Methodology for Determining FY 2023 Section 8 Income Limits

Overview of HUD Section 8 Income Limits

The U.S. Department of Housing and Urban Development (HUD) is required by law to set income limits that determine the eligibility of applicants for HUD’s assisted housing programs. HUD’s major assisted housing programs include the Public Housing program, the project-based Section 8 program, the Section 8 Housing Choice and Project-Based Voucher programs, Section 202 housing for the elderly program, and Section 811 housing for persons with disabilities program.

HUD also calculates median family incomes (MFI) for every metropolitan area and nonmetropolitan county in the U.S. MFIs are an input into the income limit calculation and are based on a four-person household. MFIs are also often referred to by users of these data and in other federal programs as area median incomes (AMIs). The methodology used to calculate FY23 MFIs is included described in a separate document.

In addition to the major assisted housing programs listed above, there are many other HUD and non-HUD programs that use median incomes and/or income limits to determine eligibility for benefits and, in some cases, funding amounts or maximum rents. A listing of Federal programs that rely on HUD’s calculation of income limits or MFIs across agencies is included in Attachment 1.

HUD Section 8 Income Limits begin with the production of median family incomes for each area. HUD uses the Section 8 program’s Fair Market Rent (FMR) area definitions in developing median incomes, which means that income estimates are developed for each metropolitan area, parts of some metropolitan areas, and each nonmetropolitan county. For FY 2023, the geographic definitions incorporate all metropolitan statistical area changes published by the Office of Management and Budget (OMB) through the September 14, 2018 bulletin. HUD first implemented these changes through the calculation and publication FY 2022 Fair Market Rents, issued August 6, 2021. See Section III of the Federal Register notice for a discussion of changes to metropolitan area definitions.

The statutory basis for HUD’s income limit policies is Section 3 of the U.S. Housing Act of 1937, as amended. Attachment 2 provides the key excerpts relevant to income limits, which may be summarized as follows:

Low-Income families are defined as families whose incomes do not exceed 80 percent of the median family income for the area.

Very Low-Income families are defined as families whose incomes do not exceed 50 percent of the median family income for the area.

Extremely Low-Income Families are defined as very low-income families whose incomes

---

1 Also known as HUD Public Housing/Section 8 Income Limits
2 42 U.S.C. 1437a
do not exceed the greater of 30 percent of the median family income for the area or the federal poverty guidelines as published by the Department of Health and Human Services. The Extremely Low-Income Limits based on poverty guidelines are capped by the Very Low-Income Limit.

Income limits for nonmetropolitan areas may not be less than limits based on the State nonmetropolitan median family income level.

HUD must consult with the Secretary of Agriculture prior to establishing income limits for rural areas, since these limits also apply to certain Rural Housing and Community Development Service programs.

**Very Low-Income Limits**

There are currently several legislated income limit standards (e.g., 30%, extremely low-income limits, 50%, 60%, 80%, 95%, 120%) that were intended to have progressive relationships. To ensure that this occurs, HUD has used the very low-income limits as the basis for deriving other income limits, unless the relevant statutory language has no references or relationship to low- and very low-income limits, as defined by the U.S. Housing Act of 1937. If this were not done, for instance, HUD low-income limits would be less than very low-income limits in areas where very low-income limits had been adjusted upward by more than 60 percent because of unusually low area median family incomes relative to the Section 8 Fair Market Rents (FMRs).

HUD calculates very low-income limits using a set of formulae as follows. The first step in calculating very low-income limits is to calculate a four-person income limit equal to 50 percent of the area median family income. HUD then adjusts this estimate if it is outside formula constraints.

Specifically, HUD calculates the very low-income limit for a four-person family as follows:

1. HUD calculates and sets 50 percent of the area median family income as the preliminary four-person family income limit;

2. HUD increases the four-person very low-income limit if it would otherwise be less than the amount at which 35 percent of it equals 85 percent of the annualized two-bedroom FMR. This adjusts income limits upward for areas where rental housing costs are unusually high in relation to the median family income;

3. HUD reduces the four-person very low-income limit to the greater of 80 percent of the U.S. median family income level, or the amount at which 30 percent of a four-person family’s income equals 100 percent of the two-bedroom FMR. This adjusts income limits downward for areas of unusually high median family incomes;
(4) HUD increases the four-person income limit if it is less than 50 percent of the relevant state nonmetropolitan median family income level;\(^3\) and,

(5) HUD increases the four-person income limit if it is less than 95 percent of last year’s very low-income limit and reduces to the greater of 105 percent of last year’s very low-income limit or to a level representing twice the rate of change in the national median family income estimate if that amount would be larger than five percent. For FY 2023 income limits, the cap is twice the annualized change from ACS 2019 to ACS 2021, which is 5.92 percent.

