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Special Attention of:

## NOTICE PDR-2013-01

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

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Cross References:

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Subject: Estimated Median Family Incomes for Fiscal Year 2013

This memorandum transmits median family income (MFI) and income distribution estimates for Fiscal Year (FY) 2013. They are calculated for each metropolitan and nonmetropolitan area using the Fair Market Rent (FMR) area definitions applied in the Section 8 Housing Choice Voucher Program. The estimated MFI for the United States for FY 2013 is \$64,400.

The only change to the area definitions was the addition of a town, Chebeague Island town, in the Portland, ME metropolitan area. The 2006-2010, 5-year American Community Survey (ACS) income data is the basis of FY 2013 Income Limits for all areas of geography, except for the U.S. Virgin Islands and the Pacific Islands. The Consumer Price Index is used as an update factor to bring the data from mid-2010 to the end of 2011. To estimate median family incomes at the mid-point of the fiscal year (April 2013), a trend factor is applied for the 15-month period. This trend factor is 1.67 percent per year and is based on the average annual change in incomes between 2005 and 2010. Previously the trend factor was 3 percent per year and based on the average annual change from the 1990 decennial census to the 2000 decennial census.


In areas where there is a 2010 1-year ACS estimate of MFI, the 1-year estimate is used in place of the 5-year estimate unless the margin of error for the 1-year estimate is greater than income estimate.

An explanation of the methodology used to develop FY 2013 MFIs and related documents are attached. Attachment 1 provides an explanation of the estimation methodology used. Attachment 2 provides state-level MFI estimates. Since these state-level MFI estimates are no longer an update of the 2000 Decennial Census (which provided 1999 income estimates) there are no longer columns

showing comparisons between current and 1999 state medians. The Income Limits Briefing Material and Area Definitions reports are provided with this notice. Data disk files are also provided on Section 8 Income Limits and income limits for the Section 221(d)(3) Below Market Interest Rate (BMIR) rental program, the Section 235 program, and the Section 236 program, that are not part of this transmittal notice, for your information.

Please note that the use of the HUD MFI estimates is subject to individual program guidelines covering definitions of income and family, family size, effective dates, and other factors. If you have any questions concerning these matters, please refer them to our website at <http://www.huduser.org/portal/datasets/il.html>.

HUD MFI estimates are also available at the Department's Internet site, which provides a menu from which you may select the year and type of data of interest <http://www.huduser.org/portal/datasets/il.html>.

  
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Attachments

## ATTACHMENT 1

### HUD METHODOLOGY FOR ESTIMATING FY 2013 MEDIAN FAMILY INCOMES

HUD updated its methodology to produce Median Family Income (MFI) estimates to take advantage of new nationally comprehensive data available from the Census Bureau's American Community Survey (ACS), beginning with the FY 2011 MFIs. In December 2010, the first set of 5-year ACS data was published. These 5-year aggregations, covering surveys administered in 2005 through 2009, provided income data for most areas of geography<sup>1</sup>. Because of the increase in the geographic coverage of the 5-year data, HUD's methodology for calculating FY 2011 MFI no longer was based on 2000 Decennial Census data, but rather, the 2005 – 2009 ACS data. The next 5-year series of income data, from 2006 to 2010 is incorporated into the FY 2013 MFIs, which HUD is publishing at this time. HUD uses Consumer Price Index (CPI) data to update the ACS data from mid-2010 to the end of 2011. The factor used to trend these 2011 estimates to the midpoint of FY 2013 MFIs is based on the change between 2005 and 2010 in median family income, as measured by the ACS and is lower, at 1.67 percent per year than the historical value of 3 percent per year that was based on the median family change between the 1990 and 2000 decennial censuses. Separate HUD MFI estimates are calculated for all Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas, and nonmetropolitan counties.

The ACS, conducted annually, was designed to produce estimates similar to the long-form sample survey previously conducted with the Decennial Census upon compilation of 5 years of data. Each year since full implementation of the survey in 2005, the Census Bureau collected an ACS sample sufficient to provide estimates of most survey items for areas with populations of 65,000 or more. After the 2007 ACS, the Census Bureau released data aggregated from the ACS samples collected over the three years, 2005, 2006, and 2007. This allowed the Census Bureau to release estimates for most items for areas with populations of 20,000 or more. FY 2010 MFIs reflected ACS survey data aggregated over 2006, 2007 and 2008. After the 2009 ACS sample, the Census Bureau had sufficient data to release aggregated five-year estimates. Five-year estimates are designed to provide estimates for geographic areas of all sizes relevant to MFI and income limit production.

As mentioned above, HUD uses the 2006-2010 5-year ACS data in the calculation process for the FY 2013 MFIs. Specifically, for each metropolitan area, subarea of a metropolitan area, and non-metropolitan county, 5-year ACS data is used as the new basis for calculating MFI estimates. HUD is incorporating the 5-year data in this way to eliminate the reliance on the data collected during the 2000 Decennial Census as it is more than a decade old. In areas where there is a valid 1-year ACS survey median family income result, HUD endeavors to use this data as well to take advantage of more recent survey information. By using both the 5-year data and the 1-year data, where available, HUD is establishing a new basis for MFI estimates while also capturing the most recent information available.

