# INCOME LIMITS



HUD's Office of Policy Development and Research (PD&R) is pleased to announce that Fair Market Rents and Income Limits data are now available via an application programming interface (API). With this API, developers can easily access and customize Fair Market Rents and Income Limits data for use in existing applications or to create new applications. To create an account and get an access token, please visit the API page here: https://www.huduser.gov/portal/dataset/fmr-api.html.

The Department of Housing and Urban Development (HUD) sets income limits that determine eligibility for assisted housing programs including the Public Housing, Section 8 project-based, Section 8 Housing Choice Voucher, Section 202 housing for the elderly, and Section 811 housing for persons with disabilities programs. HUD develops income limits based on Median Family Income estimates and Fair Market Rent area definitions for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county.



## Income Limits

### Q1. Is HUD raising rents on low-income tenants?

The potential impact of changing income limits varies based on the program. Many tenants in Federally-supported housing will see no impact because rents are directly tied to tenant incomes. For other programs, such as Low Income Housing Tax Credits, properties have their maximum allowed rents based on the income limits that HUD is mandated to publish. The Federal government has no control over how individual LIHTC landlords set rents within the prescribed range. HUD has not required or suggested rent increases. To the extent that owners increase rents, they should be minimal increases, phased in over time, and only to an extent consistent with maintaining financial feasibility of the property.

### Q2. Income limits have fallen in my area but haven't done so in the past, why did this happen?

Beginning with FY 2010 Income Limits, HUD eliminated its long standing "hold harmless" policy. HUD's "hold harmless" policy sustained Section 8 income limits for certain areas at previously published levels when reductions would otherwise have resulted from changes in median family incomes, housing cost adjustment data, median income update methodology, income limit methodology, or metropolitan area definitions. HUD eliminated the “hold harmless” policy to ensure better alignment between an area’s most recent income experience and the income thresholds for housing assistance.

Furthermore, in an effort to minimize disruptions in the operation of the Section 8 Housing Choice Voucher (HCV) program, HUD instituted maximum thresholds for the amount income limits can change from year to year. The new policy limits annual increases in income limits to 5 percent or twice the change in the national median family income as measured by the American Community Survey, whichever is greater. For the FY 2022 income limits, the cap is approximately 11.89 percent. For areas where income limits are decreasing, HUD limits the decrease to no more than 5 percent per year.

Income Limits for rural housing programs will continue their current hold-harmless policy at the request of the Rural Housing Service, because these limits are based on area definitions and program rules specified by the Rural Housing Service of the Department of Agriculture. Income-based rents used in the HOME Investment Partnerships program (HOME) will also be held harmless.

**Q3. Why don’t the income limits for my area reflect recent gains (or losses)?**

Although HUD uses the most recent data available concerning local area incomes, there is still a lag between when the data are collected and when the data are available for use. For example, FY 2022 Income Limits are calculated using 2015-2019 5-year American Community Survey (ACS) data, and one-year 2019 data where possible. This is a three-year lag, so more current trends in median family income levels are not available.

**Q4. What is the difference between HUD’s Median Family Income (MFI) and Area Median Income (AMI)?**

HUD estimates Median Family Income (MFI) annually for each metropolitan area and non-metropolitan county. The metropolitan area definitions are the same ones HUD uses for Fair Market Rents (except where statute requires a different configuration). HUD calculates Income Limits as a function of the area's Median Family Income (MFI). The basis for HUD’s median family incomes is data from the American Community Survey, table B19113 - MEDIAN FAMILY INCOME IN THE PAST 12 MONTHS.

The term Area Median Income is the term used more generally in the affordable housing industry. If the term Area Median Income (AMI) is used in an unqualified manner, this reference is synonymous with HUD's MFI. However, if the term AMI is qualified in some way - generally percentages of AMI, or AMI adjusted for family size, then this is a reference to HUD's income limits, which are calculated as percentages of median incomes and include adjustments for families of different sizes.