HUD uses FMRs to calculate high and low housing cost areas.

Table 1 summarizes the frequency at which these rules determine areas’ income limits:

---

\(^3\) Under a Housing and Community Development Act of 1987 amendment, nonmetropolitan area income limits should never be set lower than the State nonmetropolitan median family income level. In implementing this provision, HUD used its discretion to apply this policy to metropolitan areas as well. Doing so avoids the anomaly of assigning higher income limits to a nonmetropolitan county than are assigned to a metropolitan area where the median family income is less than the State non-metro level but above the level for the non-metro county.
Table 1
Summary of Income Limits Determinations for FY 2023 Very Low-income Limits

<table>
<thead>
<tr>
<th>Type</th>
<th>Income Limit Calculation</th>
<th>Non-metro Counties</th>
<th>Metropolitan Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Limits based on 50% of local median family income</td>
<td>124</td>
<td>73</td>
</tr>
<tr>
<td>2.</td>
<td>Limits based on State nonmetropolitan median family income level</td>
<td>122</td>
<td>18</td>
</tr>
<tr>
<td>3.</td>
<td>Limits increased to the amount at which 35% of 4-person family’s income equals 85% of the 2-bedroom FMR</td>
<td>5</td>
<td>10</td>
</tr>
<tr>
<td>4.</td>
<td>Limits decreased to the greater of 80% of the U.S. median family income or the amount at which 30% of a 4-person family’s income equals 100% of the 2-bedroom FMR</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5.</td>
<td>Limits floored if they would be less than 95% of last year’s limit</td>
<td>10</td>
<td>4</td>
</tr>
<tr>
<td>6.</td>
<td>Limits capped if they would otherwise increase by more than twice the increase in the National Median Income (i.e., would be more than 105.92% of last year’s limit)</td>
<td>1,701</td>
<td>536</td>
</tr>
<tr>
<td>7.</td>
<td>TOTALS</td>
<td>1,962</td>
<td>641</td>
</tr>
</tbody>
</table>

Low-Income Limits

Most four-person low-income limits are the higher of: (a) 80 percent of the median family income, or (b) 80 percent of the State nonmetropolitan median family income level. Because HUD does not always base the very low-income limits on 50 percent of median, however, calculating low-income limits as 80 percent of median could produce anomalies inconsistent with statutory intent (e.g., very low-income limits could be higher than low-income limits). To address this, HUD generally sets the four-person low-income limit at 1.6 (i.e., 80 percent/50 percent) times the relevant four-person very low-income limit. There are two exceptions to this practice: first, the four-person low-income limit may not exceed the U.S. median family income ($90,300 for FY 2023), except when justified by high housing costs; and, second, once adjusted, HUD limits the four-person low-income limit decrease to five percent or, if increasing, caps the increase at the greater of five percent or twice the national change in median income. Use of very low-income limits as a starting point for calculating other income limits tied to Section (3)(b)(2) of the U.S. Housing Act of 1937 has the effect of adjusting low-income limits in areas where the very low-income limits have been adjusted because of unusually high or low housing-cost-to-income relationships.
Table 2 summarizes the rules governing low-income limit determinations and how many areas are affected by each provision:

### Table 2
**Summary of Income Limits Determinations**
for FY 2023 Low-income Limits

<table>
<thead>
<tr>
<th>Type Income Limit Calculation</th>
<th>Non-metro Counties</th>
<th>Metropolitan Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Limits based on proportional increases from very low-income limits (i.e., set at 80/50ths of the very low-income limits)</td>
<td>120</td>
<td>66</td>
</tr>
<tr>
<td>2. Limits based on State nonmetropolitan median family income level</td>
<td>121</td>
<td>18</td>
</tr>
<tr>
<td>3. Four-person base low-income limit capped at the U.S. median of $90,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>4. Limits increased for high housing costs</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>5. Limits floored if they would otherwise be less than 95% of last year’s low-income limit</td>
<td>10</td>
<td>542</td>
</tr>
<tr>
<td>6. Limits capped if they would otherwise increase by more than twice the increase in the National Median Income (i.e., would be more than 105.92% of last year’s limit)</td>
<td>1,706</td>
<td>369</td>
</tr>
<tr>
<td>Totals</td>
<td>1,962</td>
<td>641</td>
</tr>
</tbody>
</table>
HUD has adjusted low-income limits for areas of unusually high or low income since passage of the 1974 legislation that established the basic income limit system. Underlying the decision to set minimum and maximum low-income limits is the assumption that families in unusually poor areas should be defined as low-income if they are unable to afford standard quality housing even if their incomes exceed 80 percent of the local median family income. Similarly, families in unusually affluent areas are not considered low-income even if their income is less than 80 percent of the local median family income level unless justified by area housing costs.

