U. S. Department of Housing and Urban Development

Special Attention of:

Regional Directors, Field Office Directors, Economists, Public & Indian Housing Division Directors, Multifamily Hub Directors, Multifamily Program Center Directors

NOTICE PDR-2019-02

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Expires: Effective until superseded

Cross References:

Subject: Transmittal of Fiscal Year (FY) 2019 Income Limits for the Public Housing and Section 8 Programs

This notice transmits income limits used to define the terms "very low-income", "low-income" and "extremely low-income" in accordance with Section 3(b)(2) of the United States Housing Act of 1937, as amended. These income limits are listed by dollar amount and family size, and they are effective on the date issued.

Since FY 2010[1] HUD has limited all annual income limit decreases to five percent and all annual increases to the greater of five percent or twice the change in the national median income. HUD has maintained these limits to increases and decreases in income limits for FY 2019. The national median income for the United States for FY 2019 is $75,500, an increase of five percent over the national median income in FY 2018. Twice this change is 10 percent which is greater than five percent, so this higher value is used as the cap on increases.

HUD Section 8 Income Limits begin with the calculation of medians. HUD uses the Section 8 program's Fair Market Rent (FMR) area definitions in developing medians, which means that median incomes are developed for each metropolitan area, parts of some metropolitan areas, and each nonmetropolitan county. For FY 2019, there are two changes to the geographic area definitions used last year. First, the two counties (islands) that comprise the Kahului-Wailuku-Lahaina, HI will no longer have separate income limits; there is one income limit throughout the metropolitan area for FY 2019. Second, Enid, OK is a new metropolitan area, formed out of nonmetropolitan Garfield County. HUD Section 8 Income Limits are calculated for every FMR area with adjustments for family size and for areas that have unusually high or low income-to-housing-cost relationships.

[1] Prior to FY 2010, HUD maintained a "hold harmless" policy, whereby Section 8 income limits for certain areas were held at previously published levels when reductions would otherwise have resulted from changes in housing cost, median income, or income limit methodologies, or changes in metropolitan area definitions.

The 2016 American Community Survey (ACS) and Puerto Rico Community Survey (PRCS) median family income data (as opposed to household income data) are the basis of FY 2019 income limits for all areas of geography, except for the U.S. Virgin Islands and the Pacific Islands. The Consumer Price Index forecast published by the Congressional Budget Office (CBO) is used to bring the ACS and PRCS data forward from mid-2016 to the mid-point of the fiscal year, April 2019. The median incomes and income limits in the U.S. Virgin Islands and the Pacific Islands (Guam, American Samoa and the Northern Marianas) are based on 2010 Decennial Census data which is the most current information available. The decennial data used for the U.S. Virgin Islands and the Pacific Islands is trended forward using the change in national median incomes between 2009 (which is the year of the income in the decennial census) and 2016 (from the ACS). The same CBO forecast is then applied from mid-2016 to the mid-point of the fiscal year, April 2019.

Public Housing/Section 8 Income Limits are used to determine the income eligibility of applicants for Public Housing, Section 8, and other programs subject to 42 USC 1437a(b)(2). The income limits are calculated from the HUD medians for FY 2019.

The most important statutory provisions relating to income limits are as follows:

- very low-income family is defined as low-income families whose incomes do not exceed 50 percent of the median income for the area, subject to specified adjustments for areas with unusually high or low incomes relative to housing costs;

- low-income family is defined as those families whose incomes do not exceed 80 percent of the median income for the area, subject to adjustments for areas with unusually high or low incomes or housing costs;

- extremely low-income family is defined as a very-low income family whose income does not exceed the higher of the poverty guidelines as determined by the Department of Health and Human Services or 30 percent of the median income for the area.;

- where the area income limit is less than those derived from the state nonmetropolitan median, income limits are based on the state nonmetropolitan median; and

- income limits are adjusted for family size so that larger families have higher income limits.

Very Low-Income Limits:

HUD calculates very low-income limits using a set of formulae as follows. The first step in calculating very low-income limits is to determine what they would be if the four-person limit is based on 50 percent of the estimated area median income. Adjustments are then made if this number is outside formula constraints.

More specifically, the very low-income limit for a 4-person family is calculated as follows:

(1) 50 percent of the area median income is calculated and tentatively set as the 4-person family income limit;

(2) a minimum 4-person income limit is established at the amount required to afford a 2-bedroom unit renting at 85 percent of the 40th percentile rent for the FMR area if 35 percent of income is used for rent (this adjusts income limits upward for areas where rental housing costs are unusually high in relation to the median income;

(3) a maximum 4-person income limit is calculated as the greater of 80 percent of the U.S. median income or the income needed to afford a 2-bedroom unit renting at 100 percent of the 40th percentile rent if 30 percent of income is used for rent (this adjusts income limits downward for areas with unusually high incomes and relatively moderate rental housing costs);

(4) in no instance are income limits less than if based on the state nonmetropolitan median income (even if the step 2 calculation produces a lower amount);

(5) any 4-person income limit that has declined by more than five percent is raised to five percent below last year's income limit and any income limit that has increased more than 10 percent is lowered to an increase of 10 percent over last year's income limit, the remainder of this decrease/increase to be implemented next year if the underlying data warrant. In any year that twice the national change in median family incomes is greater than five percent, limits will be allowed to increase up to that level if so warranted by the local data. For FY 2019 income limits, twice the increase in the national median income compared to the FY 2018 median income is 10 percent, so the cap on increases is set at 10 percent.

