



Projecting Housing Credit Rent and Income Limits



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HUD Income Limits

Housing Credit Connect 2023

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HUD



What Are Income Limits?

The income limit for affordable housing programs is the maximum income a household can earn to qualify or be targeted for assistance. This specific figure is based on a percent of median family income for an area and is adjusted depending on how many persons live in the household (including children).



Statutory Definitions

For Section 8 and Public Housing

Statute: 42 U.S.C. 1437a(b)

- Defines:
 - **Low-income** - families whose incomes do not exceed 80 percent of the median income for the area
 - **Very low-income** - families whose incomes do not exceed 50 percent of the median family income for the area
 - **Extremely low-income** - very low-income families whose incomes do not exceed the higher of 30 percent of the median family income for the area or the poverty guidelines, which are updated periodically by the Department of Health and Human Services
- Allows for the establishment of income ceilings that are higher or lower based on the Secretary's findings that such variations are necessary because of unusually high or low family incomes



Statutory Definitions

For Low Income Housing Tax Credit Properties

Section 142(d)(2)(B) of the Internal Revenue Code, which is cross referenced in section 42(g)(4) of the IRC, links the income determinations of MTSPs to HUD income limits: “The income of individuals and area median gross income shall be determined by the Secretary in a manner consistent with determinations of lower income families under section 8 of the United State Housing Act of 1937.”

IRS Revenue Ruling 89-24: The income limits applicable to qualified residential rental projects and to qualified low income housing projects are required to be made in a manner consistent with determinations of lower income families under section 8 of the United States Housing Act of 1937





Statutory Definitions

For Low Income Housing Tax Credit Properties

Housing and Economic Recovery Act (HERA) Special Limits

Section 142(d)(2)(E)(ii) Special rule for certain census changes

In the case of a HUD hold harmless impacted project, the area median gross income with respect to such project for any calendar year after 2008 (hereafter in this clause referred to as the current calendar year) shall be the greater of the amount determined without regard to this clause or the sum of—

(I) the area median gross income determined under the HUD hold harmless policy with respect to such project for calendar year 2008, plus

(II) any increase in the area median gross income determined under subparagraph (B) (determined without regard to the HUD hold harmless policy and this subparagraph) with respect to such project for the current calendar year over the area median gross income (as so determined) with respect to such project for calendar year 2008.

Policy Context

- HUD serves over 4 million low-income families through the “big” rental assistance programs – Housing Choice Voucher, Public Housing, and Project Based Rental Assistance
- Income limits define eligibility for these programs, as well as for many of HUD’s grant programs
- Income limits should define a similar share of households as HUD-eligible year after year
- Nationally, about 40% of households are Low Income; 25% are Very Low Income
- HUD evaluates this through the “CHAS” data
 - <https://www.huduser.gov/portal/datasets/cp.html>

	Share of Renters	
	Very Low Income (50% Income Limit)	Low Income (80% Income Limit)
2010	43.1%	63.6%
2015	44.2%	64.2%
2019	44.1%	64.6%



Policy Context

Program	Number of Households	Average Household Income Per Year	Average Household income per year per person	% of local median (Household income)	% Very low income	% Extremely low income
Summary of All HUD Programs	4,537,614	\$16,019	\$8,052	22	95	77
Public Housing	806,816	\$17,033	\$8,352	24	90	73
Housing Choice Vouchers	2,350,366	\$16,610	\$7,543	21	95	77
Project Based Section 8	1,208,256	\$14,405	\$8,646	21	97	80

2022, [Picture of Subsidized Households](#)

Median LIHTC Household Income \$18,200

2019 [LIHTC Tenant Data](#)



Policy Context

Many Programs Use Income Limits

- HUD
 - Housing Choice Vouchers, Public Housing, Section 8/202/811 Multifamily Housing, HOME Program, Housing Trust Fund, Community Development Block Grants and CDBG-Disaster Recovery, Section 221 Below Market Interest Rate
- Department of the Treasury
 - Low Income Housing Tax Credit Properties
 - Homeowner Assistance Fund
 - Coronavirus State and Local Fiscal Recovery Funds
- Department of Agriculture
 - Rural Housing Service
 - Multifamily Housing Direct Loans
- Department of Transportation
 - Uniform Relocation Act
- Federal Housing Finance Administration
 - Enterprise Housing Goals
- Federal Reserve Bank
 - Community Reinvestment Act
- Federal Deposit Insurance Corporation
 - Disposition of Housing to Non-profit and Public Agencies
- Tax Credits in the Inflation Reduction Act
- Many State and Local programs





Policy Context

Difference between HUD assistance and LIHTC

- HUD programs use income limits to determine eligibility. Tenants generally pay 30% of their actual household income towards rent.
- LIHTC properties use income limits to determine eligibility and the maximum possible rent



Calculating Area Median Family Income

Step 1: Calculate estimate of MFI for the fiscal year

Median family income (MFI) data from the American Community Survey ([Table B19113](#)) are the basis for HUD's Income Limits. The ACS is an annual socioeconomic and demographic survey conducted by the Census Bureau. The steps for calculating the HUD MFI are:

- A. Determine Base Estimate
 - Use 1-year data – check for reliability using (margin of error and sample count); or
 - Use 5-year data (small areas) – if there is not a reliable 1-year estimate
 - If there is still not a reliable 5-year estimate, use an average last 3 years of 5-year estimates (only minimally reliable estimates are used or MOEr test – see below)
 - If no minimally reliable estimates from the last 3 years, use larger geography
 - **Reliability criteria:** The margin of error for the estimate must be less than 50% of the estimate itself and the ACS estimate must be based on at least 100 survey cases
- B. Calculate an inflation factor to trend the ACS forward to the current fiscal year
- C. Apply inflation factor to ACS MFI base estimate for the current fiscal year; round to the nearest \$100.





Calculating Area Median Family Income

Area Definitions

hud_area_code	hud_area_name	county	County_Name	county_town_name
METRO41860MM5775	Oakland-Fremont, CA HUD Metro FMR Area	001	Alameda County	Alameda County
METRO41860MM5775	Oakland-Fremont, CA HUD Metro FMR Area	013	Contra Costa County	Contra Costa County
METRO41860MM7360	San Francisco, CA HUD Metro FMR Area	041	Marin County	Marin County
METRO41860MM7360	San Francisco, CA HUD Metro FMR Area	075	San Francisco County	San Francisco County
METRO41860MM7360	San Francisco, CA HUD Metro FMR Area	081	San Mateo County	San Mateo County

hud_area_code	hud_area_name	county	County_Name	county_town_name
METRO47900M47900	Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area	001	District of Columbia	District of Columbia
METRO47900M47900	Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area	013	Arlington County	Arlington County
METRO47900M47900	Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area	510	Alexandria city	Alexandria city
METRO47900M47900	Washington-Arlington-Alexandria, DC-VA-MD HUD Metro FMR Area
METRO47900M51113	Madison County, VA HUD Metro FMR Area	113	Madison County	Madison County
METRO47900MM3630	Jefferson County, WV HUD Metro FMR Area	037	Jefferson County	Jefferson County
METRO47900MM8820	Warren County, VA HUD Metro FMR Area	187	Warren County	Warren County
METRO47900N51047	Culpeper County, VA HUD Metro FMR Area	047	Culpeper County	Culpeper County
METRO47900N51157	Rappahannock County, VA HUD Metro FMR Area	157	Rappahannock County	Rappahannock County



Calculating the 50% Very Low Income Limit (VLIL)

Step 2: Determine preliminary VLIL for a 4-person household

Calculate 50% of the MFI estimate. Then adjust the figure where necessary for:

- A. **High housing cost** – increased if 35% of VLIL would otherwise be less than 85% of the annualized 2-bedroom area Fair Market Rent (FMR);
- B. **Low housing cost** – decreased if VLIL exceeds 80% of the US MFI and the FMR is affordable (30% or less of VLIL); decrease to the greater of the two;
- C. **State non-metro median** - increased if VLIL less than 50% of the state non-metropolitan median family income level;
- D. **Ceilings and Floors** - increased if VLIL is less than 95% of last year's VLIL and reduced to the greater of 105% of last year's VLIL or twice the change in the national MFI, if that amount would be larger than 5%.



Calculating the 50% VLIL

- The very low-income limits (VLIL/50%) are used as the basis for deriving other income limits unless 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.
 - **Why?:**
 - There are currently several legislated income limit standards that are intended to have progressive relationships. (e.g., 30%, extremely low-income limits, 50%, 60%, 80%, 95%, 120%)
 - Because the very low-income limit for some areas are subject to adjustments (as explained in prior slides), other limits should be derived from the very low-income limit to avoid discrepancies in relationships across household sizes.



Calculating the 50% VLIL

- If you want a deep dive into the methodology

<https://www.huduser.gov/portal/datasets/il.html>

2023 2022 2021 2020 2019 Year ▼

Query Tool Documents Data FAQs

Effective May 15, 2023.

Access Individual Income Limits Areas

This system provides complete documentation of the development of the FY 2023 Income Limits (ILs) for any area of the country selected by the user. Official ILs, available in pdf and excel formats at this [link](#), may differ slightly from those calculated in the documentation system, and should be used for ALL official purposes.