HUD uses FMRs to calculate high and low housing cost areas.

**Extremely Low-Income Limits**

The Quality Housing and Work Responsibility Act of 1998 established a new income limit standard based on 30 percent of median family incomes (the extremely low-income limits), which was to be adjusted for family size and for areas of unusually high or low family income. A statutory change was made in 1999 to clarify that these income limits should be tied to the Section 8 very low-income limits.

The Consolidated Appropriations Act, 2014 further modified and redefined these limits as Extremely Low Family income limits to ensure that these income limits would not fall below the poverty guidelines determined for each family size. Specifically, extremely low-income families are defined to be very low-income families whose incomes are the greater of the Poverty Guidelines as published and periodically updated by the Department of Health and Human Services or the 30 percent income limits calculated by HUD. Puerto Rico and other territories are specifically excluded from this adjustment. There are separate poverty guidelines for Alaska and Hawaii. The remaining 48 states and the District of Columbia use the same poverty guidelines.

HUD therefore first calculates extremely low-income limits as 30/50ths (60 percent) of the Section 8 very low-income limits. HUD then compares these to the appropriate poverty guideline and if the poverty guideline is higher, that value is chosen. If the poverty guideline is above the very low-income limit at that family size, HUD sets the extremely low-income limit at the very low-income limit because the definition of extremely low-income limits caps them at the very low-income levels.

Newly for FY 2023, because the overall median family income in Puerto Rico is very low, at less than one third of the national median family income, HUD is electing to raise the Extremely Low Income Limits to the value of the Very Low Income Limits within the territory to expand the number of families who are eligible for targeted assistance in HUD’s rental assistance programs.

**Family Size Adjustments**

The income limit statute requires adjustments for family size. The legislative history and conference committee report indicates that the Congress intended that income limits should be higher for larger families and lower for smaller families. HUD uses the same family size adjustments for all income limits, except extremely low-income limits set at the poverty income threshold. They are as follows:
Number of Persons in Family and Percentage Adjustments

<table>
<thead>
<tr>
<th>Number of Persons</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>70%</td>
<td>80%</td>
<td>90%</td>
<td>Base</td>
<td>108%</td>
<td>116%</td>
<td>124%</td>
<td>132%</td>
</tr>
</tbody>
</table>

HUD does not include income limits for families with more than eight persons in the printed lists because of space limitations. For each person over eight-persons, the four-person income limit should be multiplied by an additional 8 percent. (For example, the nine-person limit equals 140 percent \([132 + 8]\) of the relevant four-person income limit.) HUD rounds income limits up to the nearest $50. Local agencies may round income limits for nine or more persons to the nearest $50, or they may use the un-rounded numbers. Family size-adjusted income limits are not re-tested for compliance with the cap and floor rules, as discussed below. Rounding anomalies produce some family size-adjusted income limits whose annual change may lead to a decrease of more than five percent or an increase of more than the 5.92 percent allowed for FY 2023 income limits.

Due to the extremely low-income definition changes, these family size adjustments are no longer sufficient to determine the level of extremely low-income limits. The poverty guidelines have fixed dollar amount adjustments between household sizes (different for Alaska and Hawaii than the rest of the U.S.). Therefore, the actual amounts shown for 1- to 8-person families will not necessarily follow the percentages shown above. For families with more than eight persons, HUD has developed a tool that should be used to calculate the extremely low-income limit for that area at [https://www.huduser.gov/portal/datasets/il.html](https://www.huduser.gov/portal/datasets/il.html). Please use the FY 2023 Income Limits Documentation system, pick the area in question, and select “Click Here” under the label “Extremely Low-Income Limits.” Near the bottom of the explanations, there is a drop-down box to select the number of household members needed (from 9 to 20).

