



Special Attention of:

NOTICE PDR-2014-01

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 2014

This memorandum transmits median family income (MFI) estimates for Fiscal Year (FY) 2014. 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 2014 is \$63,900, a decrease of about one percent from \$64,400 last year.

There were no changes to the area definitions used in calculating MFI between FY 2013 and FY 2014. The FY 2014 MFI estimates are based on Office of Management and Budget (OMB) metropolitan area definitions as updated through December 1, 2009, and include HUD modifications that were first used in the determination of FY 2006 FMR areas. The February 28, 2013, OMB Area definition update has not been incorporated due to the timing of the release and the availability of ACS data. HUD will work toward incorporating these new area definitions into the FY 2015 calculations; however, this is dependent on the availability of ACS data conforming to the new area definitions.

The 2007-2011, 5-year American Community Survey (ACS) and Puerto Rico Community Survey (PRCS) income data are the basis of FY 2014 Income Limits for all areas of geography, except for the U.S. Virgin Islands and the Pacific Islands. The Consumer Price Index is used as an update factor to bring the data from annual 2011 to the end of 2012. To estimate median family incomes at the mid-point of the fiscal year (April 2014), a trend factor is applied for the 15-month period. This trend factor is 0.98 percent per year and is based on the average annual change in incomes between 2006 and 2011.

In areas where there is a 2011 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 the income estimate.

An explanation of the procedures used to develop FY 2014 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>.

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Attachments

ATTACHMENT 1

HUD PROCEDURE FOR ESTIMATING FY 2014 MEDIAN FAMILY INCOMES

HUD updated its Median Family Income (MFI) estimate procedure to take advantage of new nationally comprehensive data available from the Census Bureau's American Community Survey (ACS), beginning with the FY 2011 MFIs. In December 2010, the first set of 5-year ACS data was published. These 5-year aggregations, covering surveys administered in 2005 through 2009, provided income data for most areas of geography¹. Because of the increase in the geographic coverage of the 5-year data, HUD's procedure for calculating FY 2011 MFI no longer was based on 2000 Decennial Census data, but rather, the 2005 – 2009 ACS data. The FY 2014 MFIs, which HUD is publishing at this time, use the 5-year series of income data from 2007 to 2011. HUD uses Consumer Price Index (CPI) data to update the ACS data from annual 2011 to the end of 2012. The factor used to trend these 2012 estimates to the midpoint of FY 2014 MFIs is based on the change between 2006 and 2011 in median family income, as measured by the 1-year ACS. The current trend factor is 0.98 percent per year. Separate HUD MFI estimates are calculated for all Metropolitan Statistical Areas (MSAs), HUD Metro FMR Areas, and nonmetropolitan counties.

The ACS, conducted annually, was designed to produce, upon compilation of 5 years of data, estimates similar to the long-form sample survey previously conducted with the Decennial Census. Each year since full implementation of the survey in 2005, the Census Bureau collected an ACS sample sufficient to provide estimates of most survey items for areas with populations of 65,000 or more. After the 2007 ACS, the Census Bureau released data aggregated from the ACS samples collected over the three years, 2005, 2006, and 2007. This allowed the Census Bureau to release estimates for most items for areas with populations of 20,000 or more. FY 2010 MFIs reflected ACS survey data aggregated over 2006, 2007 and 2008. After the 2009 ACS sample, the Census Bureau had sufficient data to release aggregated five-year estimates. Five-year estimates are designed to provide estimates for geographic areas of all sizes relevant to MFI and income limit production.

As mentioned above, HUD uses the 2007-2011 5-year ACS data in the calculation process for the FY 2014 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.

¹ The ACS covers the 50 United States, and a separate survey called the Puerto Rico Community Survey (PRCS) covers Puerto Rico. The US Virgin Islands and the Pacific Islands (American Samoa, Commonwealth of the Northern Mariana Islands, and Guam) are not covered by the ACS or PRCS. Detailed demographic and socio-economic information covering these island areas have been collected by a special Long Form survey conducted in conjunction with the 2010 Decennial Census. Our special data tabulations for these regions have not been released by Census. For FY 2014 median family income calculations, HUD continues to use the change in the national median income between the 2000 Decennial Census and the latest ACS data as the update factor for the US Virgin Islands and the Pacific Islands.

MFI estimates are based on the most currently available data, but the delay in collecting and reporting the survey data mean that 2011 ACS income data is used for FY 2014 estimates that have an as-of date of mid-2011. The CPI is used to bring the income data from 2011 to the end of 2012. A new and annually revised trend factor based on historic patterns of nominal income growth is used to inflate the estimate from the end of 2012 to April 2014. This new trend factor of 0.98 percent is based on the annual average growth in incomes as measured by the 2006 and 2011 1-year ACS; previously HUD used a 3 percent trend factor that was based on the annual average growth in incomes between the 1990 and 2000 decennial censuses.

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 2007-2011 5-year ACS estimates of median family income calculated for the areas used for FMRs and income limits as the new basis for FY 2014. In areas where there is also a 2011 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 2011 ACS data has been selected, the data are set as of December 2012 using the December 2012 National CPI value divided by the annual 2011 National CPI value.

All places:

All estimates (using either 5-year data or 5-year data augmented with 1-year data) are updated with CPI through the end of 2012 then trended from December, 2012 to April, 2014 (1¼ years) with a trending factor of 0.98 percent per year.

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 2000 Decennial Census data. HUD anticipates eventually receiving new income data for these areas from the 2010 Decennial Census, which included a "long form" collection of detailed socio-economic information in these areas only.

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.

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 2014 Median Family Incomes for States,
 Metropolitan and Nonmetropolitan Portions of States

	----- FY 2014 -----		
	TOTAL	METRO	NONMETRO
Alabama	54100	57700	47000
Alaska	78800	81400	73800
Arizona	57500	58600	46600
Arkansas	50700	55000	45000
California	68100	68500	54700
Colorado	71900	74300	57600
Connecticut	86400	86900	82800
Delaware	72500	75400	64700
District of Columbia	78600	78600	52500*
Florida	56100	56900	46500
Georgia	57200	60300	45400
Hawaii	77200	82600	65200
Idaho	54900	55900	52300
Illinois	68200	70500	58300
Indiana	59400	61600	52900
Iowa	65300	70900	59600
Kansas	64400	70300	54800
Kentucky	54000	63100	44500
Louisiana	55800	59400	47000
Maine	60700	68000	51700
Maryland	87200	88300	74400
Massachusetts	83700	83600	88100
Michigan	60400	62900	52800
Minnesota	74200	80200	60700
Mississippi	48200	55200	42500
Missouri	58900	63500	48500
Montana	58500	59300	58100
Nebraska	66000	71800	60000
Nevada	58800	59000	57900
New Hampshire	79700	85700	70400
New Jersey	85600	85600	52500*
New Mexico	53800	57500	47200
New York	69500	71300	56600
North Carolina	56300	59900	49400
North Dakota	69600	74100	66500
Ohio	60900	62800	54300
Oklahoma	55900	59500	50400
Oregon	60700	64000	50500
Pennsylvania	65800	68000	56900
Rhode Island	72400	72400	52500*
South Carolina	54300	56500	47700
South Dakota	64600	69500	59000
Tennessee	54400	58800	45500
Texas	60300	62400	50200
Utah	65300	66600	58400
Vermont	68800	80200	64100
Virginia	77500	83400	52300
Washington	71400	74100	56200
West Virginia	51700	55200	47400
Wisconsin	66300	69900	58900
Wyoming	71400	72500	70700
US	63900	66000	52500

* US non-metropolitan median