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1964

Analysis of the
**MONTGOMERY, ALABAMA
HOUSING MARKET**

as of September 1, 1964

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FEDERAL HOUSING ADMINISTRATION
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A Report by the
FEDERAL HOUSING ADMINISTRATION
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A constituent of the Housing and Home Finance Agency

July 1965

ANALYSIS OF THE
MONTGOMERY, ALABAMA, HOUSING MARKET
AS OF SEPTEMBER 1, 1964

FIELD MARKET ANALYSIS SERVICE
FEDERAL HOUSING ADMINISTRATION
Housing and Home Finance Agency

Foreword

As a public service to assist local housing activities through clearer understanding of local housing market conditions, FHA initiated publication of its comprehensive housing market analyses early in 1965. While each report is designed specifically for FHA use in administering its mortgage insurance operations, it is expected that the factual information and the findings and conclusions of these reports will be generally useful also to builders, mortgagees, and others concerned with local housing problems and to others having an interest in local economic conditions and trends.

Since market analysis is not an exact science the judgmental factor is important in the development of findings and conclusions. There will, of course, be differences of opinion in the interpretation of available factual information in determining the absorptive capacity of the market and the requirements for maintenance of a reasonable balance in demand-supply relationships.

The factual framework for each analysis is developed as thoroughly as possible on the basis of information available from both local and national sources. Unless specifically identified by source reference, all estimates and judgments in the analysis are those of the authoring analyst.

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ANALYSIS OF THE
MONTGOMERY, ALABAMA, HOUSING MARKET
AS OF SEPTEMBER 1, 1964

Summary and Conclusions

1. The Montgomery Housing Market Area (HMA) derives the bulk of its economic support from trade, service, and government activities which, combined, accounted for 62 percent of all nonagricultural wage and salary employment in July 1964. Nonagricultural wage and salary employment totaled 54,580 in July 1964, representing a gain of 7,450 (15.8 percent) since July 1959. Nonagricultural employment is expected to increase by 1,250 jobs annually during the two-year period September 1964-September 1966, somewhat below the average annual gain of about 1,600 between 1959 and 1964. Unemployment in July 1964 equaled 3.0 percent of the labor force, representing a steady decline from 6.0 percent in July 1959.
2. The current median annual income, after deducting Federal income tax, is about \$5,300 for all families and \$3,750 for nonfarm renter families only. Projected 1966 after-tax median income figures anticipate increases to \$5,575 for all nonfarm families and to \$3,950 to renter nonfarm families.
3. The nonfarm population of the Montgomery HMA totals approximately 177,900 currently, indicating an annual increment of 3,600 (2.2 percent) since April 1960. Nonfarm population is expected to increase by 3,450 a year (1.9 percent) during the next two years to a total of 184,800 by September 1966. Nonfarm households currently number 48,350, a gain of 890 (2.0 percent) annually since April 1960. By September 1966, there will be about 50,150 nonfarm households in the HMA, an increase of 900 (1.9 percent) households a year.
4. There are now approximately 51,950 nonfarm dwelling units in the Montgomery HMA, a net gain of about 1,000 (2.1 percent) a year since April 1960. The addition of about 1,150 new units annually was partially off-set by losses of about 150 a year, principally by demolition. The bulk of new units authorized (89 percent) since January 1960 have been single-family houses. Units authorized since January 1960 in multiple-unit structures totaled 292.
5. The current homeowner vacancy ratio is an estimated 1.3 percent, about the same as the 1.2 reported by the 1960 Census of Housing. The current renter vacancy ratio of 7.5 percent, is up from the 6.5 percent ratio reported in 1960. The present rental vacancy ratio is somewhat above the 5.0 percent renter vacancy ratio judged to represent a balanced supply-demand relationship in the Montgomery rental market.

6. The market for new sales housing has remained in good balance since 1960. Although the bulk of new sales houses are constructed on a speculative basis, production has been geared closely to market demand. The rising number of rental vacancies has resulted in part from an increase in construction of new rental units, and in part from an increasing number of existing single-family homes being put on the rental market. Upgrading of families to better housing also has had the effect of increasing the number of rental vacancies in older units and in converted units that are not competitive with units in newer multifamily structures and single-family houses.
7. To accommodate household growth and to permit expected inventory and occupancy changes, approximately 1,250 additional housing units a year will need to be added during the next two years, of which 975 will represent demand for sales houses and 275 will represent demand for rental units, including 125 units requiring public benefits or assistance financing. That volume is somewhat above the current rate of new construction. The large increase suggested in additional rental units derives principally from the need to replace a substantial number of units expected to be lost through demolition. The bulk of the losses will be lower-rent units.
8. Demand for privately-owned rental housing specially designed for the elderly is very moderate, probably not more than about 10 units annually at the gross rents required for such accommodations.