**Q5. Why does my very low-income limit not equal 50% of my median family income (or my low-income limit not equal 80% of my median income)?**

There are many exceptions to the arithmetic calculation of income limits. These include adjustments for high housing cost relative to income, the application of state nonmetropolitan income limits in low-income areas, and national maximums in high-income areas. These exceptions are detailed in the FY 2022 Income Limits Methodology Document, https://www.huduser.gov/portal/datasets/il.html#2022_data. Please also note that Tables 1 and 2 (beginning on page 5) show that most nonmetropolitan area income limits are based on state nonmetropolitan area medians.

For further information on the exact adjustments made to an individual area of the country, please see our FY 2022 Income Limits Documentation System. The documentation system is available at https://www.huduser.gov/portal/datasets/il.html#2022_query. Once the area in question is selected, a summary of the area’s median income, Very Low-Income, Extremely Low-Income, and Low-Income Limits are displayed. Detailed calculations are obtained by selecting the relevant links.

**Q6. Why is the Extremely Low-Income Limit much higher than in the past and sometimes no different than the Very Low-Income Limit?**

The Quality Housing and Work Responsibility Act of 1998 established a new income limit standard based on 30 percent of median family income (the extremely low-income limits), which was to be adjusted for family size and for areas of unusually high or low family income. A statutory change was made in 1999 to clarify that these income limits should be tied to the Section 8 very low-income limits.

The Consolidated Appropriations Act, 2014 further modified and redefined these limits as Extremely Low Family income limits to ensure that these income limits would not fall below the poverty guidelines determined for each family size. Specifically, extremely low-income families are defined to be very low-income families whose incomes are the greater of the Poverty Guidelines as published and periodically updated by the Department of Health and Human Services or the 30 percent income limits calculated by HUD. Puerto Rico and other territories are specifically excluded from this adjustment. There are separate poverty guidelines for Alaska and Hawaii. The remaining 48 states and the District of Columbia use the same poverty guidelines. The extremely low-income limits therefore are first calculated as 30/50ths (60 percent) of the Section 8 very low-income limits. They are then compared to the appropriate poverty guideline and if the poverty guideline is higher, that value is chosen. If the poverty guideline is above the very low-income limit at that family size, the extremely low-income limit is set at the very low-income limit because the definition of extremely low-income limits caps them at the very low-income levels.

**Q7. Why am I unable to access the FY 2022 Income Limits Documentation System using a prior year bookmark, or using the results of web search? Using links from these methods generally result in broken webpages.**

The income limits documentation calculates median family incomes and income limits for each area of the country; therefore, certain parameters must be set for these calculations to be performed correctly. Please access the FY 2022 Income Limits Documentation System using this link:
https://www.huduser.gov/portal/datasets/il.html#2022_query

## Median Family Incomes

**Q8. How does HUD calculate median family incomes?**

To calculate the FY 2022 median incomes, HUD uses 2019 ACS or PRCS median family incomes as the basis for FY 2022 medians for all areas designated as Fair Market Rent areas in the US and Puerto Rico. For an ACS estimate to be considered statistically valid, the estimate must have a margin of error less than half the size of the estimate and the estimate must be based on at least 100 observations. In areas where there is a statistically valid survey estimate using 2019 one-year ACS or PRCS data, that is used. If not, statistically valid 2019 five-year data is used. Where statistically valid five-year data is not available, HUD will average the minimally statistically valid income estimates from the previous three years of ACS or PRCS data. Minimal statistical validity is defined as those ACS estimates where the margin of error of the estimate is less than half the size of the estimate. ACS data from 2019, 2018, and 2017 will be evaluated to determine if it is minimally statistically valid. HUD averages the minimally statistically valid 5-year data which is adjusted to 2019 dollars using the national change in CPI between the ACS year of the data and 2019. For all places in the US and Puerto Rico: All estimates (using either one-year data or five-year data) are then inflated from 2019 to February 2022 using the Consumer Price Index (CPI).

For additional details concerning the use of the ACS in HUD's calculations of MFI, please see our FY 2022 Median Family Income methodology document, at https://www.huduser.gov/portal/datasets/il.html#2021_data.