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<sup>1</sup> The ACS covers the 50 United States, and a separate survey called the Puerto Rico Community Survey (PRCS) covers Puerto Rico. The US Virgin Islands and the Pacific Islands (American Samoa, Commonwealth of the Northern Mariana Islands, and Guam) are not covered by the ACS or PRCS. Detailed demographic and socio-economic information covering these island areas have been collected by a special Long Form survey conducted in conjunction with the 2010 Decennial Census. These data are scheduled to be available in 2013. For FY 2013 median family income calculations, HUD continues to use the change in the national median income between the 2000 Decennial Census and the latest ACS data as the update factor for the US Virgin Islands and the Pacific Islands.

HUD changed the way it uses ACS margins of error for the FY 2013 MFI estimates. HUD set the base MFI equal to the 2006-2010 5-year ACS survey value. For areas with where the 2010 1-year survey result is greater than the margin of error, the 1-year survey result is used. Previously HUD used the z-test to evaluate the statistical significance of the 1-year survey result compared with the 5-year survey result.

MFI estimates are based on the most currently available data, but the delay in collecting and reporting the survey data mean that 2010 ACS income data is used for FY 2013 estimates that have an as-of date of mid-2010. The CPI is used to bring the income data from 2010 to the end of 2011. A new and annually revised trend factor based on historic patterns of nominal income growth is used to inflate the estimate from the end of 2011 to April, 2013. This new trend factor of 1.67 percent is based on the annual average growth in incomes as measured by the 2005 and 2010 ACS; previously HUD used a 3 percent trend factor that was based on the annual average growth in incomes between the 1990 and 2000 decennial censuses.

Median family<sup>2</sup> incomes start with the development of estimates of MFI for the metropolitan areas and non-metropolitan FMR/income limit areas (including U.S. territories). Attachment 2 provides a detailed explanation of how median family income estimates are calculated. The major steps are as follows:

HUD uses 2006-2010 5-year ACS estimates of median family income calculated for the areas used for FMRs and income limits as the new basis for FY 2013. In areas where there is also a 2010 1-year ACS estimate of median family income, the 1-year income data is used if it is greater than the margin of error estimate. Once the appropriate 2010 ACS data has been selected, the data are set as of December 2011 using the December 2011 National CPI value divided by the annual 2010 National CPI value.

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<sup>2</sup> Family refers to the Census definition of a family, which is a householder with one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The definition of family excludes one-person households and multi-person households of unrelated individuals.

All places:

All estimates (using either 5-year data or 5-year data augmented with 1-year data) are updated with CPI through the end of 2011 then trended from December, 2011 to April, 2013 (1¼ years) with a trending factor of 1.67 percent per year.

For the non-Puerto Rico Insular Areas of the United States,<sup>3</sup> which currently lack ACS coverage, national ACS income changes are used as surrogates to update 2000 Decennial Census data. HUD anticipates eventually receiving new income data for these areas from the 2010 Decennial Census, which included a "long form" collection of detailed socio-economic information in these areas only.

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<sup>3</sup> The areas without ACS coverage are the U.S. Virgin Islands, Guam, American Samoa, and the Northern Marianas Islands. Puerto Rico is covered by the ACS-equivalent Puerto Rico Community Survey.

## ATTACHMENT 2

FY 2013 Median Family Incomes for States,  
Metropolitan and Nonmetropolitan Portions of States

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	TOTAL	METRO	NONMETRO
Alabama	53600	56500	46000
Alaska	81800	86100	73800
Arizona	58800	59800	49300
Arkansas	50000	55400	44000
California	69600	70000	57300
Colorado	72100	74600	59600
Connecticut	86300	86700	82600
Delaware	73100	77800	57500
District of Columbia	82400	82400	52400*
Florida	56400	57200	48000
Georgia	58700	62600	45600
Hawaii	80900	86300	66500
Idaho	55600	58600	51200
Illinois	69500	72100	56200
Indiana	58800	61000	52700
Iowa	64700	69200	59800
Kansas	64800	70200	55200
Kentucky	53600	60700	44700
Louisiana	55800	59400	48000
Maine	61900	67500	53200
Maryland	88400	89000	78800
Massachusetts	83600	83500	52400*
Michigan	59600	62200	51700
Minnesota	74000	79300	61700
Mississippi	48300	56700	42000
Missouri	59700	65000	48200
Montana	57900	63100	55400
Nebraska	64600	71800	57000
Nevada	64000	63900	64700
New Hampshire	79300	86100	69100
New Jersey	87600	87600	52400*
New Mexico	54200	58400	47000
New York	70000	71400	57700
North Carolina	56200	60300	48300
North Dakota	69300	73300	64800
Ohio	60100	62300	53000
Oklahoma	55200	58900	49900
Oregon	60200	63900	51300
Pennsylvania	65800	68400	55300
Rhode Island	72100	72100	52400*
South Carolina	55000	57600	47500
South Dakota	63800	68300	59600
Tennessee	54300	57500	46700
Texas	60100	61900	50500
Utah	65500	66600	57700
Vermont	66500	77500	62900
Virginia	77000	82900	51600
Washington	71600	74200	55400
West Virginia	52000	57500	46100
Wisconsin	66000	69900	58600
Wyoming	70000	63800	73300
US	64400	66300	52400