[Click Here for FY 2023 IL Documentation](#)

NOTE: Due to the Housing and Economic Recovery Act of 2008 (Public Law 110-289) the data presented in this system may not be applicable to projects financed with Section 42 Low Income Housing Tax Credits (LIHTC) or section 142 tax exempt private equity bonds. These projects should use the Multifamily Tax Subsidy Project Income Limits available at [Multifamily Tax Subsidy Project Income Limits](#)



Calculating the 50% VLIL

- If you want a deep dive into the methodology

FY 2023 INCOME LIMITS DOCUMENTATION SYSTEM

HUD USER

First select a state:

Alabama - AL
Alaska - AK
American Samoa - AS
Arizona - AZ
Arkansas - AR
California - CA
Colorado - CO
Connecticut - CT
Delaware - DE
District of Columbia - DC

Or select a FY 2023 HUD Metropolitan Fair Market Rent/Income Limits Area (HMFA):

Seattle-Bellevue, WA HUD Metro FMR Area

View HMFA Calculations

Prepared by the [Program Parameters and Research Division](#), HUD.

For more on area definitions, [click here](#). Technical Problems or questions? [Contact Us](#).

FY 2023 INCOME LIMITS DOCUMENTATION SYSTEM

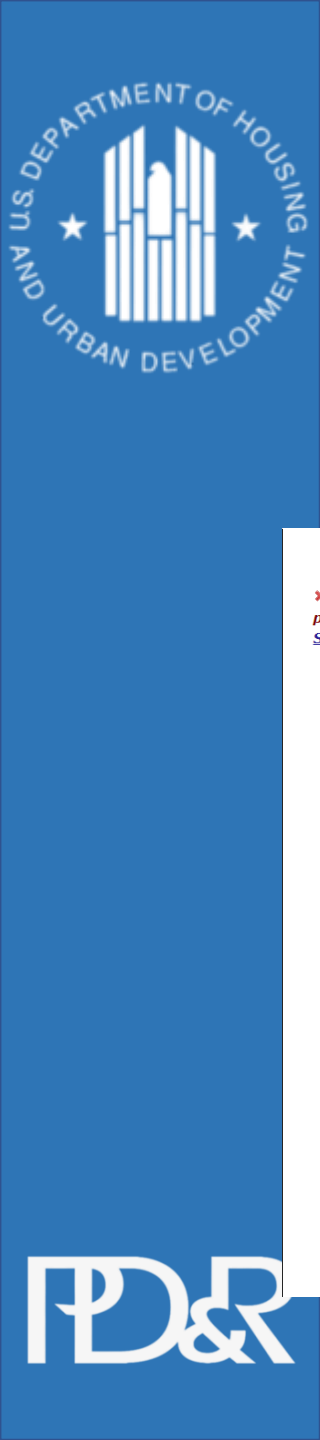
HUD, gov HUD User Home Data Sets Fair Market Rents Section 8 Income Limits MTSP Income Limits HUD LIHTC Database

FY 2023 Income Limits Summary

FY 2023 Income Limit Area	Median Family Income Click for More Detail	FY 2023 Income Limit Category Click for More Detail	Persons in Family							
			1	2	3	4	5	6	7	8
Seattle-Bellevue, WA HUD Metro FMR Area	\$146,500	Very Low (50%) Income Limits (\$) Click for More Detail	47,950	54,800	61,650	68,500	74,000	79,500	84,950	90,450
		Extremely Low Income Limits (\$)* Click for More Detail	28,800	32,900	37,000	41,100	44,400	47,700	51,000	54,300
		Low (80%) Income Limits (\$) Click for More Detail	70,650	80,750	90,850	100,900	109,000	117,050	125,150	133,200

NOTE: HUD generally uses the Office of Management and Budget (OMB) area definitions in the calculation of income limit program parameters. However, to ensure that program parameters do not vary significantly due to area definition changes, HUD has used custom geographic definitions for the **Seattle-Bellevue, WA HUD Metro FMR Area**.

The **Seattle-Bellevue, WA HUD Metro FMR Area** contains the following areas: King County, WA; and Snohomish County, WA.



Calculating the 50% VLIL

- If you want a deep dive into the methodology

FY 2023 Very Low-Income (50%) Income Limits Calculation

✖ *The Income Limits explained on this page are not for use with Multifamily Tax Subsidy Projects (IRC section 42 and 142 projects). Users interested in these programs should visit the [FY2023 Multifamily Tax Subsidy Project Documentation System](#).*

Estimates of the 4-person Very Low-Income Limit (VLIL) for metropolitan and non-metropolitan areas are developed as follows:

- 1. Calculate Preliminary VLIL:** The 4-person Very Low-Income Limit (VLIL) is based on 50% of the median family income estimated for the Seattle-Bellevue, WA HUD Metro FMR Area. For a discussion of the estimated median family income please [read here](#). Once the median family income is estimated and a preliminary 4-person Very Low-Income Limit is calculated (as 50% of median family income) a series of considerations required by statute are made, which are detailed in the next 4 steps.
- 2. High Housing Cost Adjustment:** The 4-Person VLIL is increased if it is less than the amount at which 35 percent of it equals 85 percent of the annualized two-bedroom Section 8 40th percentile FMR (this adjusts income limits upward for areas where rental housing costs are unusually high in relation to median income).
- 3. Low Housing Cost Adjustment:** If the 4-Person VLIL exceeds 80% of the U.S. median family income, and the two bedroom 40th percentile fair market rent is affordable (less than or equal to 30% of the preliminary VLIL), the VLIL will be reduced to the greater of 80% of U.S. median family income or the amount at which 30 percent of it equals the two-bedroom 40th percentile FMR (this adjusts income limits downward for areas of unusually high median family incomes).
- 4. State Non-Metro Median Family Income Adjustment:** The 4-Person VLIL is also adjusted if it would otherwise be lower than 50% of the State Non-Metro Median Family Income.
- 5. Ceilings and Floors:** Since FY 2010, HUD has not allowed income limits to decrease by more than five percent, and not allowed income limits to increase by the greater of five percent or twice the annual change in national median family income.

For FY 2023, the two most recent years of national median family income data are from the American Community Survey (ACS) in 2020 and 2021, at [\\$84,394](#) and [\\$85,806](#). However, because HUD did not use the ACS 2020 data for FY 2022 or FY 2023 Income Limits as the Census Bureau deemed it "experimental", HUD is retaining the 2019 ACS national median of [\\$80,944](#). HUD compares this to the 2021 ACS national median family income of [\\$85,806](#). This is a cumulative two-year change of 6.01%, or 2.96% on an annual basis. Two times 2.96% is 5.92%. This exceeds five percent, so the limit on increases in income limits is set at approximately 5.92%. (Note that HUD uses unrounded percentages in its actual calculations). The limit on decreases in income limits remains five

4-Person Very Low-Income Limit Calculation for Seattle-Bellevue, WA HUD Metro FMR Area

1. The estimated FY2023 Median Family Income and preliminary 4-Person VLIL for Seattle-Bellevue, WA HUD Metro FMR Area are as follows:

Area	FY 2023 Estimate of Median Family Income	Preliminary 4-Person Very Low-Income Limit
Seattle-Bellevue, WA HUD Metro FMR Area	\$146,500	$\$146,500 * 0.50 =$ \$73,250

2. The High Housing Cost adjustment calculations follow:

2BR 40th percentile FMR	85% of Annualized 2BR FMR	35% of Preliminary 4P VLIL	High Housing Cost Adjustment?	Preliminary 4P VLIL
\$2,455	\$25,041	\$25,638	Is $\$25,638 < \$25,041$? No	\$73,250

3. The Low Housing Cost adjustment calculations follow:

Annualized 2BR 40 th percentile FMR	Income that can afford annualized 2BR FMR paying 30% for rent	80% of US Median Income	Maximum allowable 4P VLIL	Preliminary 4P VLIL	Low Housing Cost Adjustment?	Preliminary 4P VLIL
$\$2,455 * 12 =$ \$29,460	$\$29,460 / 0.3 =$ \$98,200	\$76,960	MAX ($\$98,200, \$76,960$) = \$98,200	\$73,250	Is $\$73,250 > \$98,200$? No	\$73,250

4. State non-metro Median Family Income Adjustment:

50 Percent of State Non-Metro Median Family Income	State Median Family Income Adjustment?	Preliminary 4P VLIL
$\$86,000 * 0.5$	Is $\$73,250 < \$43,000$?	



Calculating the 50% VLIL

- If you want a deep dive into the methodology

<https://www.huduser.gov/portal/datasets/mtsp.html>

2023 2022 2021 2020 2019 Year ▼

Query Tool Data

Effective May 15, 2023.

The Low-Income Housing Tax Credit (LIHTC) program is administered by the Internal Revenue Service (IRS). Pursuant to an IRS revenue ruling, participating properties base their rents on the income limits that HUD is mandated to publish. Participating property owners are not required by HUD or IRS to raise rents based on updated income limit calculations. To the extent that owners increase rents, given the purpose of the LIHTC is to keep units affordable, HUD encourages owners to increase them no more than what is needed to keep pace with rising costs and recognize that to promote housing stability, incremental increases are easier for tenants to absorb than sudden significant increases.