Additionally, full documentation of all calculations for Median Family Incomes are available in the FY 2022 Median Family Income and the FY 2022 Income Limits Documentation System. These systems are available at https://www.huduser.gov/portal/datasets/il.html#2022_query.

## Area Definitions:

**Q9. Why do area definitions change for median incomes and income limits?**

HUD follows Office of Management and Budget (OMB) definitions of metropolitan areas with some exceptions. In 2006, when HUD implemented the widespread area definition changes OMB made based on the 2000 Decennial Census, exceptions were made to the new OMB area definitions when FMR or MFI changes for new areas were greater than five percent. HUD created exception subareas, called HUD Metro FMR Areas (HMFA), which continue to exist today.

The FY 2022 MFIs and income limits are based on new metropolitan area definitions, defined by OMB using commuting relationships from the 2010 Decennial Census, as updated through 2018. While HUD has maintained its HMFA subareas, there is no longer the five percent FMR or median income test; all counties added to metropolitan areas will be an HMFA with rents and incomes based on their own county data, where available. The disposition of all counties is shown in the Area Definitions report https://www.huduser.gov/portal/datasets/il.html#2022_data.

**Q10. What is the relationship between Fair Market Rent areas and Income Limit areas?**

With minor exceptions, FMR areas and Income Limit areas are identical. HUD uses FMR areas in calculating income limits because FMRs are needed for the calculation of some income limits; specifically, to determine high and low housing cost adjustments. Also, the two sets of area definitions are linked in statutory history. The exception to the similarity between Fair Market Rent areas and Income Limit areas is Rockland County, NY. By statute, income limits are calculated for Rockland County, NY while separate FMRs are not.

**Q11. What does the term “HMFA” mean?**

HUD Metro FMR Area. This term indicates that only a portion of the OMB-defined metropolitan statistical area (MSA) is in the area to which the income limits (or FMRs) apply. HUD is required by OMB to alter the name of metropolitan geographic entities it derives from the MSAs when the geography is not the same as that established by OMB.

## Questions Related to Puerto Rico

**Q12. On a recent visit, Secretary Fudge has committed to addressing the concerns of Income Limits in Puerto Rico, why have the FY 2022 Income Limits changed so little?**

En una visita reciente, la Secretaria Fudge se comprometió a mirar los retos particulares en Puerto Rico sobre los límites de ingreso. ¿Por qué los límites publicados para el año fiscal 2022 variaron tan poco?

42 U.S.C. Section 1437a (b) requires the Secretary of HUD to establish income limits for the purposes of defining low-income families, very low-income families, and extremely low-income families relative to HUD’s estimates of area median family income. Each year, HUD publishes updates to its income limits that determine eligibility for

federal assistance, including public housing and HUD-assisted housing. HUD is continuing to explore available legal and data options for setting Puerto Rico Income Limits, but has not completed this work, so any changes that HUD might pursue are not yet reflected in the 2022 Income Limits.

*El Título 42 del Código de los Estados Unidos, sección 1437a (b) requiere que el/la Secretario/a del Departamento de Vivienda Federal (HUD, por sus siglas en inglés) establezca límites de ingreso para definir lo que son familias de ingresos bajos, muy bajos, y extremadamente bajos en relación con los estimados de HUD para la mediana de ingreso familiar según la localidad. Cada año, HUD publica revisiones a los límites de ingreso que determinan elegibilidad para asistencia federal, incluyendo vivienda pública y asistencia federal para vivienda. HUD continúa explorando vías legales y alternativas para la recopilación de datos para establecer los límites de ingreso para Puerto Rico pero aún no ha completado este trabajo. Por ende, cualquier cambio que HUD pueda considerar todavía no se reflejan en los límites de ingreso para el 2022.*

**Q13. Rental and housing market challenges in Puerto Rico follow a decades-long economic recession, the 2017 disasters of Hurricanes Irma and Maria, a series of earthquakes, and now the COVID-19 pandemic. What factors led to income limits remaining relatively flat in Puerto Rico?**