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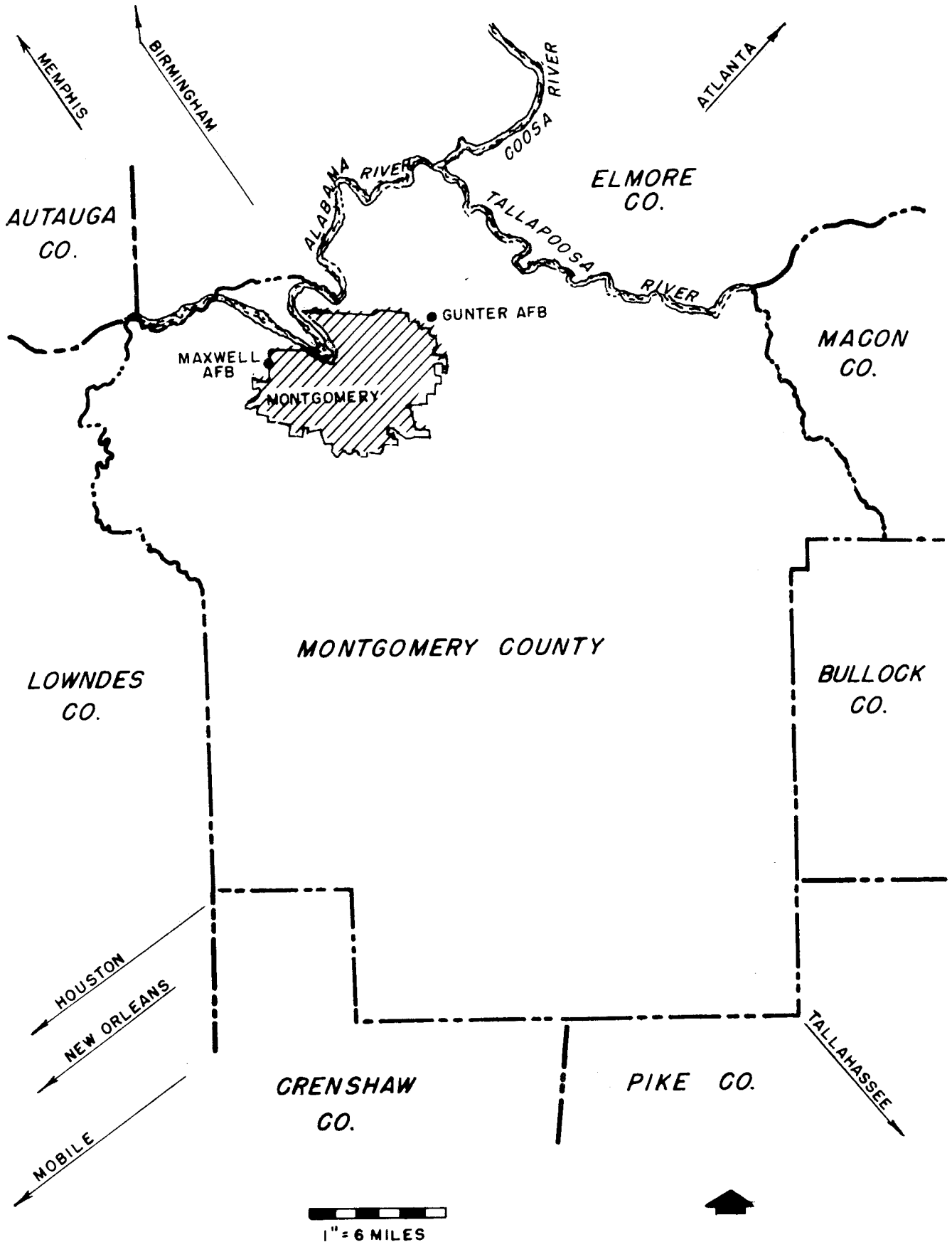
Housing Market Area

The Montgomery, Alabama, Housing Market Area (HMA) is defined as being coterminous with Montgomery County (see map on next page). Montgomery County is irregularly shaped and covers 790 square miles. Actually, the geographic area surrounding Montgomery in which housing is competitive excludes the southern portion of Montgomery County, but includes the nearby contiguous portions of Autauga and Elmore Counties. Recently, some residential construction directed toward the Montgomery housing market has taken place in Prattville, about 10 miles northwest of Montgomery in Autauga County. However, the bulk of the total population of the Montgomery area resides in Montgomery County. For that reason and for reasons of statistical necessity, references to the HMA will be to Montgomery County.

The Montgomery HMA is located 100 miles south of Birmingham and 195 miles north of Mobile on the Alabama River near the confluence of the Coosa and Tallapoosa Rivers. In the early days of Montgomery, the Alabama River, which flows south to Mobile and the Gulf of Mexico, was the primary transportation link. Montgomery relied on water transportation until shortly after the Civil War when railroads began to serve the area. Montgomery became the capital of Alabama in 1847, a fact which has had considerable impact on the growth and development of the economy of the city. In addition, Montgomery is the county seat of Montgomery County and serves as the trade and service center for the south-central portion of Alabama. Another factor which has had significant influence upon the character of the HMA was the location of a government flying depot at the present site of Maxwell AFB in 1918. Since that time, Maxwell AFB and more recently Gunter AFB, have become important influences in the local economy.

Most of the expansion of the Montgomery area has occurred on the eastern and southeastern perimeter of the city. This pattern has developed primarily because the land in this area is at a slightly higher elevation than other available real estate and escapes the occasional flooding of the Alabama River. The trend of growth and development on the eastern and southeastern perimeter of the city is expected to continue.

MONTGOMERY, ALABAMA, HOUSING MARKET AREA



Economy of the Area

Character and History

The economy of the Montgomery area derives the bulk of its support from trade, service, and government activities which, combined, accounted for 62 percent of all nonagricultural wage and salary employment in July 1964. Government, the predominant economic influence in the area and currently the largest employer, includes segments of Federal, State, county, and municipal government employment. Montgomery is the location of the State capital, Maxwell and Gunter Air Force Bases, and serves as the trade and service center for a large region in south-central Alabama. In addition to the large number of civilian government employees, there are nearly 7,000 military personnel stationed in the area who are not included in the employment data discussed in this analysis, but who contribute substantially to the economy.

Trend of Employment

The 54,580 nonagricultural wage and salary workers in Montgomery County reported by the Alabama Department of Industrial Relations in July 1964 represented an increase of 7,450 (15.8 percent) over the 47,130 reported in July 1959. The level of nonagricultural wage and salary employment, as shown in the table below, has been generally upward since 1959, with the exception of a slight loss between 1961 and 1962 which resulted principally from a decline in construction employment.^{1/}

Nonagricultural Wage and Salary Employment Montgomery County, Alabama, 1959-1964

<u>Date</u>	<u>Employed</u>	<u>Change from preceding year</u>
July 1959	47,130	-
" 1960	49,030	1,900
" 1961	50,930	1,900
" 1962	50,840	-90
" 1963	51,980	1,140
" 1964	54,580	2,600

Source: Alabama Department of Industrial Relations.

^{1/} Comparable employment data are available for the years 1959 to 1964 only.