This system provides complete documentation of the development of the FY 2023 Multifamily Tax Subsidy Project (MTSP) Income Limits for any area of the country selected by the user. Official MTSP Income Limits, available in pdf and excel formats at [this link](#), may differ slightly from those calculated in the documentation system, and should be used for ALL official purposes.

[Click Here for FY 2023 MTSP Documentation](#)



2023 Challenges

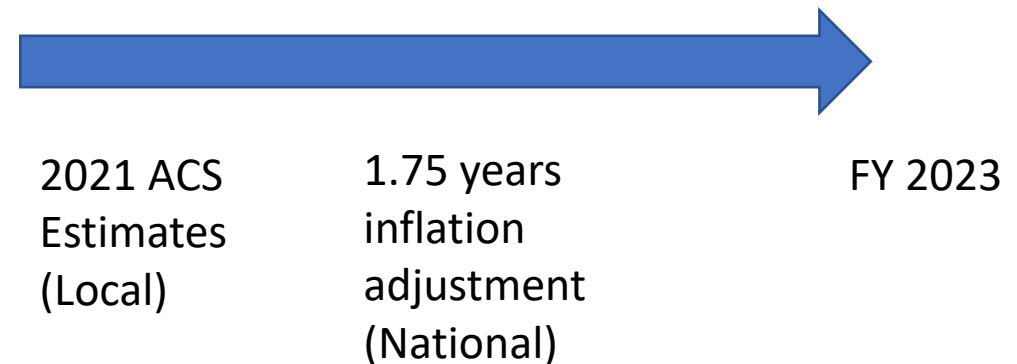
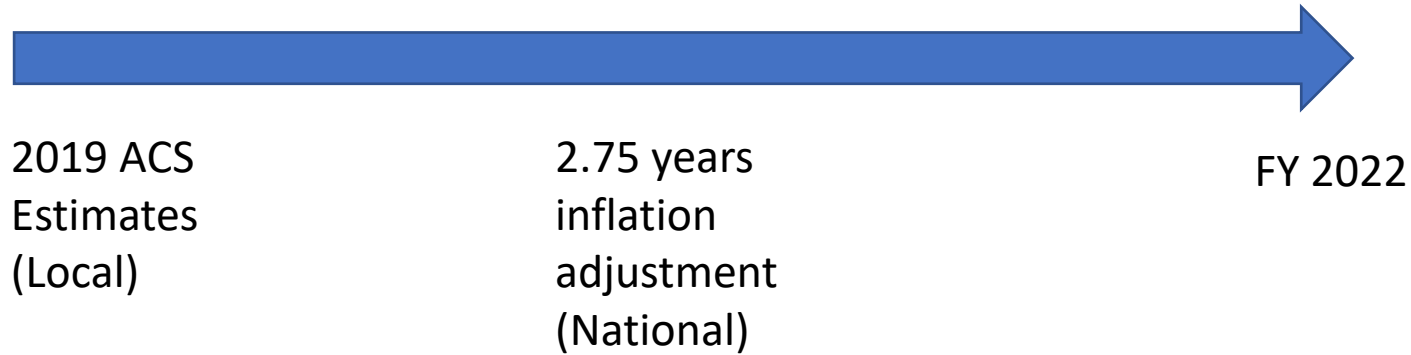
Base Median Family Incomes

- Since FY 2012, there has been a 3-year lag between the ACS estimates and the fiscal year for which the income limits are in effect. So for FY 2023, the ACS 2020 data would normally have been used.
- However, the Census Bureau effectively canceled the ACS 2020 1-year data because of data quality issues.
- While 5-year ACS data are still available for 2020, income estimates from the 5-year data have tended to lag those in 1-year data as income growth has slightly outpaced inflation.
- For FY 2023, HUD “skipped” the ACS 2020 and using ACS 2021 as the source of median family income estimates
- This has the added benefit of reducing the time horizon for the inflation adjustment in parts B and C on slide 8



