



Special Attention of:

NOTICE PDR-2002-01

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 FY 2002

This memorandum transmits median family income and income distribution estimates for Fiscal Year 2002 (FY 2002). 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 median family income for the United States for FY 2002 is \$54,400.

The FY 2002 HUD median family income estimates are based primarily on 1990 Census data on family incomes updated to 2002 using a combination of Bureau of Labor Statistics earnings and employment data and Census Divisional P-60 median family income data. Attachment 1 provides an explanation of the methodology used to develop these estimates. Attachment 2 provides median family income estimates for States. Attachment 3 provides metropolitan area and nonmetropolitan county estimates of median family incomes. Attachment 4 provides the area definitions used for income limits.

Please note that the use of the HUD median family income estimates and income limits 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 your Office's economist.

:Distribution: W-3-1

HUD median family income estimates are also available at the Department's World Wide Web site, which provides a menu from which you may select the year and type of data of interest (<http://www.huduser.org/datasets/il.html>).

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Attachments

ATTACHMENT 1

HUD METHODOLOGY FOR ESTIMATING FY 2002 MEDIAN FAMILY INCOMES (ECONOMIC AND MARKET ANALYSIS DIVISION, OFFICE OF ECONOMIC AFFAIRS, PD&R)

FY 2002 HUD estimates of median family income are based on 1990 Census data estimates updated with a combination of local Bureau of Labor Statistics data and Census Divisional data. Separate median family income estimates (MFIs) are calculated for all Metropolitan Statistical Areas (MSAs), Primary Metropolitan Statistical Areas (PMSAs), and nonmetropolitan counties.

The income adjustment factors used to update the 1990 Census-based estimates of MFIs are developed in several steps. Average wage data from the Bureau of Labor Statistics (BLS) were available for 1989 through the end of 1999 at a county level, and were aggregated to the metropolitan area level for multi-county metropolitan areas. Census Divisional level median family and household income estimates were available from the Current Population Report (CPS) March 1990-2001 surveys, which measure incomes from mid-1989 through mid-2000. These data were then used to update mid-1989 income estimates from the 1990 Census to the middle of 2000. The mid-2000 estimates were trended forward to mid-FY 2002 using a factor based on past P-60 Series trends. The step-by-step normal procedures as well as the exception procedures used are as follows:

1. Estimate mid-1989 local median family incomes using 1990 Census data. (Current HUD Section 8 Fair Market Rent (FMR) program definitions are used to define metropolitan areas, which are normally the same as Office of Management and Budget metropolitan area definitions.)
2. Calculate the BLS wage change factors for each Census Division for the 1989-99 period as follows:

$$\frac{\text{Census Division BLS Wages (1999)}}{\text{Census Division BLS Employees (1999)}} = \text{10-year BLS wage increase factor for Census Division}$$
$$\frac{\text{Census Division BLS Wages (1989)}}{\text{Census Division BLS Employees (1989)}}$$

3. Calculate the change in median family and household incomes for the nine Census Divisions for the 1989-2000 period using Census P-60 series data, as follows:

$$\frac{\text{Census Division P-60 MFI (2000)}}{\text{Census Division P-60 MFI (1989)}} = \text{11-year increase factor for Census Division P-60 Median Family Income}$$

4. Compare the BLS and P-60 series Census Divisional factors calculated in steps 2 and 3 to provide a means of adjusting local BLS wage factor changes so that they aggregate to the same change factor as P-60 changes in family incomes plus contain an added year of CPS trending.

$$\frac{\text{11-year increase factor for Census Division P-60 MFI}}{\text{10-year increase factor for Census Division BLS Wages}} = \text{Ratio of Census Division P-60 MFI to ratio of Census Division BLS wage changes}$$

5. Calculate the 1989-2000 increase factors for the individual metropolitan areas and nonmetropolitan counties by applying the Census Divisional index factors from step 4 to local BLS data.

$$\frac{\frac{\text{Local BLS Wages (1999)}}{\text{Local BLS Employees (1999)}}}{\frac{\text{Local BLS Wages (1989)}}{\text{Local BLS Employees (1989)}}} * \frac{\text{Ratio of Census Division P-60 MFI to Census Division BLS wages}}{\text{11-year income adjustment factor for MSA or County}} = \text{1989 to mid-2000 MFI adj. factor}$$

6. Convert 1989-2000 step 5 change factor to a 2000-2002 change factor by applying an annual trending figure of 4.0 percent to update the mid-2000 estimate to mid-2001, and applying a 3.0 percent factor (3/4ths of 4.0 percent) to the mid-2001 to April 1, 2002 period. (Use of a trending factor is necessary because of lags in Bureau of Labor Statistics and P-60 Series data availability; the 4.0 percent factor is based on national income change patterns in recent years.)

$$(\text{Step 5 adj. factor}) * 1.04 * 1.03 = \text{2000 to mid-FY 2002 adjustment factor}$$

7. Calculate median family incomes for FY 2002 by multiplying the step 1 Census estimate of median family income by the income adjustment factor derived in Step 6.