Employment in manufacturing industries increased by 740 (11 percent) from July 1959 to July 1964. The most substantial increment during this period in number of employees was made by the food and kindred products industries which added 590 workers, a gain of 30 percent. Textile and apparel industries lost 160 workers, a decline of 25 percent, the greatest experienced by any manufacturing industry. Manufacturers of stone, clay and glass products reported a slight decline in employment of two percent. The lumber and wood products and the furniture and fixtures categories combined added 70 workers, a gain of five percent. Employment in the machinery industry, except electrical, has increased by 150 workers (40 percent) since July 1960 when it was first reported separately.

Employment in nonmanufacturing industries increased by 6,710 (17 percent) during the July 1959-July 1964 period. Greatest gains were made by services, government, and construction with respective additions of 1,630 (25 percent), 1,660 (15 percent) and 1,760 (43 percent). The substantial increase in construction employment (see table I) was not a gradual increase from the 1959 level, but occurred almost entirely from July 1963 to July 1964. The bulk of this gain is attributed to the start of construction on Interstate Highway 85 in the Montgomery area and these gains are not expected to be duplicated in subsequent years. Employment in transportation, communications, and utilities increased by 350 (10 percent); finance, insurance, and real estate added 450 workers (16 percent); and retail and wholesale trade showed a substantial gain of 1,120 (10 percent).

Seasonal changes in nonagricultural employment in the Montgomery area are not significant. Only minor seasonal variations exist, with the most substantial differences occurring during the spring and the Christmas holiday season. The bulk of these changes occur in the nonmanufacturing sector.

Principal Employers

Total nonagricultural employment in July 1964 was 66,850 workers, according to the Alabama Department of Industrial Relations. Of this number 54,580 were nonagricultural wage and salary workers. Manufacturing industries provided employment for 7,600, or 13.9 percent, of all nonagricultural wage and salary workers, with nonmanufacturing workers accounting for the remaining 46,980, or 86.1 percent (see table I).

Employment in the food and kindred products industry represented over one-third of all manufacturing workers. Lumber and wood products industries employed 910 workers, 12 percent of all manufacturing employees, and stone, clay, and glass manufacturing employed 880, 12 percent. The textile and apparel, furniture and fixtures, and machinery (except electrical) industries each employed about 500 persons, or less than seven percent each.

Employment in the nonmanufacturing industries is dominated by government with 13,080 workers, or 24 percent of all nonagricultural wage and salary workers. Trade, with 12,670 employees as of July 1964, accounted for 23 percent; service industries with 8,130 workers accounted for 15 percent; and construction with 5,820 workers for 11 percent.

Unemployment

As of July 1964, unemployment in Montgomery County was reported by the Alabama Department of Industrial Relations to be 2,090 persons, or 3.0 percent of the civilian work force. The July rate of unemployment in Montgomery County has shown a steady decline from the 6.0 percent reported in July 1959, to 4.5 percent in 1960, to 3.8 percent in 1962, to 3.5 percent in 1963, and 3.0 percent in 1964.

Future Employment Prospects

During the September 1964-September 1966 forecast period, the increase in all nonagricultural employment is expected to total 2,500, or 1,250 additional new jobs annually. This projection does not quite match the rate at which new jobs were added during the 1959-1964 period. However, construction employment added a substantial number of new jobs during the 1959-1964 period, most of which were added in 1963 in connection with interstate highway construction. The sizeable gains made in the last several years by the construction employment category are not expected to be duplicated during the forecast period. Government employment, the major economic influence in the area, is expected to follow the past trend of moderate year-to-year gains during the next two years. Similar moderate gains are expected in the trade and service industries.

Income

The current median annual income, after deducting Federal income tax, is about \$5,300 for all nonfarm families and \$3,750 for nonfarm renter families. Approximately 25 percent of all nonfarm families have current annual after-tax incomes below \$3,000, 14 percent have incomes above \$10,000, and four percent have over \$15,000. Corresponding percentages for renter nonfarm families are 37 percent, seven percent, and less than two percent, all noticeably lower than for all nonfarm families because of the higher incomes of the home buyer segment present in the all-family category (see table II).

Projected 1966 after-tax median income figures anticipate increases to \$5,575 for all nonfarm families and to \$3,950 for renter nonfarm families. A slight upward shift is foreseen throughout the income distribution intervals for both all nonfarm families and renter nonfarm families.

Demographic Factors

Population

Current Estimate. As of September 1964, the nonfarm population of the Montgomery HMA totaled approximately 177,900 persons. The current non-farm population represents an annual increment of about 3,600 (2.2 percent) since the April 1960 Census. In April 1960, the nonfarm population in Montgomery County totaled 161,989, which represented an average annual addition during the 1950-1960 decade of 4,012 persons (3.3 percent) a year. Rural farm population declined during the decade by almost 9,900 persons, partially because of definitional changes.

Nonfarm Population Growth in the Montgomery HMA, 1950-1966

<u>Date</u>	<u>Population</u>	<u>Total</u>	<u>Change from preceding period</u>	
			<u>Average annual</u>	<u>Percentage</u>
			<u>Number</u>	
April 1950	121,872	-	-	-
April 1960	161,989	40,117	4,012	3.3
Sept. 1964	177,900	15,900	3,600	2.2
Sept. 1966	184,800	6,900	3,450	1.9

Source: 1950 and 1960 Censuses of Population.
1964 and 1966 estimated by Housing Market Analyst.

About 15 percent (27,000 persons) of the current nonfarm population in the HMA is directly dependent upon either Gunter AFB or Maxwell AFB. The total consists of 9,150 assigned military and civilian personnel and 17,850 dependents of these personnel.

Future Population. Based on anticipated trends in employment, the nonfarm population of the Montgomery HMA is expected to total 184,800 by September 1966, an average annual increase of 3,450 persons (1.9 percent) during the two-year period.

Net Natural Increase and Migration. Vital statistics are not available for Montgomery County by rural farm and by nonfarm segments of the population. However, data for the total population are a valid indication of the net natural increase and migration patterns for the nonfarm sector of the population. During the 1950-1960 decade, the total population of Montgomery County increased by 30,245. Of this addition, net natural increase (excess of births over deaths) accounted for 26,509 and in-migration accounted for 3,916, or 13 percent of the total increment.