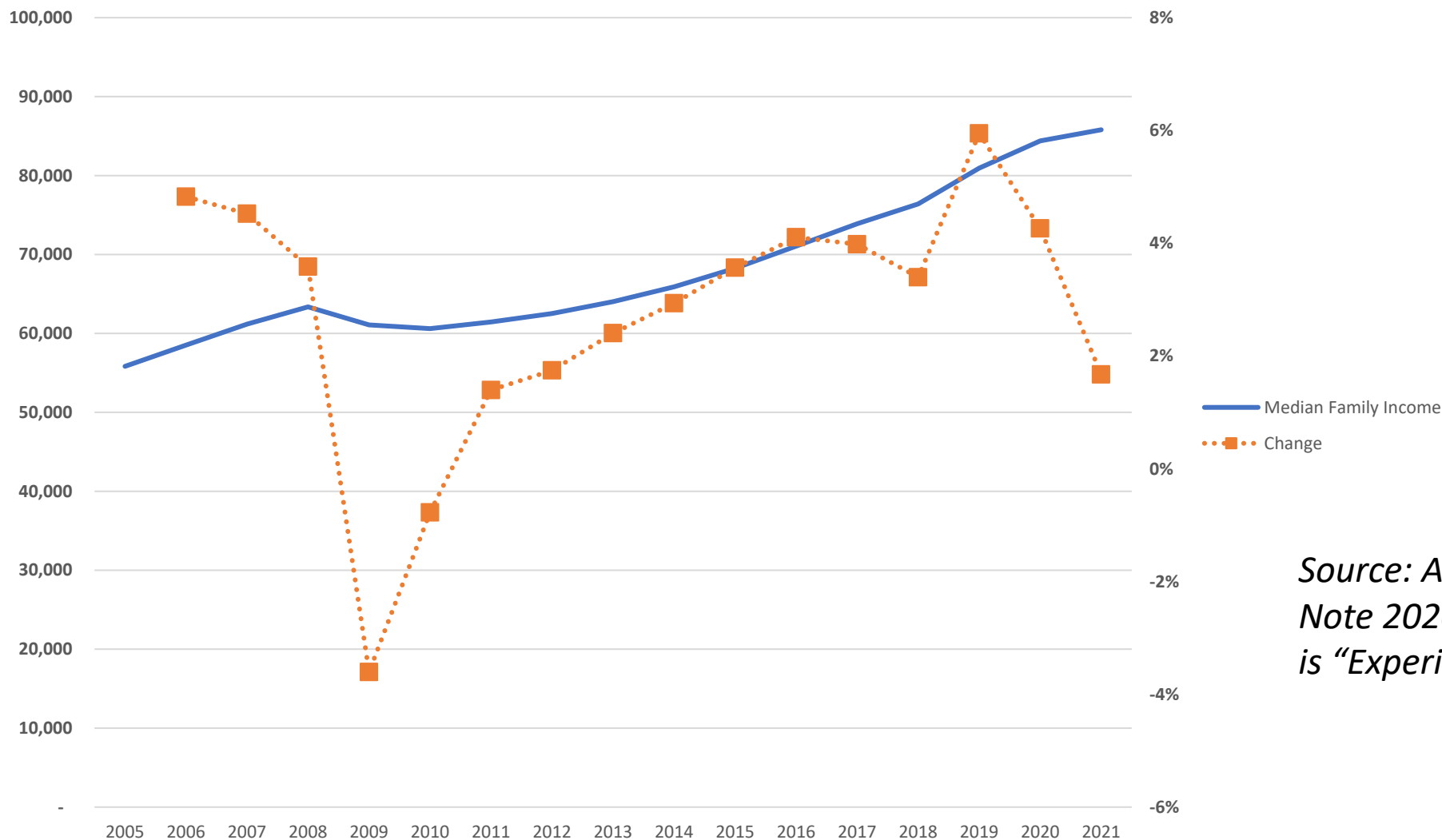


Changing ACS basis reduces length of national inflation adjustment





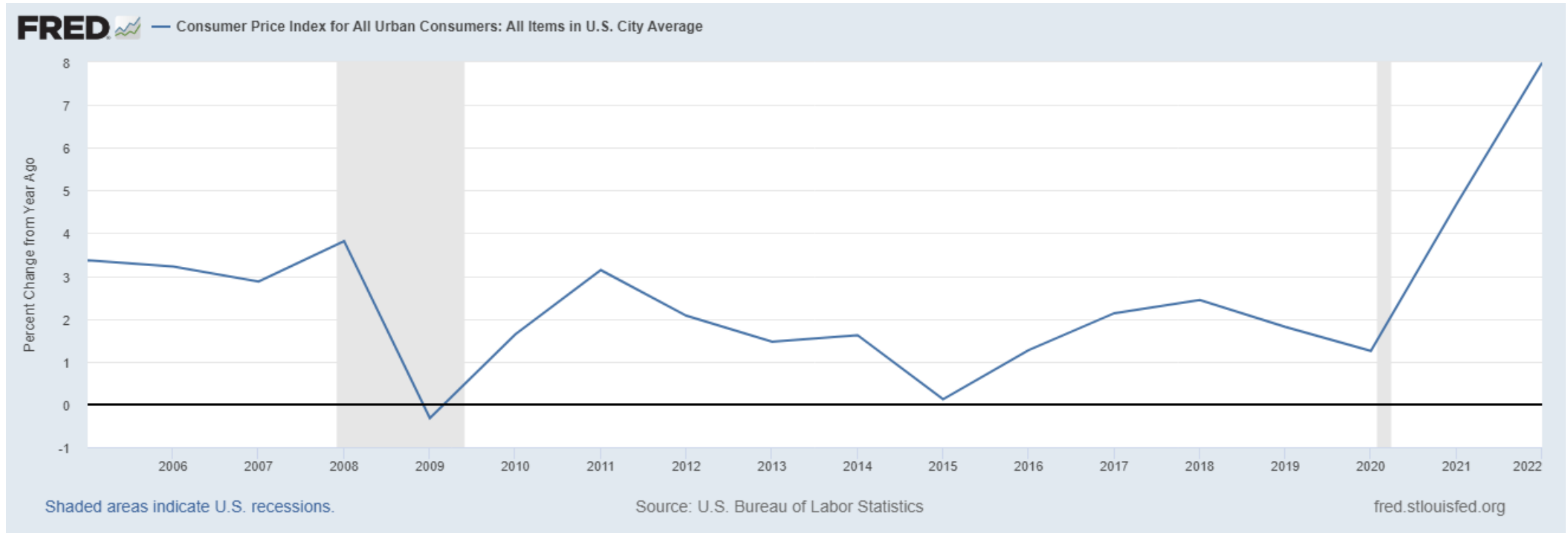
Trends in Median Family Income



*Source: ACS
Note 2020 estimate
is "Experimental"*



Trends in Inflation





2023 Challenges

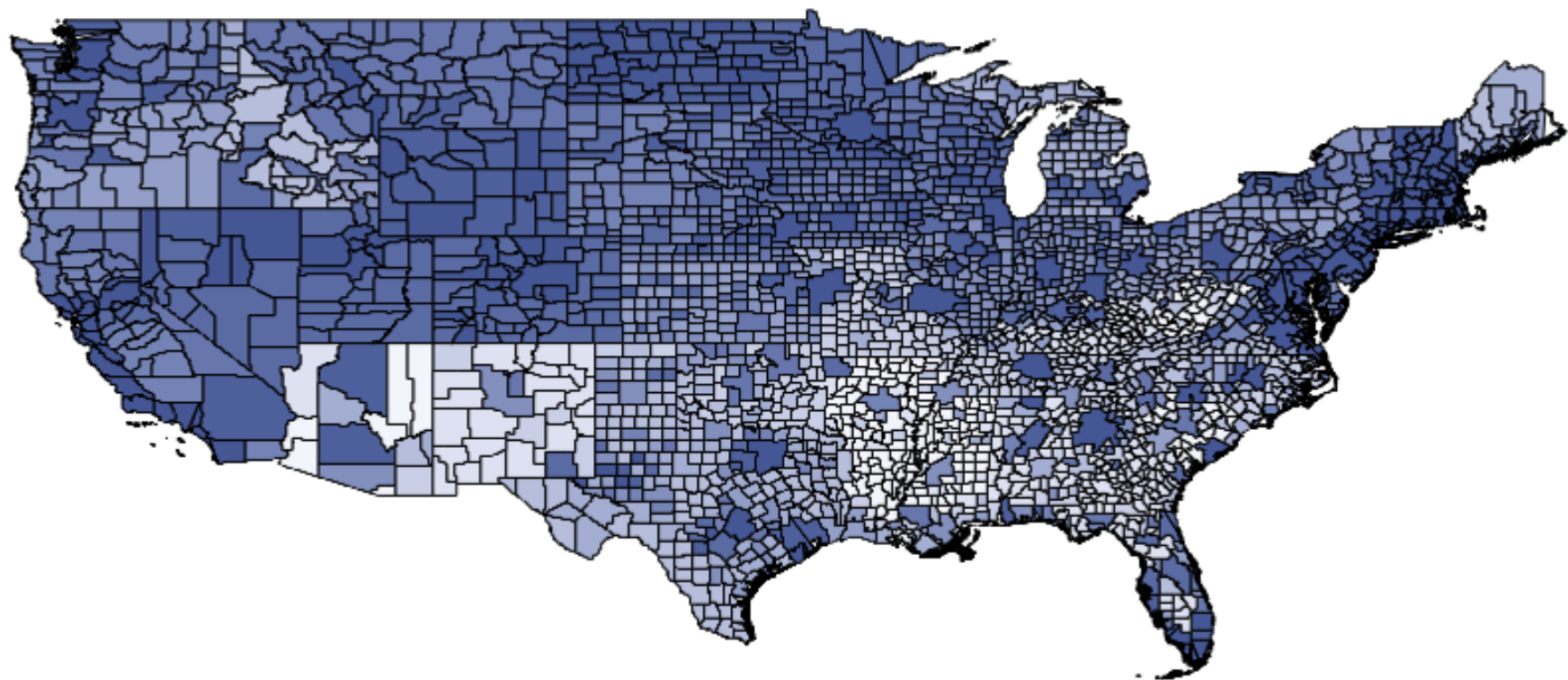
Cap Calculation

- Since FY 2010, HUD has limited the annual increase and decrease of income limits. Income limits cannot increase by the more than the higher of 5%, or twice the change in national median family income.
- From FY 2010-FY 2014 the national median family income for the cap calculation was partially inflated with CPI, partially inflated with a trend factor based on historical ACS income growth.
- From FY 2015-FY 2021 the national median family income was inflated with forecasted CPI growth.
- In FY 2022, the Congressional Budget Office did not publish a CPI forecast.
- Census did publish an ACS 2020 national median family income estimate. But because HUD is skipping ACS 2020, HUD is using the 2019-2021 change, annualized. So:

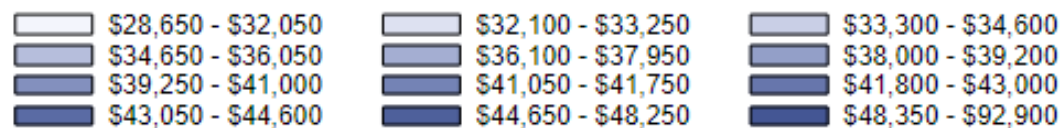
	Median Family Income	1-year change	2-year change	Annualized Change	Twice the annualized change
ACS 2021	\$85,806	1.7%	6.01%	2.96%	5.92%
ACS 2020	\$84,394	4.3%			
ACS 2019	\$80,944				