Low-Income Limits:

Most four-person low-income limits are the greater of 80 percent of the area median income, or 80 percent of the state nonmetropolitan median income. Because the very low-income limits are not always based on 50 percent of median, however, calculating low-income limits as 80 percent of median would produce anomalies inconsistent with statutory intent (e.g., very low-income limits could be higher than low-income limits). To eliminate this problem, the normal calculation is to set the four-person low-income limit at 1.6 (i.e., 80 percent/50 percent) times the relevant four-person very low-income limit. The two exceptions to this practice are that the resulting 4-person income limit is not allowed to exceed the U.S. median income ($75,500 for FY 2019) except when justified by high housing costs; and once adjusted, the four-person low-income limit decrease is limited to five percent or, if increasing, capped at the greater of five percent or twice the national change in median income (which is 10 percent for FY 2019). Use of very low-income limits as a starting point for calculating other income limits has the effect of adjusting low-income limits in areas where the very low-income limits have been adjusted because of unusually high or low housing-cost-to-income relationships.

Extremely Low-Income Limits:

The Consolidated Appropriations Act, 2014, amended Sec. 238. (a) Section 3(b) of the United States Housing Act of 1937 (42 U.S.C. 1437a) as follows:

> *(C) The term extremely low-income families means very low-income families whose incomes do not exceed the higher of—*
>
> *(i) The poverty guidelines updated periodically by the Department of Health and Human Services under the authority of section 673(2) of the Community Services Block Grant Act applicable to a family of the size involved (except that this clause shall not apply in the case of public housing agencies or projects located in Puerto Rico or any other territory or possession of the United States); or*
>
> *(ii) 30 percent of the median family income for the area, as determined by the Secretary, with adjustments for smaller and larger families (except that the Secretary may establish income ceilings higher or lower than 30 percent of the median for the area on the basis of the Secretary's finding that such variations are necessary because of unusually high or low family incomes).*

HUD calculated the extremely low-income limits for all areas in the U.S. using the 2019 Poverty Guidelines for the 48 contiguous states and the District of Columbia (Lower-48 States), for Alaska and for Hawaii. These poverty guidelines were published in the Federal Register by HHS on February 1, 2019.

Family Size Adjustments:

By statute, family size adjustments are required to provide higher income limits for larger families and lower income limits for smaller families. The factors, shown below, are applied to the very low-income limits and the low-income limits but not the extremely low-income limits set at the poverty income threshold, as follows:

Number of Persons in Family and Percentage Adjustments

1	2	3	4	5	6	7	8
70%	80%	90%	Base	108%	116%	124%	132%

Income limits for families with more than 8 persons are not included in the printed lists because of space limitations. For each person in excess of 8, the income limit for such households is computed by adding an additional eight percent to the 4-person base. The 9-person income limit, for example, is set at 140 (132 + 8) percent of the relevant four-person income limit. Local agencies may round income limits for 9 or more persons to the nearest $50, or they may use the un-rounded numbers. Family size-adjusted income limits are not re-tested for compliance with the cap and floor rule. Rounding anomalies produce some family size-adjusted income limits whose annual change is slightly larger or smaller than the five percent change in the floor and the 10 percent change in the cap allowed for FY 2019.

FY 2019 income limits are available in multiple formats and available at **http://www.huduser.gov/portal/datasets/il.html**. Questions related to how these income limits apply to the programs of state and other federal agencies should be referred to those agencies. Questions concerning the methodology used to develop these income limits are addressed in the FY 2019 Income Limits Methodology, or the documentation system for income limits and median income, which are on the income limits website.

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FY 2019 Income Limits Documentation System

HUD.gov HUD User Home Data Sets Fair Market Rents Section 8 Income Limits MTSP Income Limits HUD LIHTC Database

FY 2019 Income Limits Summary

Selecting any of the buttons labeled "Explanation" will display detailed calculation steps for each of the various parameters.