Age. The proportion of the nonfarm population of Montgomery County in the under 15 age group has increased since 1950. This is typical for this group and is indicative of the increased birth rates after the end of World War II. Persons age 15-44 accounted for a smaller portion of the population in 1960 than in 1950 because of the reduced rate of family formation and births that occurred during the depression years of the 1930-1940 decade, the lower birth rates of the 1920's, and the mortality of the war years.

The percentage of persons in the age group over 65 has increased since 1950, reflecting the aging of the population and the nationwide trend toward increasing longevity. Most of the demand for special housing insured under section 231 comes from persons age 65 years and over. The distribution of the nonfarm population by age is shown in the following table.

Distribution of the Nonfarm Population by Age
Montgomery, Alabama, SMSA, 1950-1960

<u>Age group</u>	<u>April 1950</u>		<u>April 1960</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
0-14 years	33,166	27.2	54,969	33.9
15-29 "	32,171	26.4	35,357	21.8
30-44 "	29,006	23.8	32,750	20.3
45-64 "	20,161	16.6	27,604	17.0
65 and over	<u>7,368</u>	<u>6.0</u>	<u>11,309</u>	<u>7.0</u>
Total	121,872	100.0	161,989	100.0

Source: 1950 and 1960 Censuses of Population.

Households

Current Estimate. As of September 1964, there are an estimated 48,350 nonfarm households in the Montgomery HMA. This represents an addition of approximately 3,900 households since April 1960, or an average annual increment of about 890 (2.0 percent)^{1/} During the April 1950 to April 1960 decennial period, the number of nonfarm households rose from 33,856 to 44,426, or an average annual addition of 1,057 (3.1 percent).

^{1/} The increase in households between 1950 and 1960 was due in part to a conceptual change from "dwelling unit" in the 1950 census to "housing unit" in 1960.

Trend of Nonfarm Household Growth
Montgomery County, Alabama
1950-1966

<u>Date</u>	<u>Households</u>	<u>Total</u>	<u>Change from preceding period</u>	
			<u>Average annual</u>	<u>Number Percentage</u>
April 1950	33,856	-	-	-
April 1960	44,427	10,571	1,057	3.1
Sept. 1964	48,350	3,923	890	2.0
Sept. 1966	50,150	1,800	900	1.9

Source: 1950 and 1960 Censuses of Housing.
1964 and 1966 estimates by Housing Market Analyst.

Approximately 14 percent (6,850 households) of the total nonfarm households in the HMA in September 1964 are families of civilian and military personnel assigned to Gunter AFB and Maxwell AFB.

Future Household Growth. By September 1966, there will be approximately 50,150 nonfarm households in the Montgomery HMA, an anticipated increase during the two-year forecast period of 1,800, or 900 (1.9 percent) a year.

Average Household Size. The average number of persons per nonfarm household in the HMA has been increasing since 1950. The current average of 3.53 persons per household compares with 3.48 in April 1960 and 3.39 in April 1950.

Housing Market Factors

Housing Supply

Current Estimate. The nonfarm housing inventory of Montgomery County is estimated to be 51,950 dwelling units as of September 1964. This represents a net addition of about 4,400 nonfarm housing units since April 1960, or an average addition of almost 1,000 (2.1 percent) a year. Between April 1950 and April 1960, the number of nonfarm dwelling units increased by 11,503, or 1,150 (3.2 percent) a year. The current nonfarm housing inventory includes 912 military controlled appropriated-fund units. Of these, 154 are at Gunter AFB and 758 are at Maxwell AFB. Eight of the units at Maxwell are classified as unsuitable for public quarters.

Type of Structure. The distribution of the total housing inventory (including farm) in the Montgomery HMA has changed little since April 1960. Single-family houses account for a somewhat larger proportion (76.9 percent) of the current housing inventory than in April 1960 when the proportion was 75.7 percent. Units in structures with two to four units represent 15.5 percent of the total; 6.8 percent are in structures with five or more units, and less than one percent are trailers.

Distribution of the Total Housing Inventory by Number of Units in Structure Montgomery County, Alabama, 1960-1964

<u>Units in structure</u>	<u>April 1960</u>		<u>September 1964</u>	
	<u>Number</u>	<u>Percent</u>	<u>Number</u>	<u>Percent</u>
1 unit	37,202	75.7	41,200	76.9
2 to 4 units	8,149	16.6	8,250	15.5
5 or more units	3,399	6.9	3,650	6.8
Trailers	408	.8	450	.8
Total	49,158	100.0	53,550	100.0

Source: 1960 Census of Housing and estimates by Housing Market Analyst.

Year Structure Built. There are currently about 53,550 housing units in Montgomery County (including farm), of which 9.4 percent have been constructed since April 1960. Twenty-nine percent were built between 1950 and 1960, and 19.3 percent were constructed during the 1940-1949 decade. About 30.0 percent were built prior to 1929.

Age of Housing Inventory
Montgomery County, Alabama
September 1964

<u>Year structure built</u>	<u>Number of units</u>	<u>Percent of total inventory</u>
April 1960 - Sept. 1964	5,050	9.4
1955 - March 1960	7,212	13.4
1950 - 1954	8,328	15.6
1940 - 1949	10,315	19.3
1930 - 1939	6,562	12.3
1929 or earlier	<u>16,083</u>	<u>30.0</u>
Total	53,550	100.0

Source: Estimates by Housing Market Analyst.

Condition of Inventory. As of April 1960, the census reported that 24.6 percent of the nonfarm housing inventory in the HMA was dilapidated or was lacking one or more plumbing facilities. Nearly two-thirds of the units in this classification were rental units. The 1960 ratio represents a substantial improvement over the 1950 ratio of 45.2 percent so classified. As of September 1964, approximately 22 percent of the nonfarm housing inventory is dilapidated or is lacking one or more plumbing facilities.