2023 Results

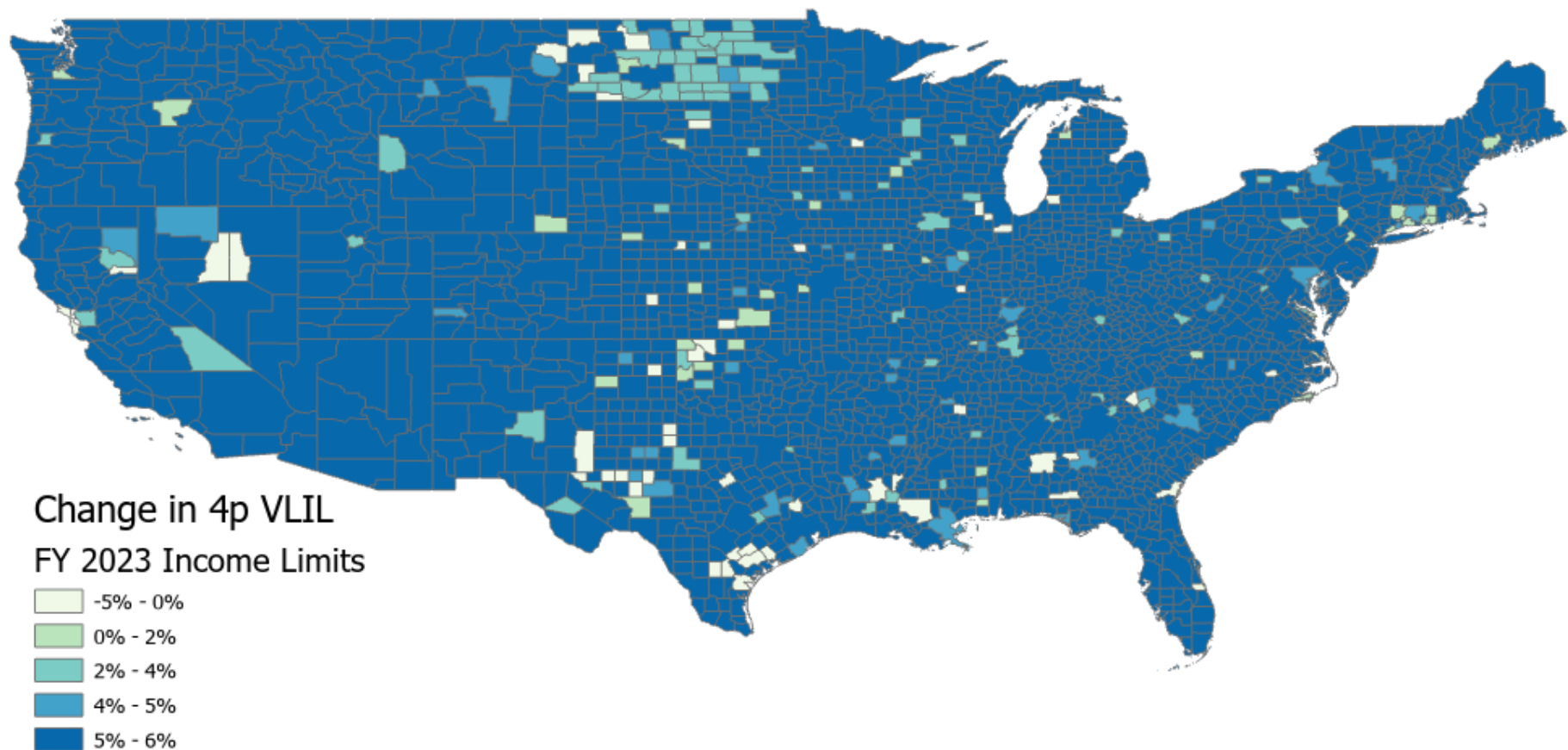


FY 2023 4-Person VLIL





2023 Results





2023 Results

Year	Population Weighted Average 4-Person Very Low-Income Limit Change (percent)
2013	-1.50
2014	-0.60
2015	2.88
2016	0.45
2017	3.22
2018	5.69
2019	4.99
2020	4.16
2021	1.95
2022	9.99
2023	5.52



Looking Ahead to FY 2024

- Ideally, we would return to a publication date closer to early April, subject to data availability from the Census Bureau
 - Preserve two-year time lag, so FY 2024 would be based on ACS 2022 data
- HUD also made significant changes to its Fair Market Rent calculation for FY 2023 and expects to issue a notice for FY 2024 this summer



2023 Income Limits



HOUSING CREDIT CONNECT

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HUD MTSP Income Limits

2022 to 2023 VLI Change

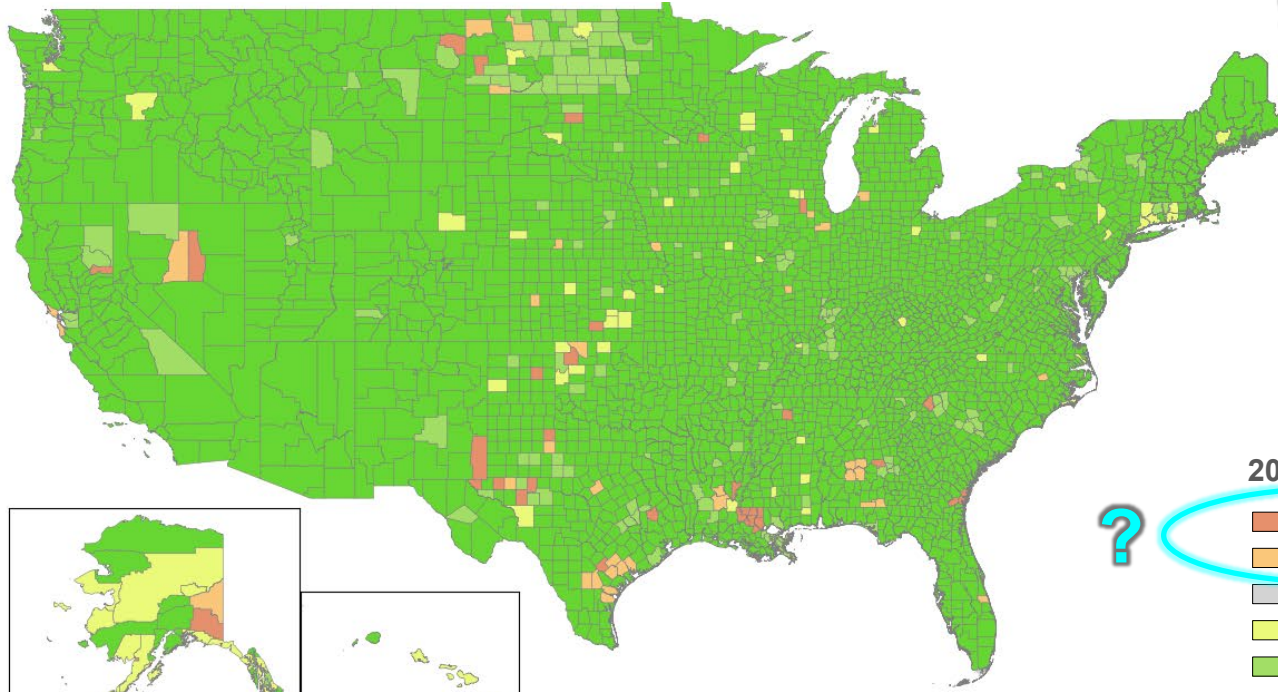


**What happened between
2022 to 2023?**

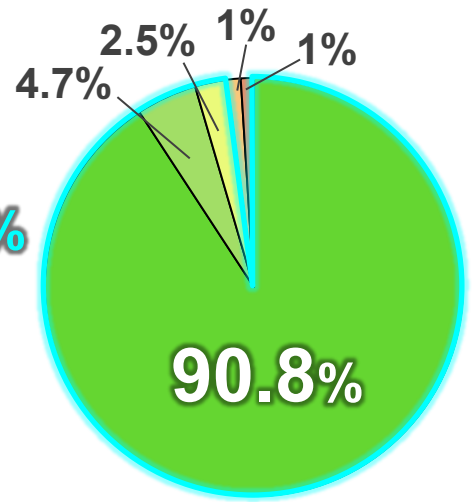
HUD MTSP Income Limits

2022 to 2023 VLI Change

For NEW Projects



98%



?

2022-2023 Percent Change in VLI

-2.5% to -5%

0% to -2.5%

No change

0% to 2.5%

2.5% to 5%

5% to 5.92%

34 of 2,603 areas

Three possibilities for income limits:

Increase

- **For screening tenants:** Implement immediately!
- **For rents:** It creates a higher rent limit so you CAN increase rents...but should you?

No Change

- Carry on as before

Decrease

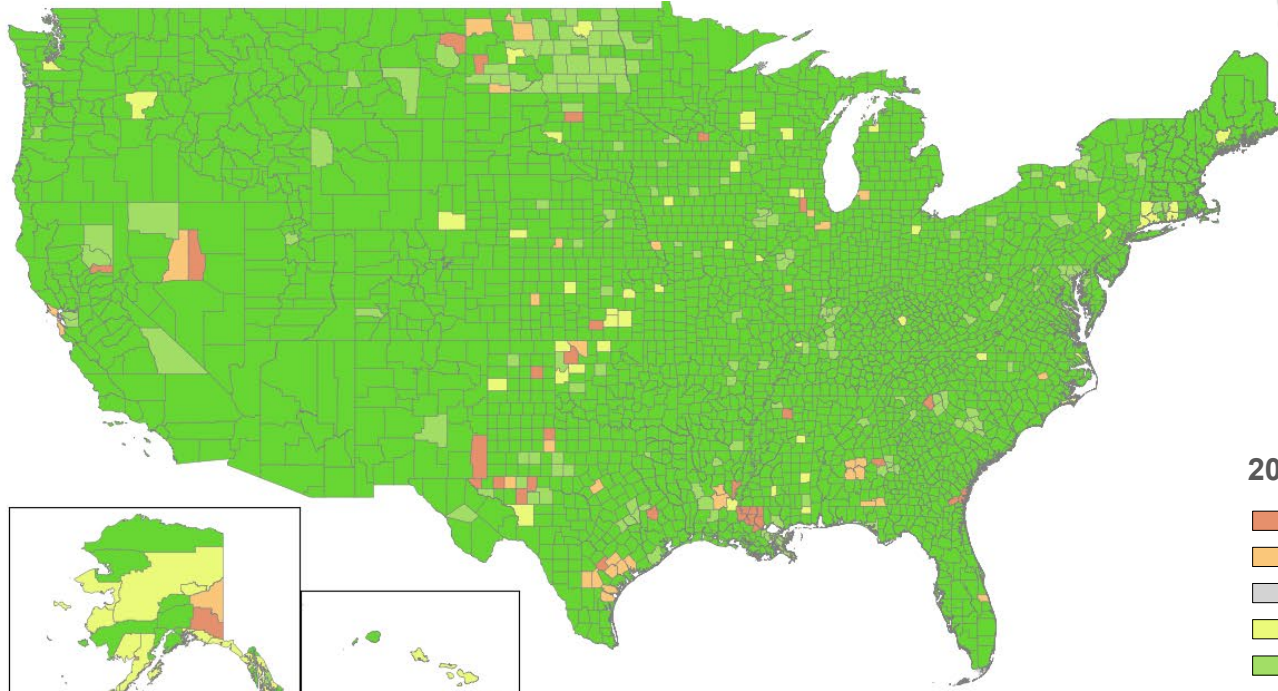
- **For existing projects:** same as no change...except if you have layered financing you may not be held harmless for limits under those other sources of financing 😞
- **For new projects:** have to use new, lower limits for screening tenants and for rent limits*