$$\text{1990 Census Median Family Income} * \text{Step 6 factor} = \text{FY 2002 MFI est.}$$

8. For American Housing Survey areas, compare the MFI estimates from step 7 with median family income estimates based on post-1989 American Housing Survey (AHS) estimates of median family income updated to 2002. Past analysis shows that there is 95 percent likelihood that the true local median family income is within 6 percent of the AHS-based estimate. For areas where an AHS-based estimate differs by more than 6 percent from the Census-based estimate, local MFI estimates are increased or decreased so that they are within 6 percent of the AHS-based estimate.
9. Compare the 2002 MFI estimate with the 2001 MFI estimate. If the 2001 estimate is higher, set the 2002 estimate at the 2001 level. (This policy is applied except when estimates are revised with decennial Census data, and serves to minimize disruption in program activities due to temporary decreases in income estimates.)

In addition to the above procedures, constraints are placed on annual changes in the Census Divisional and BLS change factors based on past experience. These guidelines constrain increases for a small number of areas with unusually high increases.

ATTACHMENT 2

FY 2002 MEDIAN FAMILY INCOMES FOR STATES, METROPOLITAN AND NONMETROPOLITAN PORTIONS OF STATES

	-----FY 2002-----			-----1989-----		
	TOTAL	METRO	NONMETRO	TOTAL	METRO	NONMETRO
ALABAMA	47000	50600	39300	28688	31005	24084
ALASKA	54000	60400	50100	46580	50109	44045
ARIZONA	51900	54500	34200	32177	33536	23997
ARKANSAS	39800	46400	34200	25395	29425	22208
CALIFORNIA	60800	61500	39200	40558	40969	29946
COLORADO	61500	64800	46000	35929	37461	28257
CONNECTICUT	72500	74000	59900	49198	49512	43591
DELAWARE	67500	71600	49700	40251	42237	31112
DIST. OF COLUMBIA	64100	64100	0	36255	36255	0
FLORIDA	51800	52800	40200	32211	32761	25874
GEORGIA	56700	64200	42200	33529	37551	26690
HAWAII	59300	62500	52400	43176	45313	37990
IDAHO	46500	53600	41400	29472	32220	27799
ILLINOIS	66500	70900	46700	38663	40964	29693
INDIANA	56400	59200	50300	34082	35664	30800
IOWA	53700	60500	49400	31658	35618	29303
KANSAS	55100	65300	44200	32965	38356	28067
KENTUCKY	45200	55400	36300	27028	32411	22542
LOUISIANA	39600	42600	31600	26313	28246	21177
MAINE	43100	49200	40500	32421	36629	30719
MARYLAND	73000	74600	54800	45033	45988	33695
MASSACHUSETTS	66000	66900	52100	44366	44728	37765
MICHIGAN	60600	65100	44800	36651	39033	27893
MINNESOTA	64500	73200	48500	36915	41398	28933
MISSISSIPPI	40200	48200	36000	24447	29496	21994
MISSOURI	52800	60500	40600	31837	36252	24324
MONTANA	41700	45800	39600	28042	30207	26977
NEBRASKA	55100	65100	45800	31634	36639	27623
NEVADA	57500	57600	56500	35837	35891	35577
NEW HAMPSHIRE	58800	64600	51000	41628	45429	36623
NEW JERSEY	73400	73400	0	47589	47589	0
NEW MEXICO	42800	50200	33700	27623	31550	23165
NEW YORK	61800	63600	43600	39740	40635	31472
NORTH CAROLINA	53400	58300	43700	31548	34083	27206
NORTH DAKOTA	46600	53300	41700	28707	32677	26194
OHIO	56400	58400	48700	34350	35392	30562
OKLAHOMA	40800	45400	34200	28553	31805	24139
OREGON	48900	53300	38300	32336	34637	27616
PENNSYLVANIA	51400	53500	41100	34856	36147	28934
RHODE ISLAND	54500	54400	56200	39172	39078	40639
SOUTH CAROLINA	49200	51300	43700	30797	32349	26904
SOUTH DAKOTA	48000	55300	44800	27601	32338	25547
TENNESSEE	50700	54900	42600	29546	32092	24937
TEXAS	51400	54500	36100	31553	33231	24585
UTAH	52700	55700	42900	33245	34322	30183
VERMONT	46800	57300	43400	34779	41968	32453
VIRGINIA	63900	71200	43000	38208	42000	28301
WASHINGTON	60600	64800	40200	36794	38495	29671
WEST VIRGINIA	37200	44000	32400	25602	29882	22654
WISCONSIN	59200	63800	50800	35081	37659	30290
WYOMING	47200	47200	47200	32215	32529	32096
UNITED STATES	54400	58600	39700	35224	37617	27255

NOTE: Definitions of metropolitan areas are current as of October 2001.

HUD median family income estimates are also available at the Department's World Wide Web site, which provides a menu from which you may select the year and type of data of interest (<http://www.huduser.org/datasets/il.html>).

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