



Special Attention of:

NOTICE PDR-2016-01

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

Issued: March 28, 2016
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Cross References:

Subject: Estimated Median Family Incomes for Fiscal Year 2016

This memorandum transmits median family income (MFI) estimates for Fiscal Year (FY) 2016. 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 2016 is \$65,700, a slight decrease of less than one percent from \$65,800 last year. The February 28, 2013, OMB Area definition update has been incorporated into the FY 2016 calculations.

The 2009-2013, 5-year American Community Survey (ACS) and Puerto Rico Community Survey (PRCS) income data are the basis of FY 2016 Income Limits for all areas of geography, except for the U.S. Virgin Islands and the Pacific Islands. 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. A Consumer Price Index forecast published by the Congressional Budget Office (CBO) is used to bring the data from mid-2013 to the mid-point of the fiscal year, April, 2016.

In areas where there is a 2013 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 half the income estimate itself.

An explanation of the procedures used to develop FY 2016 MFIs and related documents are attached. Attachment 1 provides an explanation of the estimation methods 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 is provided with this notice. The 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, may be provided to you or your staff electronically.

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>.

/s/

Katherine M. O'Regan, Ph.D.
Assistant Secretary for Policy
Development and Research

Attachments

ATTACHMENT 1

HUD PROCEDURE FOR ESTIMATING FY 2016 MEDIAN FAMILY INCOMES

The FY 2016 Median Family Income (MFI) estimates, which HUD is publishing at this time, use the 5-year series of income data from 2009 to 2013. These 5-year aggregations, covering surveys administered in 2009 through 2013, provided income data for most areas of geography¹. HUD uses Consumer Price Index (CPI) data to inflate the American Community Survey (ACS) data from annual 2013 to the midpoint of FY 2016, based on a CPI forecast, published by the Congressional Budget Office (CBO) in January 2016. Separate HUD MFI estimates are calculated for all Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas, and nonmetropolitan counties.

As mentioned above, HUD uses the 2009-2013 5-year ACS data in the calculation process for the FY 2016 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. This is the way it has been done since the 5-year ACS data first became available, for use in the FY 2011 MFI estimates. 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.

MFI estimates are based on the most currently available data, but the delay in collecting and reporting the survey data mean that 2013 ACS income data is used for FY 2016 estimates that have an as-of date of mid-2013. A new and annually revised trend factor based on the CBO forecast of CPI is used to inflate the estimate from mid-2013 to April, 2016 (or mid FY 2016).

Median family² 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 2009-2013 5-year ACS estimates of median family income calculated for the areas used for FMRs and income limits as the new basis for FY 2016. In areas where there is also a 2013 1-year ACS estimate of median family income, the 1-year income data is used if the estimate is greater than its margin of error estimate. Once the appropriate 2013 ACS data has been selected, the data are set as of April 2016 using the CPI forecast by the CBO.

² 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 from mid-2013 to April, 2016.

For the non-Puerto Rico Insular Areas of the United States,³ which currently lack ACS (or PRCS) coverage, national ACS income changes are used as surrogates to update 2010 Decennial Census data (which collected 2009 incomes).

³ 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 2016 Median Family Incomes for States,
Metropolitan and Nonmetropolitan Portions of States

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	TOTAL	METRO	NONMETRO
Alabama	55500	59000	46300
Alaska	87600	91500	77600
Arizona	58700	59600	44000
Arkansas	51700	57200	44700
California	70000	70400	58900
Colorado	73900	76600	60000
Connecticut	87800	87700	89300
Delaware	71200	71200	53300
District of Columbia	74200	74200	53300*
Florida	57200	57700	44800
Georgia	59000	62500	45300
Hawaii	82400	86700	60700
Idaho	57700	61200	51700
Illinois	71400	73600	58000
Indiana	61000	62300	57100
Iowa	68400	73500	63300
Kansas	66700	73000	57300
Kentucky	56100	64000	46400
Louisiana	57300	60200	46900
Maine	61700	67200	55300
Maryland	89500	90500	67000
Massachusetts	86000	86200	77600
Michigan	62500	65100	52600
Minnesota	77100	82500	63800
Mississippi	48900	55400	42900
Missouri	60300	65700	48200
Montana	61700	64000	60300
Nebraska	66500	71500	60500
Nevada	61000	61100	60200
New Hampshire	79700	85100	71400
New Jersey	87700	87700	53300*
New Mexico	56000	58500	50700
New York	72300	73600	58900
North Carolina	57600	61400	47600
North Dakota	75800	79300	73500
Ohio	62600	64800	55400
Oklahoma	58100	61700	52500
Oregon	63400	66200	51900
Pennsylvania	68300	70600	56000
Rhode Island	73500	73500	53300*
South Carolina	56100	58900	44200
South Dakota	62900	66800	58500
Tennessee	56100	60000	46400
Texas	62800	64200	52400
Utah	69000	70000	64100
Vermont	70200	84000	64400
Virginia	77500	82900	52300
Washington	73300	75800	55600
West Virginia	53000	57000	48300
Wisconsin	67300	70400	60200
Wyoming	73300	77500	72200
US	65700	67800	53300

* US non-metropolitan median