**Cap and Floor Rules**

Since FY 2010, HUD has limited all annual income limit decreases to five percent and all annual increases to the greater of five percent or twice the change in the national median family income. HUD has maintained these limits to increases and decreases in income limits for FY 2023. For 2023, HUD is using the annualized change in the national median family income as measured by the American Community Survey (ACS) from 2019 to 2021. The 2021 estimates of median family income from the ACS serve as the basis for FY 2023 income limits. HUD would ordinarily have used the ACS 2020 data for FY 2023. However, due to interruptions to data collection caused by the Covid-19 pandemic, the Census Bureau did not release special tabulations of ACS 2020 “one-year” data. Twice the annualized change from 2019 to 2021 is approximately 5.92 percent, which is greater than five percent, so for FY 2023, the income limits “cap” is 5.92 percent. The cap and floor rules do not apply to the extremely low-income limits.

HUD implements this policy in the following way:

---

Prior to FY 2010, HUD maintained a “hold harmless” policy, whereby Section 8 income limits for certain areas were held at previously published levels when reductions would otherwise have resulted from changes in housing cost, median income, or income limit methodologies, or changes in metropolitan area definitions.
• HUD computes the four-person very low-income limit as half of the local median family income. Median family incomes are rounded to 100 so, by definition, the raw four-person income limit is rounded to 50.

• The cap for the four-person very low-income limit is last year’s four-person very low-income limit multiplied by the greater of 5% or twice the change in the national median family income (which in FY 2023 is higher at 5.92) and rounded down to the nearest $50. The cap is rounded down to ensure that it is less than or equal to last year’s four-person very low-income limit times this cap.

• The floor for the four-person very low-income limit is last year’s four-person very low-income limit multiplied by 0.95 and rounded up to the nearest $50. The floor is rounded up to ensure that it is greater than or equal to 95 percent of last year’s four-person very low-income limit.

• If the otherwise adjusted four-person very low-income limit is above the cap, then HUD sets it at the cap. If it is below the floor, then HUD sets it at the floor.

• HUD makes family size adjustments to the floored/capped four-person very low-income limit. HUD makes no additional adjustments to limits for families of more than or less than four persons for the very low-income limit, except that these are then rounded up to the nearest $50.

• HUD applies the cap and floor in an analogous way to the four-person low-income limit.

• Income limits based on either the very low-income limit or the low-income limit do not have caps and floors recalculated.

• Family size adjusted limits may be slightly larger or smaller than the cap or floor imposed on the four-person low- and very low-income limits due to rounding.
# ATTACHMENT 1

## Income Limit Applications

HUD income limits apply to the following programs:

<table>
<thead>
<tr>
<th>Program</th>
<th>Income Limits Standard</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Department of Housing and Urban Development</strong></td>
<td></td>
</tr>
<tr>
<td>Public Housing</td>
<td>Very low-income, low-income standards, or extremely low-income limits</td>
</tr>
<tr>
<td>All Section 8 Programs</td>
<td>Very low-income, low-income standards, or extremely low-income limits</td>
</tr>
<tr>
<td>Indian Housing (1996 Act)</td>
<td>&quot;Low-Income&quot; is defined as the greater of 80 percent of the median family income for the Indian area or of the U.S. national median family income</td>
</tr>
<tr>
<td>Section 202 Elderly and Section 811 Handicapped programs</td>
<td>Very low-income or low-income standards</td>
</tr>
<tr>
<td>Section 235 (Homeownership program)</td>
<td>“95 percent” of area median income, or higher cost-based income limits</td>
</tr>
<tr>
<td>Section 236 (Rental program)</td>
<td>Low-income standard</td>
</tr>
<tr>
<td>Section 221(d)(3) (BMIR)(Below Market Interest Rate) rental program</td>
<td>“95 percent” of area median income, defined as 95/80ths of low-income definition</td>
</tr>
<tr>
<td>Community Planning and Development programs</td>
<td>Very low-income or low-income standards for current programs under management</td>
</tr>
<tr>
<td>HOME Investment Partnerships Act of 1990</td>
<td>“60 percent of median” and “65 percent of median” are used as income targeting and qualification requirements; both limits are tied to Section 8 income limit determinations</td>
</tr>
</tbody>
</table>
National Homeownership Trust Act of 1990

“95 percent” of median is referenced as the eligibility standard, with a “115 percent” of median standard for high cost areas

Low-Income Housing Preservation and Resident Homeownership Act of 1990

Affordability of units for current occupant of “moderate income” affects terms under which mortgage may be prepaid; “moderate income” is defined as 80-95 percent of median, with “80 percent” defined as the Section 8 low-income standard

Rural Housing and Community Development Service

Rental and ownership assistance programs

Assistance based on HUD Section 8 very low-income or low-income standards, or income limits tied to these standards

Department of Treasury

Multifamily Tax Subsidy Projects (Low-Income Housing Tax Credit and Tax-exempt Mortgage Revenue Bonds for rental housing)

Current standard is Section 8 very low-income standard or 120 percent of that definition (i.e., the “60 percent” of median standard) for projects determining income eligibility and rents who haven’t used income limits prior to FY 2012. Income Limits for projects using income limits in FY 2010 or earlier will no longer use Section 8 Income Limits. A separate income limits publication is produced for this program.