*Los retos relacionados a los mercados de alquiler y compra de vivienda en Puerto Rico se suman a una recesión económica prolongada, en adición a los desastres del 2017 de los huracanes Irma y María, una secuela de terremotos, y mas recientemente, la pandemia de COVID-19. ¿Qué factores contribuyeron a que los límites permanecieran relativamente iguales en Puerto Rico?*

Income Limits are generally based on measures of local Area Median Family Income, but where housing market complications, such as natural disasters, have a measurable impact on market rents and the Fair Market Rent is sufficiently high relative to Area Median Family Income, the Income Limits are adjusted upward to account for higher housing costs. In the San Juan MSA in particular, a decreasing Fair Market Rent coupled with an increase in local Median Family Income means that San Juan is no longer eligible for a high housing cost adjustment, which had the impact of lowering local income limits for FY22.

*Generalmente, los límites de ingreso se determinan utilizando la mediana de ingreso familiar según la localidad, pero cuando complicaciones con el mercado de vivienda (tales como desastres naturales) provocan un impacto medible en el costo de rentas del mercado y las rentas del mercado justo (conocido en inglés como Fair Market Rent) son suficientemente altas relativo a la mediana de ingreso familiar de la localidad, los límites de ingreso se aumentan para remediar el aumento en costos de vivienda. <u>En el área estadística metropolitana de San Juan, el descenso en las rentas del mercado justo, acompañado por un aumento en la mediana de ingreso familiar, significa que San Juan ya no es elegible para un ajuste por aumentos en costos de vivienda. Por lo tanto, se redujeron los límites de ingreso local para el año fiscal 2022.</u>*

**Q14. HUD has certain discretion in qualifying determining factors that can be taken into account when evaluating changes or revising its methodology. Is there an appeals process for extenuating circumstances?**

*HUD cuenta con cierta discreción en factores determinantes para elegibilidad que pueden ser tomados en cuenta cuando se evalúan cambios o se revisa la metodología. ¿Existe algún proceso apelativo por circunstancias extenuantes?*

There are no statutory or regulatory provisions for implementing an appeals process for the calculation of Income Limits. Significant changes to the methods used to calculate Income Limits are generally announced via Federal Register notice and provide opportunity for public comment.

*No hay un estatuto o disposición regulatoria para implementar un proceso apelativo para el cálculo de límites de ingreso. Cambios significativos a los métodos utilizados para calcular los límites de ingreso generalmente son anunciados a través del Registro Federal y se provee la oportunidad para someter comentarios públicos.*

## Multifamily Tax Subsidy Projects (MTSPs) (otherwise known as Low-Income Tax Credit projects (LIHTC) or tax-exempt bond-financed projects)

**Q15. What is the national non-metro median to be used to calculate the floor on rural LIHTC rents?**

Section 3004 of the Housing and Economic Recovery Act (HERA) specifies that any project for residential rental property located in a rural area (as defined in section 520 of the Housing Act of 1949) use the maximum of the area median gross income or the national non-metropolitan median income. The FY 2022 non-metropolitan median income is: $71,300 and the 1-8 person 50-percent income limits based on the non-metropolitan median income are listed below:

**Statewide Income Limits For U.S. Non-Metropolitan Total**

| | FY 2022 Very Low-Income (50%) Limit (VLIL) | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Median Family Income | 1 Person | 2 Person | 3 Person | 4 Person | 5 Person | 6 Person | 7 Person | 8 Person |
| $71,300 | $24,950 | $28,500 | $32,100 | $35,650 | $38,500 | $41,350 | $44,200 | 47,050 |

**Q16. What are Multifamily Tax Subsidy Projects?**

Multifamily Tax Subsidy Projects (MTSPs), a term coined by HUD, are all Low-Income Housing Tax Credit projects under Section 42 of the Internal Revenue Code and multifamily projects funded by tax-exempt bonds under Section 142 (which generally also benefit from LIHTC). These projects may have special income limits established by statute so HUD publishes them on a separate webpage. If you are a tax credit developer or resident in an MTSP, please go to the following site to determine what the appropriate income limits are, https://www.huduser.gov/portal/datasets/mtsp.html.