FY 2019 Income Limit Area	Median Family Income Explanation	FY 2019 Income Limit Category	Persons in Family 1	2	3	4	5	6	7	8
Pike County, IL	$54,000	Very Low (50%) Income Limits ($) Explanation	23,250	26,550	29,850	**33,150**	35,850	38,500	41,150	43,800
		Extremely Low Income Limits ($)* Explanation	13,950	16,910	21,330	**25,750**	30,170	34,590	39,010	43,430
		Low (80%) Income Limits ($) Explanation	37,150	42,450	47,750	**53,050**	57,300	61,550	65,800	70,050

* The FY 2014 Consolidated Appropriations Act changed the definition of extremely low-income to be the greater of 30/50ths (60 percent) of the Section 8 very low-income limit or the poverty guideline as established by the Department of Health and Human Services (HHS), provided that this amount is not greater than the Section 8 50% very low-income limit. Consequently, the extremely low income limits may equal the very low (50%) income limits.

Income Limit areas are based on FY 2019 Fair Market Rent (FMR) areas. For information on FMRs, please see our associated FY 2019 Fair Market Rent documentation system.

For last year's Median Family Income and Income Limits, please see here:

FY2018 Median Family Income and Income Limits for Pike County, IL

FY 2019 Median Family Income Documentation System

HUD.gov HUD User Home Data Sets Fair Market Rents Section 8 Income Limits MTSP Income Limits HUD LIHTC Database

Median Family Income Calculation Methodology

Estimates of median family income for metropolitan and non-metropolitan areas are developed as follows:

1. A special tabulation of Median Family Income (MFI) estimates from the 2012-2016 5-year ACS was prepared by the U.S. Census Bureau and used by HUD as the basis for calculating HUD's FY2019 MFIs. Estimates of MFI from this tabulation are used if they are determined to be statistically reliable. For FY2019, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself and whether the ACS estimate is based on at least 100 survey cases.

   Note: HUD began using the count indicator in assessing statistical reliability beginning with the FY 2019 Fair Market Rent estimates. HUD does not receive the exact number of survey cases in this special tabulation, but rather a categorical variable known as the count indicator, indicating a range of cases. An estimate based on at least 100 cases corresponds to a count indicator of 4 or higher.

   If an area does not have a reliable 2012-2016 5-year estimate, HUD checks whether the area has had minimally reliable estimates in any of the past 3 years (a minimally reliable estimate is an estimate where the margin of error for the estimate is less than 50% of the estimate itself). If so, the FY2019 MFI is the average of the inflated ACS estimates. In order to use as much local data as possible, HUD averages the minimally reliable estimates from the last three 5-year ACS estimates.

   If an area has not had a minimally reliable estimate in the past 3 years, the estimate from the next larger encompassing geography is used. For example, sub-areas of metropolitan areas would be assigned the MFI estimate of the entire metropolitan area and for non-metropolitan counties, the estimate from all non-metrpolitan potions of the State (state non-metropolitan).

2. If there is a statistically reliable 2016 1-year ACS estimate of median family income available, HUD replaces the 5-year data with the 1-year data. **Pike County, IL** does not

have published, statistically reliable local area 1-year 2016 ACS results.

3. Once the appropriate 2016 ACS data has been selected, an inflation factor based on the CBO projection of the national CPI for FY2019 is calculated to inflate the estimate from 2016 to April, 2019 (or mid FY2019). **Note:** The CPI projection used in this calculation is from the CBO's January 2017 release of it's 10-Year Economic Projections.

MFI Step by Step Calculation

1. The following are the 2016 American Community Survey 5-year median income estimate, margin of error, and sample size category for **Pike County, IL**:

Area	ACS_{2016} 5-Year Median Income	ACS_{2016} 5-Year Margin of Error	Ratio	Sample Size Category	Result
Pike County, IL	$50,820	$2,569	$2,569 / $50,820 = 0.051	6	0.051 < .5 and 6.0 >= 4 **Use ACS_{2016} Median Income**

2. Since there is no ACS_{2016} 1-year estimate available, the ACS_{2016} 5-year value is used for the estimate of median income.
3. The calculation of the CPI Inflation Factor is as follows:

Area	FY2019 CPI	2016 Annual CPI	CPI Inflation Factor
Pike County, IL	255.1	240.007	(255.1 / 240.007) = **1.06289**

4. The FY 2019 median family income is estimated as follows:

Area	ACS_{2016} 5-Year Estimate	CPI Inflation Factor	FY 2019 Area MFI Estimate
Pike County, IL	$50,820	1.06289	($50,820 * 1.06289) = **$54,016**

5. In keeping with HUD policy, the median family income estimate is rounded to the nearest

$100:

Area	Unrounded FY 2019 MFI Estimate	Rounded FY 2019 MFI Estimate
Pike County, IL	$54,016	**$54,000**

NOTE: Due to differences in the computing platforms used to generate the official FY 2019 MFI estimates, and this web system, the calculated value shown may differ slightly from the official published value because of rounding.

Press below to select a different state:

Select a new state

Or select a FY 2019 HUD Metropolitan FMR Area's
Median Family Income:

Abilene, TX MSA

Select Area

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