Tax-exempt Mortgage Revenue Bonds for homeownership financing

115 percent of area median income, with “115 percent” defined as 230 percent of the Section 8 very low-income standard

“Difficult Development Area” Designation (Low-Income Housing Tax Credit)

Areas with the worst housing cost problems as measured by the FMR to 60 percent of median family income ratio; this designation is awarded to the population-weighted 20 percent of the metro and non-metro areas (using HUD area definitions) with the most severe problems and is recalculated annually; such areas receive special additional tax benefits under this program
### “Qualified Census Tract” (Low-Income Housing Tax Credit Program Definition)

Areas, as defined by the Census and designated by HUD, where 50 percent of all households have incomes less than 60 percent of the area median family income, adjusted for household size, or the poverty rate is 25 percent or higher; such areas receive special additional tax benefits under this program; this calculation is based on 2010 Census data and income limit policies and area definitions in effect as of the date estimates are prepared.

### “Qualified Census Tract” (Mortgage Revenue Bond Program)

Areas, as defined by the Census, where 70 percent of all families have incomes less that 80 percent of the state median family income, based on 2010 Census data.

### Federal Deposit Insurance Corporation

**Disposition of Multifamily Housing to Non-profit and Public Agencies**

Not less than 35 percent of all dwelling units must be made available for occupancy and be affordable for low-income families, and at least 20 percent must be made available for occupancy and be affordable for very low-income families. An “affordable rent” is defined as the rent that would be paid by a family paying 30 percent of income for rent whose income is “65 percent of median”. This 65 percent figure is defined in relation to the very low-income standard (i.e., normally as 65/50ths of the standard).

**Disposition of Single Family Housing**

For rentals, priority is given to non-profits and public agencies that make the dwellings affordable to low-income households. Households who intend to occupy a dwelling as their primary residence whose adjusted income does not exceed 115 percent of area median income, as determined by the Secretary of HUD, are given a purchase priority for the first 3 months a property is for sale.

### Federal Home Loan Banks

**Rental program funding Priorities**

Very low-income, “60 percent of median” (defined as 120 percent of very low-income), and low-income standards used.

**Homeownership funding priorities**

115 percent and 140 percent of median family income limits are used.
**Federal Housing Finance Agency**

Income-based Housing Goals of Freddie Mac and Fannie Mae

Goals for percentages of loans are established for households with incomes at or below specified percentages of the HUD-published median family income for metropolitan and nonmetropolitan areas, as detailed in 12 CFR, Part 1282. The area definitions used relate to OMB metropolitan area definitions and the median family income estimates for the nonmetropolitan portions of each state.

**Other Federal Banking Regulatory Provisions**

Targeting of loan funds to low-income households and areas

Varies by agency

**Uniform Relocation Act**

Reimbursement to households forced to relocate from their residence by Federal agency

Extent of replacement housing assistance dependent on qualifying as low-income, as defined by HUD; Act applies to all Federal agencies that initiate action that forces households to relocate from their residence

**Department of Veterans Affairs**

Eligibility for disability income support payments to veterans

Eligibility for nonservice-related income support payments is restricted to families with incomes below the HUD low-income standard
U.S. HOUSING ACT OF 1937 PROVISIONS
RELATED TO INCOME LIMITS
(As Amended through 2014)

Section 3:

(a)(1) Dwelling units assisted under this Act shall be rented only to families who are low-income families at the time of their initial occupancy of such units.

(b) When used in this Act:

(1) The term "low-income housing" means decent, safe, and sanitary dwellings assisted under this Act.

(2)(A) The term "low-income families" means those families whose incomes do not exceed 80 per centum of the median income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceiling higher or lower than 80 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of prevailing levels of construction costs or unusually high or low family incomes.

