plans (where they don’t exist) that include such housing and the retail and entertainment activities that are sought by the targeted populations. Institution of regulations that allow development of a vibrant downtown with varied activities is encouraged, including zoning and land-use and business licenses. The cities are also encouraged to continue making investments in their downtowns on projects that will spur development, such as parking, an area-wide WiFi Zone and streetscapes that project visual appeal and interest and promote pedestrian traffic. A special zone for artists’ residences and galleries might be considered, with below-market rents (via tax incentives or other devices to private-sector landlords or via one of the area’s colleges or universities).
3. Encourage development of more adult communities in the PSA that answer the needs of the retiring Baby Boomers. University-based, active-adult communities should be considered. High-quality, financially-stable, and well-respected developers should be invited to the community to build these developments. Such adult communities would provide varied recreational and intellectual activities in “downsized” homes, and would allow incorporation or inclusion of these residents into the broader community.