



Special Attention of:

NOTICE PDR-2018-01

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

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Cross References:

Subject: Estimated Median Family Incomes for Fiscal Year (FY) 2018

This memorandum transmits median family incomes for FY 2018. 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 median family income for the United States is \$71,900 in FY 2018, an increase of 5.7 percent compared with the national median income for FY 2017. There were no changes to the geographic area definitions used last year in the calculation of the FY 2017 medians.

The 2015 American Community Survey (ACS) and Puerto Rico Community Survey (PRCS) income data are the basis of FY 2018 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-2015 to the mid-point of the fiscal year, April 2018. The median incomes for 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 2015 (from the ACS). The same CBO forecast is then applied from mid-2015 to the mid-point of the fiscal year, April 2018.

An explanation of the procedures used to develop FY 2018 median incomes and related documents are attached. Attachment 1 provides an explanation of the estimation methods used; Attachment 2 provides state-level median income estimates. 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 median incomes 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.gov/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.gov/portal/datasets/il.html>.

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Attachments

ATTACHMENT 1

HUD PROCEDURE FOR ESTIMATING FY 2018 MEDIAN FAMILY INCOMES

The FY 2018 median incomes, which HUD is publishing at this time, use the median family¹ income data (as opposed to median household income data) from the 2015 American Community Survey (ACS) and the Puerto Rico Community Survey (PRCS). The Consumer Price Index forecast published by the Congressional Budget Office (CBO) is used to bring the ACS and PRCS data forward from mid-2015 to the mid-point of the fiscal year, April 2018. These medians 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.

As mentioned above, the FY 2018 median incomes incorporate the 2015 ACS and PRCS data into the calculation process. Specifically, for each metropolitan area, subarea of a metropolitan area, and non-metropolitan county, HUD determines if a statistically valid one-year ACS income estimate is available. If one-year data is not available, then statistically valid five-year ACS data (data collected from 2011 through 2015) is used. There are cases where statistically valid five-year ACS data is not available. In those cases, an average of at least two of the past three years of income estimates is used. If at least two years of statistically valid income data is not statistically valid the state nonmetro median is used.

Statistically Valid Estimate

For the FY 2018 medians, HUD requires that the margin of error be less than half of the estimate **and** that the survey median is based on at least 100 responses (as identified by a count indicator value of 4 or more in HUD's special tabulations of ACS data). If the current year estimate does not meet both conditions, the previous years' estimates must meet the margin of error condition to be used in averaging. In the few cases where the statistical confidence interval for the 5-year ACS estimate of median family income is greater than half the estimate for more than one of the past three years, HUD assigns the state nonmetropolitan median.

CPI Inflation and Trend Factor

HUD uses a CPI forecast from CBO to inflate the 2015 ACS data to the mid-point of FY 2018. The CBO projection of fiscal year CPI, published in January 2017 (a January 2018 projection was not published) is used to inflate the 2015 data.

Median Calculations

Median family incomes start with the development of median incomes for the nation (with national metropolitan and nonmetropolitan median incomes) for each state and territory (again including national metropolitan and nonmetropolitan median incomes) and for each metropolitan area and nonmetropolitan area using the FMR area definitions for the United State and its territories.

¹ 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.

The major steps are as follows:

HUD uses 2015 ACS or PRCS median family incomes as the basis for FY 2018 medians for all areas designated as Fair Market Rent areas in the United States and Puerto Rico. In areas where there is a statistically valid 2015 one-year survey estimate, that is used. If not, statistically valid 2015 five-year data is used. Where statistically valid five-year data is not available, HUD will average the valid income estimates from the previous three years of ACS or PRCS data. This data from the current 2015 five-year data will be considered valid if the margin of error of the estimate is less than one-half of the estimate.

This same test will be applied to the 2014 five-year data and the 2013 five-year data, which will be inflated to 2015 using the change in national CPI calculated between 2013 or 2014 and 2015.

For all places in the United States and Puerto Rico:

All estimates (using either one-year data or five-year data) are then trended from 2015 to April 2018 using the CPI forecast produced by CBO.

For the non-Puerto Rico Insular Areas of the United States,² which currently lack the annual survey of ACS or PRCS, 2010 Decennial Census data were used for the first time in the FY 2016 median incomes and income limits. This continues to be the basis of the FY 2018 median incomes and income limits. National ACS median income changes are used to update 2010 Decennial Census data (which is 2009 median income data) to 2015 and then the same CBO forecast trend factor is applied to bring the data forward to the midpoint of FY 2018.

² 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 2018 Median Family Incomes for States,
Metropolitan and Nonmetropolitan Portions of States

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	TOTAL	METRO	NONMETRO
Alabama	60200	64800	48500
Alaska	91000	95700	81200
Arizona	64300	65200	45000
Arkansas	55300	60600	48200
California	77500	78200	59700
Colorado	82600	85500	67300
Connecticut	96300	96300	96800
Delaware	79000	79000	58400*
District of Columbia	100000	100000	58400*
Florida	62500	63100	52100
Georgia	64600	68600	48900
Hawaii	88300	92800	78500
Idaho	63300	66900	57000
Illinois	77900	80800	63900
Indiana	66600	69100	61000
Iowa	73100	77600	67800
Kansas	73100	80000	61100
Kentucky	59200	67200	49400
Louisiana	62100	64700	49500
Maine	68100	74400	60200
Maryland	96500	97100	71300
Massachusetts	95500	95600	80700
Michigan	67300	69900	58700
Minnesota	84200	89800	69500
Mississippi	52800	60200	47000
Missouri	66400	72000	53100
Montana	67500	69000	66700
Nebraska	74900	79700	68000
Nevada	66600	65800	71200
New Hampshire	90500	97400	80600
New Jersey	95100	95100	58400*
New Mexico	59200	62500	53700
New York	77800	79600	64300
North Carolina	63300	66900	52300
North Dakota	83900	84700	82900
Ohio	68700	70800	61400
Oklahoma	63500	66700	56700
Oregon	69900	73500	54700
Pennsylvania	74000	75900	60500
Rhode Island	80800	80800	58400*
South Carolina	62500	65100	48300
South Dakota	71300	77300	66600
Tennessee	60900	64900	50100
Texas	68800	70500	56500
Utah	75500	75900	71100
Vermont	79700	93000	71900
Virginia	84700	90100	55900
Washington	81100	83700	65000
West Virginia	56300	59600	52200
Wisconsin	74700	77500	67800
Wyoming	79600	77400	80400
US	71900	74400	58400

* US non-metropolitan median