Residential Building Activity

In Montgomery County, building permits are required only for that portion of the county that is within the Montgomery police jurisdiction. The police jurisdiction includes Montgomery City and an area extending three miles beyond the corporate limits of the city. The area is believed to include practically all new nonfarm construction in Montgomery County.

During the January 1960 through August 1964 period, there have been 4,953 new housing units authorized by building permits within the Montgomery police jurisdiction. About 89 percent of the units authorized were in single-family structures. Units authorized in duplex structures and in structures with three or more units represented approximately 11 percent of the total. New units authorized since January 1960 have

averaged about 1,060 a year. During the 1950-1960 decade, new residential units were authorized at an average rate of 1,375 a year, although activity was irregular and fluctuated from a high of 2,536 units authorized in 1954 to a low of 680 units in 1957 (see table III).

Housing Units Authorized by Type of Structure
Montgomery, Alabama, Area
January 1960 - August 1964

<u>Type of structure</u>	<u>1960</u>	<u>1961</u>	<u>1962</u>	<u>1963</u>	<u>8 Mos. 1964</u>	<u>Total 1960-1964</u>
Single family	786	873	1,023	1,059	666	4,407
Duplex	44	56	74	56	24	254
Three or four family	3	4	4	10	8	29
Five or more family	-	22	5	204	32	263
Total	833	955	1,106	1,329	730	4,953

Source: Montgomery, Alabama, Building Inspector.

The number of new residential units authorized in 1963 was the highest level since 1955. The 1963 level was 20.2 percent higher than the number authorized in 1962 and 39.2 percent higher than 1961.

Demolitions. Net losses to the housing inventory resulting from demolition, conversion, catastrophe, and change of use have been approximately 650 to 700 units since April 1960. During the next two years, net losses are expected to increase as a result of substantial demolitions for highway rights-of-way. Such losses are expected to approximate at least 800 housing units. An additional 100 to 150 units probably will be lost through code enforcement and nonpublic actions.

Tenure of Occupancy

As of September 1964, there are about 48,350 occupied nonfarm dwelling units in the Montgomery HMA. Of this number, 25,250 (52.2 percent) are owner-occupied and 23,100 (47.8 percent) are renter-occupied. The present tenure distribution represents a continuation of the increasing proportion of owner occupancy which began during the 1950-1960 decade.

Occupied Nonfarm Dwelling Units by Tenure
Montgomery, Alabama, HMA
1950, 1960, and 1964

<u>Tenure</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>Sept.</u> <u>1964</u>
Total occupied	<u>33,856</u>	<u>44,426</u>	<u>48,350</u>
Owner-occupied	13,522	22,613	25,250
Percent owner-occupied	39.9%	50.9%	52.2%
Renter-occupied	20,334	21,814	23,100

Source: 1950 and 1960 Censuses of Housing.
1964 estimated by Housing Market Analyst.

Vacancy

As reported by the Census of Housing, there were 1,790 nonseasonal, nondilapidated, available vacant dwelling units in the Montgomery HMA in April 1960. Of the total, 268 were available for sale, equal to a homeowner vacancy rate of 1.2 percent, and 1,522 were available for rent, representing a rental vacancy rate of 6.5 percent. Montgomery City accounted for the bulk (88 percent) of all available vacant units.

Ten of the available vacant sales units and 341 of the available vacant rental units lacked some plumbing facility. Since 1960, a general upgrading of the inventory coupled with losses through demolition, is estimated to have improved the housing stock. Currently, 250 of the available vacant rental units are estimated to lack some plumbing facility, while all available vacant sales units are considered to have all plumbing facilities.

A postal vacancy survey was conducted during August 1964 and covered about 89 percent of the estimated housing stock at that time (see table IV). As reported by the survey, vacancies in residences numbered 945, or 2.7 percent of the 34,600 residences surveyed. Units considered residences are those at which delivery of mail to one address is made for one carrier stop, principally single-family homes, but including some duplex and row houses. Apartment vacancies totaled 974 units, equal to a 8.3 percent vacancy rate among the 11,750 apartments surveyed. Units are termed apartments when more than one delivery is made for one carrier stop.

Vacancy ratios derived from postal vacancy surveys are not comparable with ratios reported by the Census of Housing. The postal vacancy survey reported vacancy only by type of structure, irrespective of whether the units were for rent or for sale. The census, however, reported vacant units according to intended tenure.

Since April 1960, vacancies in both the sales and rental inventories in the Montgomery HMA have shown both numerical and percentage increases. As of September 1964, there are approximately 2,200 available vacant dwelling units in the area. Of these, 325 are sales units, equal to a current homeowner vacancy rate of 1.3 percent, and 1,875 are rental units representing a current rental vacancy rate of 7.5 percent. The current vacancy estimates have been derived from data obtained from the postal vacancy survey in August 1964, from the January 1964 unsold inventory survey, from information from local realtors and lenders, and from personal observations in the area; the figures are considered comparable with those of the 1950 and 1960 censuses.

Vacant Nonfarm Housing Units
Montgomery, Alabama, SMSA, 1950-1964

<u>Housing units</u>	<u>April</u> <u>1950</u>	<u>April</u> <u>1960</u>	<u>Sept.</u> <u>1964</u>
Total housing units	36,032	47,535	51,950
All vacant units	<u>2,133</u>	<u>3,108</u>	<u>3,600</u>
Available vacant units	<u>1,339</u>	<u>1,790</u>	<u>2,200</u>
For sale	651	268	325
Homeowner vacancy rate	4.6%	1.2%	1.3%
For rent	688	1,522	1,875
Rental vacancy rate	3.3%	6.5%	7.5%
Seasonal vacant	33	398	325
Other vacant ^{a/}	761	1,020	1,075

^{a/} Included dilapidated units, units sold or rented and awaiting occupancy, and units held off the market for absentee owners or for other reasons.

Source: 1950 and 1960 Censuses of Housing; 1964 estimated by Housing Market Analyst.