*We'll discuss gross rent floor in a moment

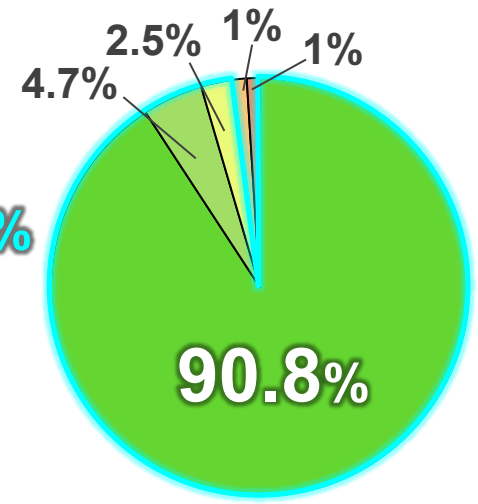
HUD MTSP Income Limits

2022 to 2023 VLI Change

For NEW Projects



98%



2022-2023 Percent Change in VLI

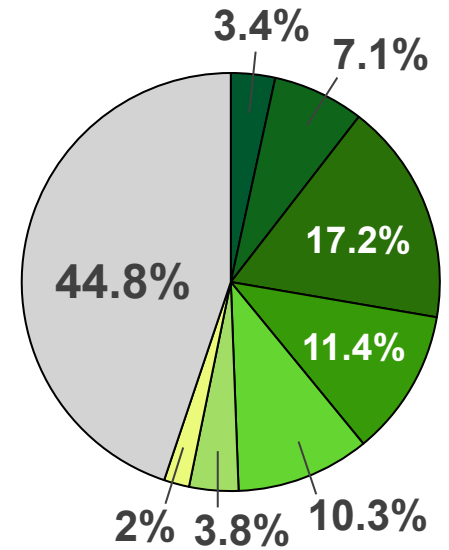
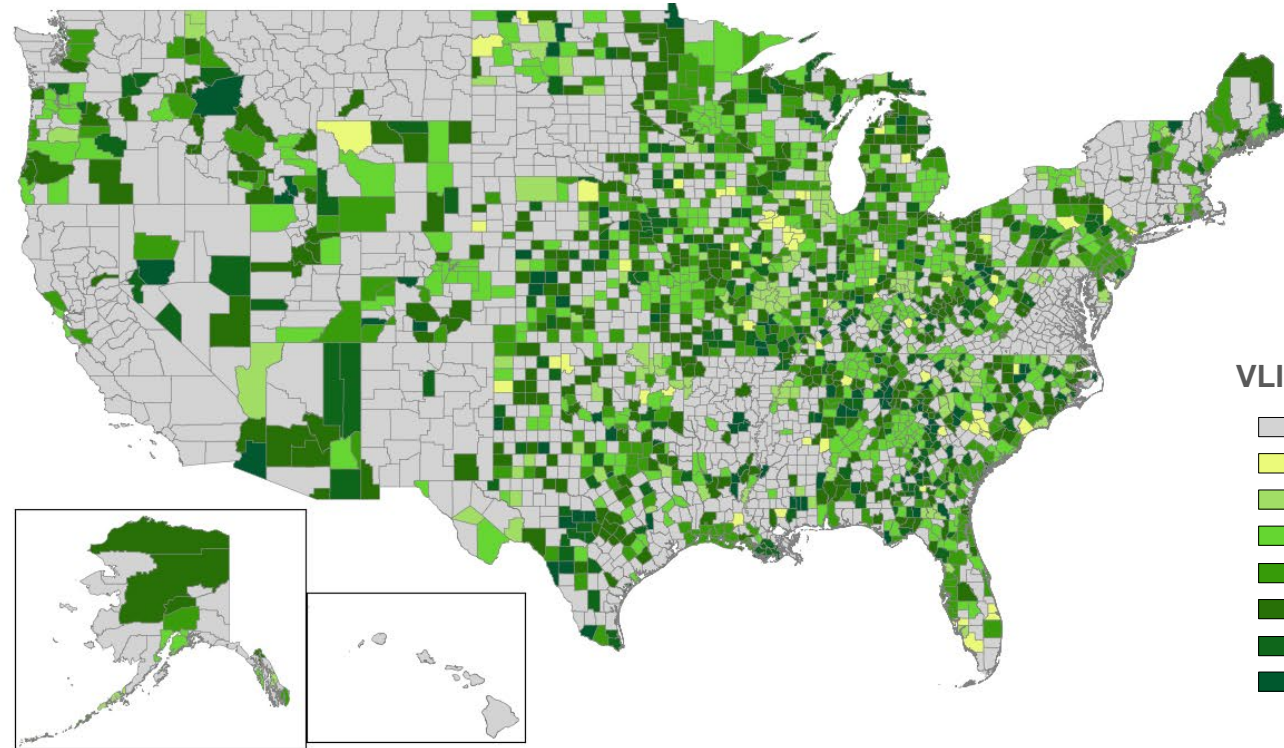
- 2.5% to -5%
- 0% to -2.5%
- No change
- 0% to 2.5%
- 2.5% to 5%
- 5% to 5.92%

54 of 2,603 areas

HUD MTSP Income Limits

2022 to 2023 HERA Special Changes

For Projects Existing Before 2009



VLI Change with HERA Special

- No change
- 0% to 2.5%
- 2.5% to 5%
- 5% to 7.5%
- 7.5% to 10%
- 10% to 15%
- 15% to 20%
- Above 20%

STATE:ALABAMA

-----I N C O M E L

	PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON
Anniston-Oxford-Jacksonville, AL MSA					
FY 2023 MFI: \$74,100	VERY LOW INCOME	25500	29150	32800	36400
	60% INCOME LIMIT	30600	34980	39360	43680

HERA Special 50%*	26350	30100	33850	37600
HERA Special 60%*	31620	36120	40620	45120

Auburn-Opelika, AL MSA					
FY 2023 MFI: \$83,900	VERY LOW INCOME	29400	33600	37800	41950
	60% INCOME LIMIT	35280	40320	45360	50340

HERA Special 50%*	31500	36000	40500	45000
HERA Special 60%*	37800	43200	48600	54000

* Income Limit for a HUD hold harmless impacted project in a HUD impacted area whose current limit would be less than last year or less than its FY2008 limit times the Current Year Median (FY2023) over the FY2008 median. HUD impacted areas are areas with Section 8 Income Limits held harmless by HUD in FY2007 or FY2008.

The screenshot shows the NOVOGRADAC Affordable Housing Resource Center website. The 'Income Limits' section is highlighted, showing the '2023 MTSP Income Limits' effective May 15, 2023. A dropdown menu is open, showing options like 'Data and Tools', 'Income Limits', and 'FY 2023 MTSP Income Limits Tables (PDF)'. A mouse cursor is pointing at the 'FY 2023 MTSP Income Limits Tables (PDF)' link.

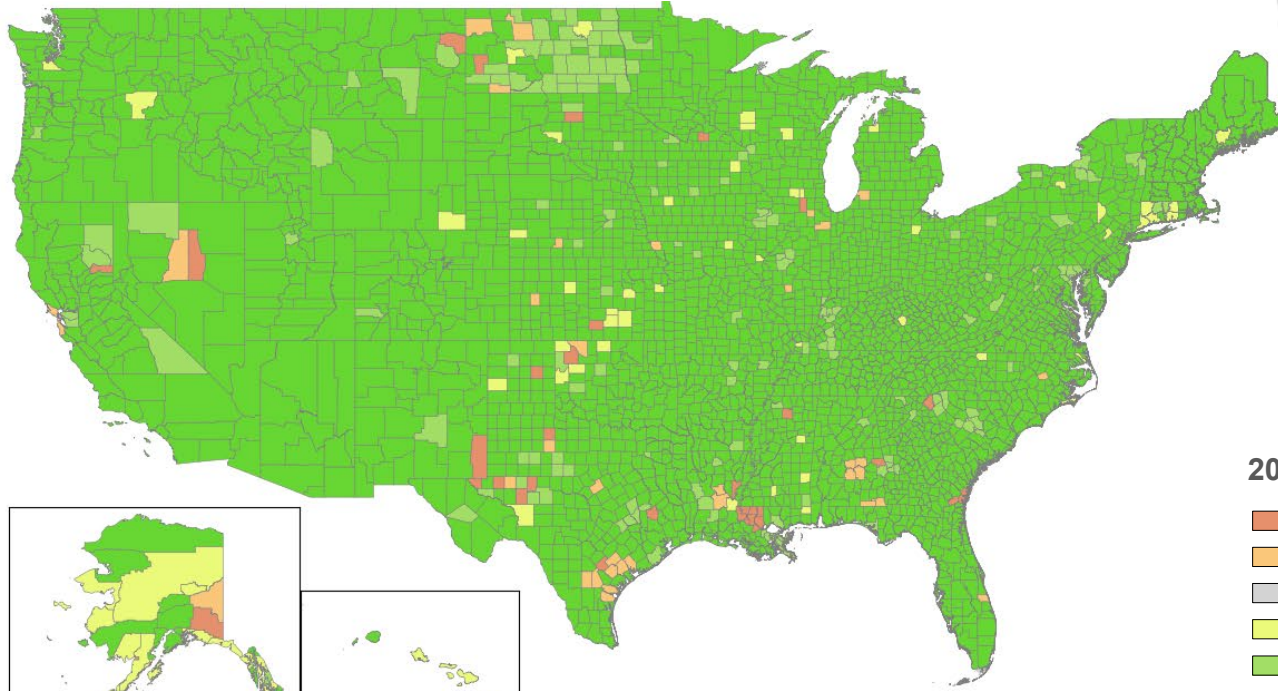
www.taxcredithousing.com → Data and Tools → Income Limits

