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Special Attention of:

## **NOTICE** PDR-2015-01

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

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Cross References:

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**Subject:** Estimated Median Family Incomes for Fiscal Year 2015

This memorandum transmits median family income (MFI) estimates for Fiscal Year (FY) 2015. 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 2015 is \$65,800, an increase of about three percent from \$63,900 last year.

There were no changes to the area definitions used in calculating MFI between FY 2014 and FY 2015. The FY 2015 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 incorporate these new area definitions into the FY 2016 calculations.

The 2008-2012, 5-year American Community Survey (ACS) and Puerto Rico Community Survey (PRCS) income data are the basis of FY 2015 Income Limits for all areas of geography, except for the U.S. Virgin Islands and the Pacific Islands. A Consumer Price Index forecast published by the Congressional Budget Office (CBO) is used to bring the data from mid-2012 to the mid-point of the fiscal year, April, 2015.

In areas where there is a 2012 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 2015 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>.

/s/

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Attachments

## ATTACHMENT 1

### HUD PROCEDURE FOR ESTIMATING FY 2015 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 geography<sup>1</sup>. Because of the increase in the geographic coverage of the 5-year data, HUD's methodology for calculating FY 2011 MFI no longer was based on 2000 Decennial Census data, but rather, the 2005 – 2009 ACS data for all but the areas in the Virgin Islands and Guam of the Pacific Islands. The FY 2015 MFIs, which HUD is publishing at this time, use the 5-year series of income data from 2008 to 2012. HUD uses Consumer Price Index (CPI) data to inflate the ACS data from annual 2012 to the midpoint of FY 2015, based on a CPI forecast, published by the Congressional Budget Office (CBO) in August 2014. 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.

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<sup>1</sup> 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 were recently released by Census and will be released with the FY 2016 Fair Market Rent and then the FY 2016 median family income and income limit calculations. Separate rent and income data are available for American Samoa, the Commonwealth of the Northern Mariana Islands, and St. Johns, VI; previously only data in the Pacific Islands was available for Guam and St. Johns received the same income as for St. Thomas.

As mentioned above, HUD uses the 2008-2012 5-year ACS data in the calculation process for the FY 2015 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.

MFI estimates are based on the most currently available data, but the delay in collecting and reporting the survey data mean that 2012 ACS income data is used for FY 2015 estimates that have an as-of date of mid-2012. A new and annually revised trend factor based on the CBO forecast of CPI is used to inflate the estimate from mid-2012 to April, 2015 (or mid FY 2015).

Median family<sup>2</sup> 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 2008-2012 5-year ACS estimates of median family income calculated for the areas used for FMRs and income limits as the new basis for FY 2015. In areas where there is also a 2012 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 2012 ACS data has been selected, the data are set as of April 2015 using the CPI forecast by the CBO.

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<sup>2</sup> 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.

All places:

All estimates (using either 5-year data or 5-year data augmented with 1-year data) are updated with CPI from mid-2012 to April, 2015.

For the non-Puerto Rico Insular Areas of the United States,<sup>3</sup> which currently lack ACS (or PRCS) coverage, national ACS income changes are used as surrogates to update 2000 Decennial Census data (which collected 1999 incomes). HUD will incorporate the new income data for these areas from the 2010 Decennial Census (which collected 2009 incomes), which included a "long form" collection of detailed socio-economic information in these areas only next year, after providing an opportunity on commenting on the changes resulting from the data re-benchmarking.

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<sup>3</sup> 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 2015 Median Family Incomes for States,**  
**Metropolitan and Nonmetropolitan Portions of States**

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	TOTAL	METRO	NONMETRO
Alabama	55500	59300	48500
Alaska	84400	88800	75300
Arizona	59800	61000	46400
Arkansas	52900	57900	44700
California	69700	70100	56900
Colorado	74800	77200	60700
Connecticut	89700	90600	81100
Delaware	74400	76800	63300
District of Columbia	86600	86600	54100*
Florida	57700	58400	47700
Georgia	59700	63800	46100
Hawaii	81500	86900	68200
Idaho	57300	60700	52100
Illinois	72300	74800	59900
Indiana	61700	63900	54900
Iowa	67500	72900	61800
Kansas	66300	72000	57400
Kentucky	55800	64000	45900
Louisiana	56900	60200	48800
Maine	61800	67500	55400
Maryland	90500	91700	75800
Massachusetts	87300	87400	87500
Michigan	62400	64700	54200
Minnesota	77400	83800	63800
Mississippi	48300	55000	42700
Missouri	60300	65400	48100
Montana	62800	67100	59900
Nebraska	66800	72600	61000
Nevada	59900	59800	61400
New Hampshire	82600	89500	71600
New Jersey	88900	88900	54100*
New Mexico	54100	56600	48400
New York	72000	73800	60000
North Carolina	57900	61900	50800
North Dakota	74300	77800	71000
Ohio	63200	65200	55700
Oklahoma	57900	62000	51300
Oregon	62600	66800	52100
Pennsylvania	68500	70800	59100
Rhode Island	75000	75000	54100*
South Carolina	55500	58200	47200
South Dakota	64700	69300	61900
Tennessee	56100	60600	46900
Texas	62900	64400	52400
Utah	68200	69400	61200
Vermont	69500	81900	64700
Virginia	78400	84400	53100
Washington	73600	76200	57900
West Virginia	54000	58400	49600
Wyoming	72400	74600	71500
<b>US</b>	<b>65800</b>	<b>68400</b>	<b>54100</b>

\* US non-metropolitan median