**Q17. How can 60 percent income limits be calculated?**

For the Low-Income Housing Tax Credit program, users should refer to the FY 2022 Multifamily Tax Subsidy Project income limits available at https://www.huduser.gov/portal/datasets/mtsp.html. The formula used to compute these income limits is as follows: take 120 percent of the Very Low-Income Limit. Do not calculate income limit percentages based on a direct arithmetic relationship with the median family income; there are too many exceptions made to the arithmetic rule in computing income limits.

**Q18. How are maximum rents for Low-Income Housing Tax Credit projects computed from the very low-income limits?**

Please consult with the state housing financing agency that governs the tax credit project in question for a determination of official maximum rental rates. A list of state housing finance agencies can be found at http://lihtc.huduser.org/agency_list.htm. The Low-Income Housing Tax Credit program is a U.S. Treasury Department program; therefore, HUD has no official authority over setting maximum rental rates. The following table is included for informational purposes only.

The imputed income limitation (as defined in 26 U.S.C. Sec. 42(g)(2)) is 60 percent of the median income. A rent may not exceed 30 percent of this imputed income limitation under 26 U.S.C. Sec. 42(g)(2). Unit rents by number of bedrooms are derived from Very Low-Income Limits (VLILs) for the different household sizes according to the following table:

**LIHTC Maximum Rent Derivation from HUD Very Low-Income Limits (VLILs)**

| Unit Size | 0 Bedroom | 1 Bedroom | 2 Bedroom | 3 Bedroom | 4 Bedroom |
|---|---|---|---|---|---|
| **50% MFI Unit** Maximum Monthly Rent is 1/12 of 30% of: | 1-Person VLIL | (1-Person VLIL + 2-Person VLIL)/2 | 3-Person VLIL | (4-Person VLIL + 5-Person VLIL)/2 | 6-Person VLIL |
| **60% MFI Unit** Maximum Monthly Rent is 1/12 of 30% of: | 120% of 1-Person VLIL | 120 % of [(1-Person VLIL + 2-Person VLIL)/2] | 120% of 3-Person VLIL | 120% of [(4-Person VLIL + 5-Person VLIL)/2] | 120% of 6-Person VLIL |

NOTE: Maximum rents for larger units are set by assuming an additional 1.5 persons per bedroom.

PD&R FMR/IL Lookup is now available on Apple iOS and Android powered smartphones. Look up Fair Market Rents & Income Limits from HUD's Policy Develop. & Research!

**Income Limits Hold-Harmless Policy**

Final Notice on Ending the Hold-Harmless Policy for Section 8 Income Limits
Request for Comments on Ending "Hold Harmless" Policy in Calculating Section 8 Income Limits
Correction of Potential Impact on Section 8 Program and Extension of Comment Date

**Multifamily Tax Subsidy Projects (MTSPs)**

MTSPs are projects funded with tax credits authorized under section 42 of the Internal Revenue Code (the Code) and projects financed with tax exempt housing bonds issued to provide qualified residential rental development under section 142 of the Code should use the Income Limits.
MTSP Income Limits

**Uniform Relocation Act Income Limits**

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (Uniform Act or URA)

**Community Reinvestment Act (CRA) and Home Mortgage Disclosure Act (HMDA)**

Link to Federal Financial Institutions Examination Council (FFIEC) HUD Estimated Metropolitan Area Median Family Income

**Assessment of Small Area Median Family Income Estimates**

Assessment of Small Area Median Family Income Estimates

**Homeowner Assistance Fund Income Limits (HAF)**

HAF funds are used for qualified expenses that assist homeowners having incomes equal to or less than 150 percent of the greater of the area median income for their household size, or the area median income for the United States, as determined by the Secretary of Housing and Urban Development. The Homeowner Assistance Fund (HAF) Income Limits are used for determining eligibility for HAF funds.

Homeowner Assistance Fund Income Limits (HAF)



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