The homeowner rate of 1.3 percent appears reasonable but the rental vacancy rate of 7.5 percent appears excessive. At the present level, there are about 425 adequate vacant rental units in excess of the number judged to represent a balanced supply-demand relationship.

Sales Market

The market for new sales housing in the Montgomery HMA has been stable since 1960. The January 1964 unsold inventory survey indicated that 89 percent of new single-family units completed in subdivisions with 5 or more completions in 1963 were started speculatively. Although the bulk of new single-family construction is speculative, builders have geared production closely to market demand. There is not an excess supply of new unsold sales housing. Another indicator of the stability of the sales housing market is the negligible FHA-acquired home property inventory. In August 1964, the Birmingham Insuring Office listed only four acquired home properties for sale in the Montgomery area.

The survey of new unsold houses in the Montgomery area was conducted during January 1964 and covered tracts in which five or more sales houses were completed in the twelve months preceding the survey (see table below). The survey counted 366 houses completed during the twelve month period, of which only 39 were sold before construction started, and the remaining 327 units were started speculatively. Of the units built speculatively, only 33 or 10 percent remained unsold as of January 1964, which represented just slightly over a one-month supply. None of the unsold units had remained on the market longer than six months.

Sales Houses Completed by Sales Status and Price Class Montgomery, Alabama, SMSA, Jan. 1, 1963 to Jan. 1, 1964

<u>Sales price</u>	<u>Total completions</u>	<u>Houses sold before const. start</u>	<u>Speculative houses</u>			
			<u>Total</u>	<u>Number sold</u>	<u>Number unsold</u>	<u>Percent unsold</u>
\$10,000 - \$12,499	64	11	53	47	6	11.3
12,500 - 14,999	56	1	55	53	2	3.6
15,000 - 17,499	41	2	39	37	2	5.1
17,500 - 19,999	121	5	116	103	13	11.2
20,000 - 24,999	68	14	54	44	10	18.5
25,000 - 29,999	<u>16</u>	<u>6</u>	<u>10</u>	<u>10</u>	<u>0</u>	<u>-</u>
Total	366	39	327	294	33	10.1

Source: Unsold Inventory of new houses conducted by FHA, January 1964.

Based on the 333 houses completed and sold during the January through December 1963 period, the greatest proportion of demand was in the \$17,500 to \$20,000 price range, which accounted for 33 percent of all sales. The \$10,000 to \$12,500 and the \$20,000 to \$25,000 classes each represent 17 percent of sales. About 16 percent of sales were in the \$12,500 to \$15,000 range, while the \$15,000 to \$17,500 class accounted for 12 percent of sales. The remaining 5 percent of sales were in the \$25,000 to \$30,000 class.

Rental Market

The condition of the rental market has deteriorated slightly from the condition of moderate surplus that existed in 1960. The number of dwelling units in structures containing three or more dwelling units declined during the April 1950 and April 1960 decade. Since 1960, however, nearly 300 units in structures containing three or more units have been authorized by building permits. The classes at the Air University at Maxwell AFB change regularly, resulting in a considerable number of single-family residences being made available for rental to Air Force Officers. The addition of multifamily units since January 1960 and an over-supply of single-family residences for rental have resulted in a slight rise in available vacant rental units since April 1960. Some of the available vacant rental units, although having all plumbing facilities, are converted units in older structures and are clearly inferior to and not competitive with newer multifamily and single-family rental units.

There are 35 FHA insured rental projects in Montgomery County. Thirty-one of the projects were reported in the annual FHA rental occupancy report in March 1964. The reporting projects accounted for 1,914 dwelling units, of which 88 were vacant, or a 4.6 percent vacancy ratio. This experience is considerably better than the over-all rental vacancy ratio of 7.5 percent.

A high-rise project, two blocks from downtown Montgomery, offers unfurnished efficiency apartments at rents of \$90 a month, furnished efficiency units at \$105, and furnished one-bedroom units at \$125 monthly. The project manager reported that about 25 percent of the residents in the project are elderly, retired persons who find the project desirable because of its location near churches and shopping areas. The project does not permit children or pets, which increases its appeal to some older persons. Despite the strong appeal of the project to elderly persons who have the ability to pay the rents, the project manager reports only a moderate number of inquiries by elderly persons.

Urban Renewal

At present there are three urban renewal projects in the Montgomery area. One of these, The North Montgomery Project (1-1), has been completed. The re-use of the area was almost completely industrial and resulted in the relocation of 242 families.

The Houston Hill Project (R-10), is in the final stage of execution. The predominate land re-uses in the project are residential and public. Generally, the boundaries of this project are Madison Avenue on the north, Adams Street on the south, the Central of Georgia Railroad on the east, and North Jackson Street on the west. Prior to renewal, the area contained 447 families, all of whom have been successfully relocated. The Central Business District Project (R-57) is a general neighborhood renewal program that is still in the planning stage. Currently, the project area includes only 7 families who probably will not be displaced. The re-use will be nearly all commercial. Roughly, the boundaries are the Interstate 65 right-of-way to the west, Interstate 85 right-of-way to the south, the Alabama River and Pollard Street to the north, and an irregular line between Bainbridge and Lawrence Streets to the east.

Demand for Housing

Quantitative Demand

Quantitative demand for additional housing during the two-year period from September 1, 1964 to September 1, 1966 is based on an expected increase of about 900 households annually, on the need to replace units that will be lost through demolition, conversion, catastrophe, and other losses, and on the need to reduce somewhat the present level of vacant adequate rental units in the inventory. Consideration is given, also, to the present tenure composition of households and to the probability that the proportion of homeownership will continue to increase.

To accommodate household growth and to allow for expected occupancy and tenure changes, approximately 1,250 housing units will need to be added annually during the next two years, of which 975 units will represent annual demand for sales houses and 275 a year will represent demand for rental units. The addition of 1,250 units a year would be somewhat above the current rate of new construction. The suggested increase in the rate of additions results principally from the need to replace units expected to be lost from the inventory.