338 pages

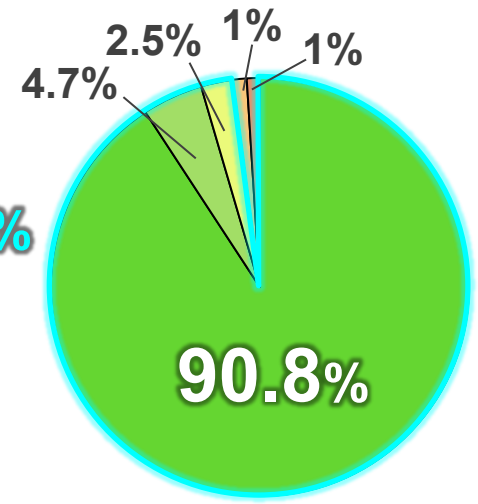
HUD MTSP Income Limits

2022 to 2023 VLI Change

For NEW Projects



98%



2022-2023 Percent Change in VLI

- 2.5% to -5%
- 0% to -2.5%
- No change
- 0% to 2.5%
- 2.5% to 5%
- 5% to 5.92%

54 of 2,603 areas

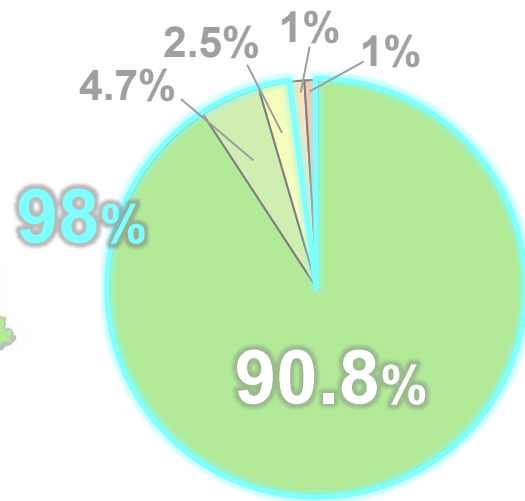
HUD MTSP Income Limits

2022 to 2023 VLI Change

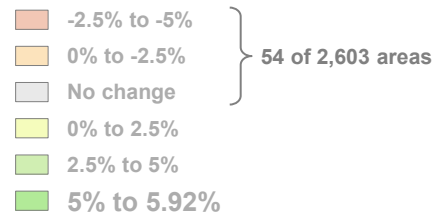
For NEW Projects

How are MTSP limits derived?

MTSP limits begin with AMI calculations...



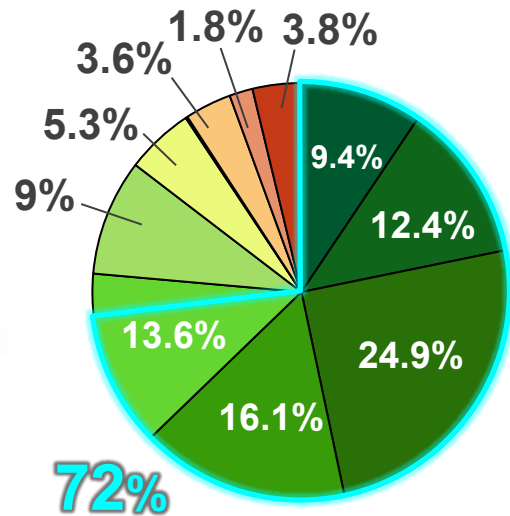
2022-2023 Percent Change in VLI



HUD MTSP Income Limits

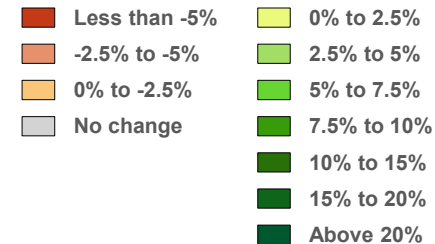
2022 to 2023 [AMI](#) Change

How, then, is AMI for each area calculated?



72%
Areas with increases
greater than 5.92%

2022-2023 Percent Change in AMI



Historical ACS Data is Used

<div>Local ↓ ACS Data</div>	X	<div>National ↓ CPI Factor</div>	=	HUD AMI
2017	X	(2020 CPI/2017 CPI)	=	2020 AMI
2018	X	(2021 CPI/2018 CPI)	=	2021 AMI
2019	X	(2022 CPI/2019 CPI)	=	2022 AMI
2020 2021	X	(2023 CPI/ 2020 CPI) 2021	=	2023 AMI

For areas without reliable one-year American Community Survey (ACS) data, HUD will next use the five-year ACS. If that is also unreliable, HUD will follow alternative procedures.

Historical Comparison of ACS to HUD AMI

Year	ACS Data		
2012	62,527		65,000 2,473
2013	64,030		64,400 370
2014	65,910	CPI Factor	63,900 (2,010)
2015	68,260	CPI Factor	65,800 (2,460)
2016	71,602	CPI Factor	65,700 (5,902)
2017	73,891	CPI Factor	68,000 (5,891)
2018	76,401	CPI Factor	71,900 (4,501)
2019	80,944	CPI Factor	75,500 (5,444)
2020	N/A		78,500 N/A
2021	85,806		79,900 (5,906)

Historical HUD Trend Factors

Historical Comparison of ACS to HUD AMI

Year	ACS Data	HUD AMI	Over/(Under) Estimated
2012	62,527		
2013	64,030		
2014	65,910		
2015	68,260	65,800	(2,460)
2016	71,602	65,700	(5,902)
2017	73,891	68,000	(5,891)
2018	76,401	71,900	(4,501)
2019	80,944	75,500	(5,444)
2020	N/A	78,500	N/A
2021	85,806	79,900	(5,906)

Year HUD Trend

2015	1.05244
2016	1.02637
2017	1.03153
2018	1.06289
2019	1.06193
2020	1.06193
2021	1.04537
2022	1.11162

2023 1.12153 ← Only Two Years

Average trend factor 1.063

STATE: PENNSYLVANIA

4 PERSON

Wayne County, PA

FY 2023 MFI: \$78,000

VERY LOW INCOME

27300

31200

35100

39000

60% INCOME LIMIT

32760

37440

42120

46800

VLI = 39,000 **46,800** —
60% Income Limit

Income Limit for a HUD HUD harmless impacted project in a HUD impacted area whose current limit would be less than last year or less than its FY2008 limit times the Current Year Median (FY2023) over the FY2008 median. HUD impacted areas are areas with Section 8 Income Limits held harmless by HUD in FY2007 or FY2008.

338 pages

The screenshot shows the 'Affordable Housing Resource Center' website. The main navigation bar includes 'NOVOGRADIM' and links for 'Home', 'About', 'Resources', 'Contact Us', and 'Help'. The page title is 'Affordable Housing Resource Center'. The 'Income Limits' section is highlighted, showing '2023' and '2023 MTSP Income Limits' effective May 15, 2023. A statement on FY 2023 Median Family Income Estimates and Income Limits from Dec. 2, 2022, is also present. A link to 'FY 2023 Income Limits (PDF)' is shown with a mouse cursor pointing to it. The footer includes the website URL 'www.taxcredithousing.com' and navigation links for 'Data and Tools' and 'Income Limits'.

STATE: INDIANA

PROGRAM	1 PERSON	2 PERSON	3 PERSON	4 PERSON	5 PERSON	6 PERSON	7 PERSON	8 PERSON
Stauben County, IN FY 2023 MFI: \$66,300								
VERY LOW INCOME	28900	33000	37150	41250	44550	47850	51150	54450
60% INCOME LIMIT	34680	39600	44580	49500	53460	57420	61380	65340
HERA Special 50%*	30600	34950	39300	43650	47150	50650	54150	57650
HERA Special 60%*	36720	41940	47160	52380	56580	60780	64980	69180
Switzerland County, IN FY 2023 MFI: \$76,000								
VERY LOW INCOME	27650	31600	35550	39450	42650	45850	48950	52100
60% INCOME LIMIT	33180	37920	42660	47340	51180	54980	58740	62520
HERA Special 50%*	29200	33350	37500	41650	45000	48350	51650	55000
HERA Special 60%*	35040	40020	45000	49880	54000	58000	61880	65000

4 PERSON

Wayne County, IN

FY 2023 MFI: \$70,000

VERY LOW INCOME
60% INCOME LIMIT

27650

31600

35550

39450

33180

37920

42660

47340

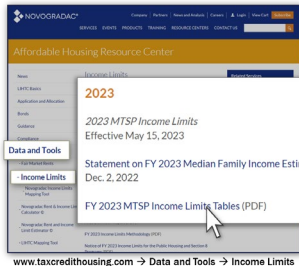
$$\begin{aligned} & \times 0.5 \quad \times 0.6 \\ \text{VLI} &= 35,000 \quad 42,000 \\ & \quad \quad \quad 60\% \text{ Income Limit} \end{aligned}$$



Why doesn't VLI equal 50% of AMI?