(B) The term "very low-income families" means lower income families whose incomes do not exceed 50 per centum of the median family income for the area, as determined by the Secretary with adjustments for smaller and larger families, except that the Secretary may establish income ceilings higher or lower than 50 per centum of the median for the area on the basis of the Secretary's findings that such variations are necessary because of unusually high or low family incomes.

C) The term extremely low-income families means very low-income families whose incomes do not exceed the higher of—

(i) the poverty guidelines updated periodically by the Department of Health and Human Services under the authority of section 673(2) of the Community Services Block Grant Act applicable to a family of the size involved (except that this clause shall not apply in the case of public housing agencies or projects located in Puerto Rico or any other territory or possession of the United States); or

(ii) 30 percent of the median family income for the area, as determined by the Secretary, with adjustments for smaller and larger families (except that the Secretary may establish income ceilings higher or lower than 30 percent of the median for the area on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes).
(D) Such ceilings shall be established in consultation with the Secretary of Agriculture for any rural area, as defined in section 520 of the Housing Act of 1949, taking into account the subsidy characteristics and types of programs to which such ceilings apply. In determining median incomes (of persons, families, or households) for an area or establishing any ceilings or limits based on income under this Act, the Secretary shall determine or establish area median incomes and income ceilings and limits for Westchester and Rockland Counties, in the State of New York, as if each such county were an area not contained within the metropolitan statistical area in which it is located. In determining such area median incomes or establishing such income ceilings or limits for the portions of such metropolitan statistical area that does not include Westchester or Rockland Counties, the Secretary shall determine or establish area median incomes and income ceilings and limits as if such portion included Westchester and Rockland Counties. In determining areas that are designated as difficult development areas for the purposes of the low-income housing tax credit, the Secretary shall include Westchester and Rockland Counties, New York, in the New York City metropolitan area.
Section 16:

Sec. 16. (a) Income Eligibility for Public Housing

(2)(A) Targeting. - Except as provided in paragraph 4, of the public housing dwelling units of a public housing agency made available for occupancy in any fiscal year by eligible families, not less than 40 percent shall be occupied by extremely low-income families.

(4)(D) Fungibility Floor. - Notwithstanding any authority under subparagraph (A), of the public housing dwelling units of a public housing agency made available for occupancy in any fiscal year by eligible families, not less than 30 percent shall be occupied by families whose incomes at the time of commencement of occupancy do not exceed 30 percent of the area median income, as determined by the Secretary with adjustments for smaller and larger families; except that the Secretary may establish income ceilings higher or lower than 30 percent of the area median income on the basis of the Secretary’s findings that such variations are necessary because of unusually high or low family incomes.

Sec. 16. (b) Income eligibility for Tenant-Based Section 8 Assistance

(1) IN GENERAL. - Of the families initially provided tenant-based assistance under section 8 by a public housing agency in any fiscal year, not less than 75 percent shall be extremely low-income families.

Sec. 16. (c) Income Eligibility for Project-Based Section 8 Assistance

(1) Pre-1981 Act Projects. - Not more than 25 percent of the dwelling units that were available for occupancy under section 8 housing assistance payments contracts under this Act before the effective date of the Housing and Community Development Amendments of 1981, and which will be leased on or after such effective date shall be available for leasing by lower income families other than very low-income families.

(2) Post-1981 Act Projects. - Not more than 15 per cent of the dwelling units which became available for occupancy under section 8 housing assistance payments contracts under this Act on or after the effective date of the Housing and Community Development Amendments of 1981 shall be available for leasing by lower income families other than very low-income families.

(3) Targeting. - For each project assisted under a contract for project-based assistance, of the dwelling units that become available for occupancy in any fiscal year that are assisted under the contract, not less than 40 percent shall be available for leasing only by extremely low-income families.
(5) Exception. - The limitations established in paragraphs (1), (2), and (3) shall not apply to dwelling units made available under project-based contracts under section 8 for the purpose of preventing displacement, or, ameliorating the effects of displacement.

Section 567 of the HCD Act of 1987 Amendment Affecting Section 3 of the 1937 Act:

"For purposes of calculating the median income for any area that is not within a metropolitan statistical area (as established by the Office of Management and Budget) for programs under title I of the Housing and Community Development Act of 1974, the United States Housing Act of 1937, the National Housing Act, or title V of the Housing Act of 1949, the Secretary of Housing and Urban Development or the Secretary of Agriculture (as appropriate) shall use whichever of the following is higher:

(1) the median income of the county in which the area is located; or,

(2) the median income of the entire nonmetropolitan area of the State."