U. S. Department of Housing and Urban Development

Special Attention of:

Secretary's Representatives,
Community Builders, Economists,
Multifamily Hub Directors, Multifamily
Program Center Directors

NOTICE PDR-2002-03

Issued: January 31, 2002
Expires: Effective until superseded

Cross References:

Subject: Transmittal of Fiscal Year (FY) 2002 Income Limits for the Section 221(d)(3)BMIR, Section 235, and Section 236 Programs

This notice transmits revised income limits used to determine the income eligibility of applicants for assistance under Section 221(d)(3)BMIR, Section 235, and Section 236 of the National Housing Act. These income limits are listed by dollar amount and family size and effective the date issued.

The revised income limits are based on HUD estimates of median family income for FY 2002. The income limits used for the Section 236 program currently are the same as the Public Housing/Section 8 low-income limits, which are defined by Section 3(b)(2) of the United States Housing Act of 1937. Section 235 states that income limits are to be defined as "95 per centum of the median income for the area, as determined by the Secretary with adjustments for larger and smaller families..." The Section 221(d)(3)BMIR income limits, which serve "individuals and families of low- and moderate-income," are also set at 95 percent of median, adjusted for family size.

Most four-person Section 236 limits are the higher of 80 percent of the area median family income or 80 percent of the State non-metropolitan median family income level. Because the Section 8 very low-income limits are not always based on 50 percent of median, 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, as explained in Notice PDR-02-01). The calculation procedure used, therefore, is to set the four-person low-income

: Distribution: W-3-1

limit at 1.6 (i.e., 80%/50%) times the relevant four-person very low-income limit. The only exception is that the resulting income limit may not exceed the U.S. median family income level ($54,400 for FY 2002) except when justified by high housing costs. Use of very low-income limits as a starting point for calculating other income limits has the effect of adjusting income limits in areas where the very low-income limits have been adjusted because of unusually high or low housing-cost-to-income relationships.

Section 235 and Section 221(d)(3)BMIR income limits are tied to Public Housing/Section 8 low-income limits. They are usually calculated by multiplying the low-income limits by 95/80ths), rather than by calculating 95 percent of the local median income, in order to attain consistency with statutory and regulatory guidance. They may vary from the "95/80ths" calculation because of a hold-harmless provision. For areas where income limits would otherwise decline (e.g., areas where Census rebenchmarking reduced Public Housing/Section 8 income limits), the BMIR and Section 235 income limits are frozen at the previous year's levels. This is done to simplify program management.

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 used are 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 eight persons are not included in the printed lists because of space limitations. For each person in excess of eight, 8 percent of the four-person base should be added to the eight-person income limit. (For example, the nine-person limit equals 140 percent [132 + 8] of the relevant four-person income limit.) All income limits are rounded to the nearest $50 to reduce administrative burden.

Income Limit Area Definitions:

HUD income limit areas are the same as FMR areas. HUD normally uses current Office of Management and Budget (OMB) Metropolitan Statistical Area (MSA) and Primary Metropolitan Statistical Area (PMSA) definitions to define income limits areas because they closely correspond to housing market area

definitions. The HUD exceptions to the OMB definitions are counties deleted from six metropolitan areas whose revised OMB definitions encompass areas that were determined to be larger than the housing market areas. These counties are assigned their own income limits based on county-level data. The six metropolitan areas and the respective counties deleted from them are as follows:

AREA	Counties Deleted from OMB Definition
Chicago, IL:	DeKalb, Grundy and Kendall Counties
Cincinnati-Hamilton, OH-KY-IN:	Brown County, Ohio; Gallatin, Grant and Pendleton Counties in Kentucky; and Ohio County, Indiana
Dallas, TX:	Henderson County
Flagstaff, AZ-UT:	Kane County, Utah
New Orleans, LA:	St. James Parish
Washington, DC-MD-VA-WV:	Berkeley and Jefferson Counties in West Virginia; and Clarke, Culpeper, King George and Warren Counties in Virginia

No changes have been made by the Office of Management and Budget in the past year that affect FY 2002 income limit listings.

HUD Field Office Responsibilities:

HUD field offices with assisted housing functions are responsible for maintaining records of income limit for areas within their jurisdiction. Notice of all income limit revisions should be promptly distributed to program participants, and field offices should be prepared to make income limits available to the public upon request. These income limits are also available on the World Wide Web (www.huduser.org/datasets/il.html).

If you have any questions concerning these new income limits, please contact your HUD Office economist.

John C. Weicher
Assistant Secretary for
Housing-Federal Housing
Commissioner, H

Attachments