Qualitative Demand

Sales Housing. The distribution of the annual demand for 975 sales units is expected to approximate the pattern shown in the table below. The distribution is based upon the ability to pay, as measured by current family incomes and the ratio of sales price to income typical in the area, and on recent sales experience. It is judged that acceptable new sales housing cannot be produced to sell at prices much below \$9,000, and that if the required additional sales houses are provided in the price ranges above that minimum, upgrading of families to better housing (filtering) will assure absorption of the new units.

Estimated Annual Demand for New Sales Houses
Montgomery, Alabama, HMA
September 1964 - September 1966

<u>Sales price</u>	<u>Number of houses</u>
\$ 9,000 - \$ 9,999	100
10,000 - 11,999	115
12,000 - 13,999	165
14,000 - 15,999	180
16,000 - 17,999	140
18,000 - 19,999	80
20,000 - 24,999	130
25,000 and over	<u>65</u>
Total	975

The distribution shown above differs from that on page 14, which reflects only selected subdivision experience during the year 1963. It must be noted that the 1963 data do not include new construction in subdivisions with less than five completions during the year, nor do they reflect individual or contract construction on scattered lots. It is likely that the more expensive housing construction, and some of the lower value homes, are concentrated in the smaller building operations which are quite numerous. The demand estimates above reflect all home building and indicate a greater concentration in some price ranges than a subdivision survey would reveal.

Rental Housing. The monthly gross rentals at which 275 privately-owned net additions to the rental housing inventory might best be absorbed are indicated for various size units in the following table. Net additions at these rentals may be accomplished either by (1) new construction or rehabilitation at the specified rent levels with or without public benefits or assistance through subsidy, tax abatement, or aid in financing or in land acquisitions, or (2) production of units at higher rentals which competitively result in a filtering of existing accommodations to the levels specified. In any event, the provision of such rentals should be in small increments.

The minimum gross rents at which new privately-owned rental units can be produced at current costs in the Montgomery area are approximately \$80 a month for efficiency units, \$85 for one-bedroom units, \$90 for two-bedroom units, and \$95 for three-bedroom units. To achieve rents at those low levels in privately-owned rental projects requires assistance in the form of public benefit or assistance financing. Without such financing, the minimum achievable gross rents probably approximate \$90, \$100, \$110, and \$120 a month, respectively, for new efficiency, one-bedroom, two-bedroom, and three-bedroom units.

Estimated Annual Demand for Additional
Rental Units by Gross Monthly Rent and Unit Size
Montgomery, Alabama, HMA, 1964-1966

<u>Gross a/ monthly rent</u>	<u>Zero bedroom</u>	<u>One bedroom</u>	<u>Two bedroom</u>	<u>Three bedroom</u>
\$ 80 and over	25	-	-	-
85 " "	20	110	-	-
90 " "	10	85	105	-
95 " "	10	75	95	35
100 " "	5	65	90	30
105 " "	5	60	80	25
110 " "	5	55	60	20
115 " "	-	45	55	20
120 " "	-	40	50	15
130 " "	-	30	40	10
140 " "	-	-	20	5
150 " "	-	-	-	5

a/ Gross rent is shelter rent plus the cost of utilities.

Demand for Rental Housing Among the Elderly

The population aged 65 and over currently numbers about 13,250, representing an increment of approximately 1,450 since April 1960. By September 1966, population age 65 and over is expected to total 13,850. The current elderly population accounts for 7.4 percent of the total nonfarm population in the area, up from 7.3 percent in 1960. The proportion of elderly to total population in the area was below the national proportion of 9.0 percent and the Alabama proportion of 8.0 percent in 1960.

Elderly households currently number about 7,500, representing an increase of about 750 households since April 1960. By September 1966, elderly households are expected to total 7,850.

The median after-tax income of families with head age 65 and over is very low (see table II), an important factor contributing to the small demand for new rental housing by that group. Currently, the median after-tax income for all families with head age 65 and over is \$2,150 annually, and the median for renter families in that group is \$1,350 a year.

Demand for rental housing specially designed for the elderly in the Montgomery HMA is estimated at only about 10 units annually, or not more than 20 units during the September 1964-September 1966 forecast period. Important factors in the determination of this demand are the low incomes of elderly households in the area (see table II); the knowledge that most elderly households choose to live in regular rental units, and the fact that, based upon the experience of one existing apartment building which appeals to elderly persons, no significant backlog of demand for rental units among the elderly is apparent. The available rental inventory appears to have been adequate thus far to meet demand from elderly households.

Table I

Estimated Civilian Work Force and Employment Trends
Montgomery, Alabama, Labor Market Area^{a/} 1959-1964

<u>Industry</u>	<u>July 1959</u>	<u>July 1960</u>	<u>July 1961</u>	<u>July 1962</u>	<u>July 1963</u>	<u>July 1964</u>
Civilian work force	<u>64,470</u>	<u>65,360</u>	<u>68,040</u>	<u>67,450</u>	<u>68,220</u>	<u>70,590</u>
Unemployment	3,860	2,940	2,980	2,560	2,410	2,090
Percent of work force	6.0%	4.5%	4.4%	3.8%	3.5%	3.0%
Agricultural employment	1,740	1,550	1,830	1,880	1,870	1,650
Nonagricultural employment	<u>58,870</u>	<u>60,870</u>	<u>63,230</u>	<u>63,010</u>	<u>63,940</u>	<u>66,850</u>
Nonagricultural wage & salary workers	<u>47,130</u>	<u>49,030</u>	<u>50,930</u>	<u>50,840</u>	<u>51,980</u>	<u>54,580</u>
Manufacturing	<u>6,860</u>	<u>7,360</u>	<u>7,200</u>	<u>7,310</u>	<u>7,420</u>	<u>7,600</u>
Food & kindred products	1,960	2,370	2,430	2,380	2,620	2,550
Textile & apparel products	640	520	460	480	380	480
Lumber & wood products	1,360	860	880	980	920	910
Furniture & fixtures	<u>b/</u>	460	460	560	480	520
Chemicals & allied products	320	330	320	330	310	280
Stone, clay, & glass products	900	1,080	940	830	840	880
Machinery (excluding electrical)	<u>c/</u>	380	360	440	490	530
Other manufacturing	1,680	1,360	1,350	1,310	1,380	1,450
Nonmanufacturing	<u>40,270</u>	<u>41,670</u>	<u>43,730</u>	<u>43,530</u>	<u>44,560</u>	<u>46,980</u>
Construction	4,060	4,580	5,190	4,490	4,210	5,820
Trans., comm., & utilities	3,460	3,610	3,660	3,970	3,880	3,810
Wholesale & retail trade	11,550	11,800	12,770	12,400	12,390	12,670
Finance, insurance, & real estate	2,900	2,940	3,190	3,070	3,230	3,350
Service (excluding private household)	6,500	6,880	6,860	7,420	8,020	8,130
Government	11,420	11,820	12,020	12,120	12,710	13,080
Other nonmanufacturing <u>d/</u>	380	40	40	60	120	120
All other nonagricultural workers	11,740	11,840	12,300	12,170	11,960	12,270

a/ Montgomery labor market area includes Montgomery County.

b/ Included with the lumber and wood products category in 1959.

c/ Included with the "other manufacturing" category in 1959.

d/ Includes nonagricultural self-employed, unpaid family workers, and domestics in private households.

Source: Alabama Department of Industrial Relations.

Table II

Estimated Percentage Distribution of Nonfarm Families
by Annual Income After Deducting Federal Income Tax
Montgomery County, Alabama
1964-1966

<u>Income</u>	<u>1964</u>		<u>1966</u>		<u>Elderly families^{a/}</u>	
	<u>All families</u>	<u>Renter families</u>	<u>All families</u>	<u>Renter families</u>	<u>All</u>	<u>Renter</u>
Under \$ 3,000	25	37	24	36	62	78
\$ 3,000 - 3,999	12	16	10	15	10	7
4,000 - 4,999	11	12	10	11	6	3
5,000 - 5,999	9	9	9	9	4	3
6,000 - 6,999	9	7	10	8	3	3
7,000 - 7,999	9	5	8	5	3	2
8,000 - 8,999	6	4	7	4	3	2
9,000 - 9,999	5	3	5	4	3	1
10,000 - 11,499	5	3	6	3	5))
11,500 - 12,999	3	2	4	1	5)	1)
13,000 - 14,999	2	2)	3	2	1))
15,000 and over	4)	4	2	1))
Total	100	100	100	100	100	100
Median	\$5,300	\$3,750	\$5,575	\$3,950	\$2,150	\$1,350

^{a/} Includes all nonfarm and farm families with head age 65 years and over - 1964.

Source: Estimated by Housing Market Analyst.

Table III

Residential Units Authorized by Building Permits
Montgomery, Alabama, Area^{a/}
1950-1964

<u>Year</u>	<u>All residential units authorized</u>
1950	2,293
1951	1,061 ^{b/}
1952	1,340 ^{b/}
1953	930
1954	2,536
1955	1,790
1956	1,041
1957	680
1958	1,108 ^{b/}
1959	966
1960	833
1961	955
1962	1,106
1963	1,329
1964 (8 months)	730

^{a/} Includes Montgomery City and an area extending three miles beyond the corporate limits of Montgomery.

^{b/} Includes 216 units of public housing in 1951, 390 units in 1952, and 248 units in 1958.

Source: U. S. Department of Commerce.

Table IV

MONTGOMERY, ALABAMA AREA POSTAL VACANCY SURVEY

August 12, 1964

Postal Area	TOTAL RESIDENCES AND APARTMENTS						RESIDENCES						APARTMENTS						HOUSE TRAILERS		
	Total Possible Deliveries	Vacant Units		Used		Under Const.	Total Possible Deliveries	Vacant Units		Used		Under Const.	Total Possible Deliveries	Vacant Units		Used		Under Const.	Total Possible Deliveries	Vacant No.	%
Montgomery, Alabama--Total	46,350	1,919	4.1	1,766	153	202	34,600	945	2.7	817	128	175	11,750	974	8.3	949	25	27	429	82	19.1
Main Office	10,572	749	7.1	722	27	30	4,907	204	4.2	198	6	6	5,665	545	9.6	524	21	24	58	1	1.7
Branches:																					
Boylston	3,156	88	2.8	65	23	26	2,999	85	2.8	62	23	26	157	3	1.9	3	-	-	47	1	2.1
Gunter Air Force Base	154	2	1.3	2	-	-	-	-	-	-	-	-	154	2	1.3	2	-	-	-	-	-
Stations:																					
Capital Heights	4,868	216	4.4	213	3	4	3,987	101	2.5	98	3	3	881	115	13.1	115	-	1	-	-	-
Carolyn	8,355	241	2.9	188	53	56	7,477	194	2.6	145	49	56	878	47	5.4	43	4	-	3	-	-
Cloverland	5,694	444	7.8	439	5	42	4,454	213	4.8	208	5	42	1,240	231	18.6	231	-	-	73	7	9.6
Eastbrook	5,129	125	2.4	89	36	33	4,930	101	2.0	65	36	33	199	24	12.1	24	-	-	-	-	-
Maxwell Air Force Base	636	-	-	-	-	-	114	-	-	-	-	-	522	-	-	-	-	-	-	-	-
West Side	7,786	54	0.7	48	6	11	5,732	47	0.8	41	6	9	2,054	7	0.3	7	-	2	248	73	29.4

The survey covers dwelling units in residences, apartments, and house trailers, including military, institutional, and public housing units and units used only seasonally. The survey does not cover stores, offices, commercial hotels and motels, or dormitories; nor does it cover boarded-up residences or apartments that are not intended for occupancy.

The definitions of "residence" and "apartment" are those of the Post Office Department, i.e.: a residence represents one possible stop with one possible delivery on a carrier's route; an apartment represents one possible stop with more than one possible delivery.

Source: FHA Postal Vacancy Survey conducted by cooperating postmasters.