Because HUD makes adjustments to VLI!

338 pages



www.taxcredithousing.com → Data and Tools → Income Limits

Methodology for Determining Section 8

1. Limits based on 50% of local median
2. Limits based on State nonmetropolitan median family income level
3. Limits increased to the amount at which 35% of 4-person family's income equals 85% of the 2-bedroom FMR
4. 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
5. Limits **floored** if they would be less than **95%** of last year's limit
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)

Median
Income

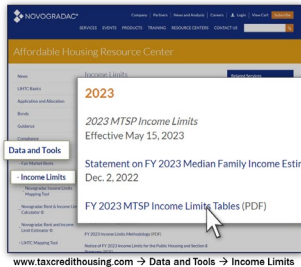
State Non-
Metro

High
Housing
Cost

Low
Housing
Cost

Floor

Cap

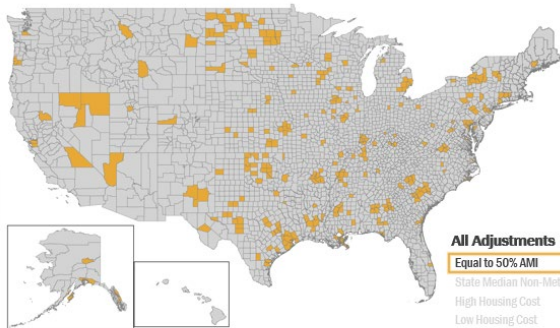


www.taxcredithousing.com → Data and Tools → Income Limits

Median Income

HUD MTSP Income Limits

Equal to 50% AMI



Type Income Limit Calculation	Non-metro Counties	Metropolitan Areas
1. Limits based on 50% of local median family income	124	73

197 of 2,603 = 7.6%
13.0% of population

FY 2023
Methodology for
Determining Section 8
Income Limits

All Adjustments

Equal to 50% AMI

State Median Non-Metro

High Housing Cost

Low Housing Cost

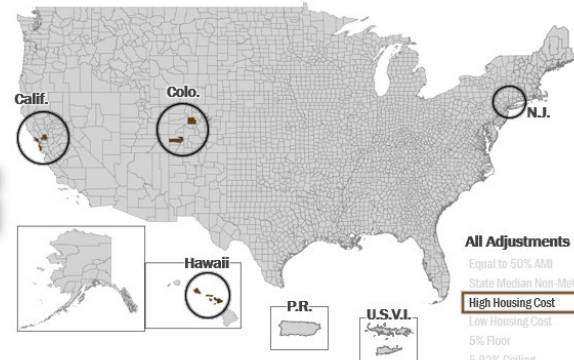
5% Floor

5.92% Ceiling

High Housing Cost

HUD MTSP Income Limits

High-Housing Cost Adjustment Areas



Type Income Limit Calculation	Non-metro Counties	Metropolitan Areas
3. Limits increased to the amount at which 35% of 4-person family's income equals 85% of the 2-bedroom FMR	5	10

15 of 2,603 = 0.6%
1.6% of population

FY 2023
Methodology for
Determining Section 8
Income Limits

All Adjustments

Equal to 50% AMI

State Median Non-Metro

High Housing Cost

Low Housing Cost

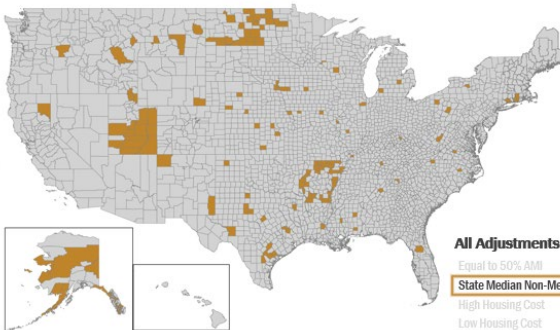
5% Floor

5.92% Ceiling

State Non-Metro

HUD MTSP Income Limits

State Median Non-Metro



Type Income Limit Calculation	Non-metro Counties	Metropolitan Areas
2. Limits based on State nonmetropolitan median family income level	122	18

140 of 2,603 = 5.4%
1.2% of population

FY 2023
Methodology for
Determining Section 8
Income Limits

All Adjustments

Equal to 50% AMI

State Median Non-Metro

High Housing Cost

Low Housing Cost

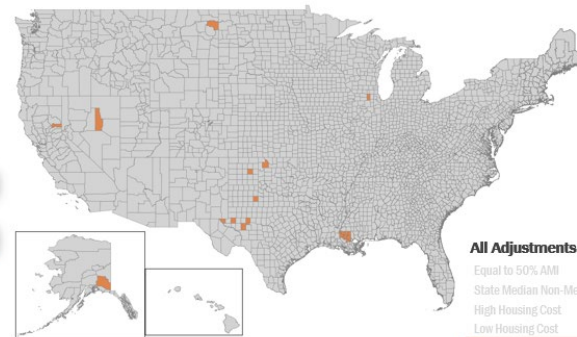
5% Floor

5.92% Ceiling

5% Floor

HUD MTSP Income Limits

5% Floor



Type Income Limit Calculation	Non-metro Counties	Metropolitan Areas
5. Limits floored if they would be less than 90% of last year's limit	10	4

14 of 2,603 = 0.5%
0.3% of population

FY 2023
Methodology for
Determining Section 8
Income Limits

All Adjustments

Equal to 50% AMI

State Median Non-Metro

High Housing Cost

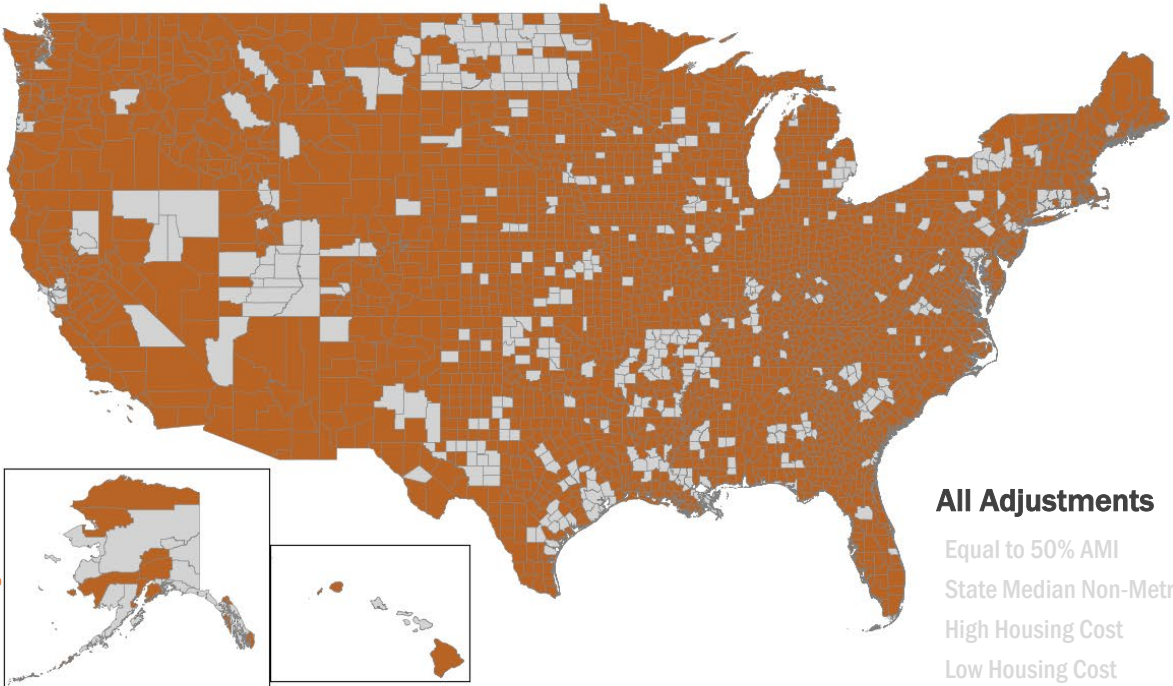
Low Housing Cost

5% Floor

5.92% Ceiling

HUD MTSP Income Limits

5.92% Cap



All Adjustments

- Equal to 50% AMI
- State Median Non-Metro
- High Housing Cost
- Low Housing Cost
- 5% Floor

5.92% Ceiling

Type Income Limit Calculation	Non-metro Counties	Metropolitan Areas
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)	1,701	536

2,237 of 2,603 = **85.9%**
83.8% of population

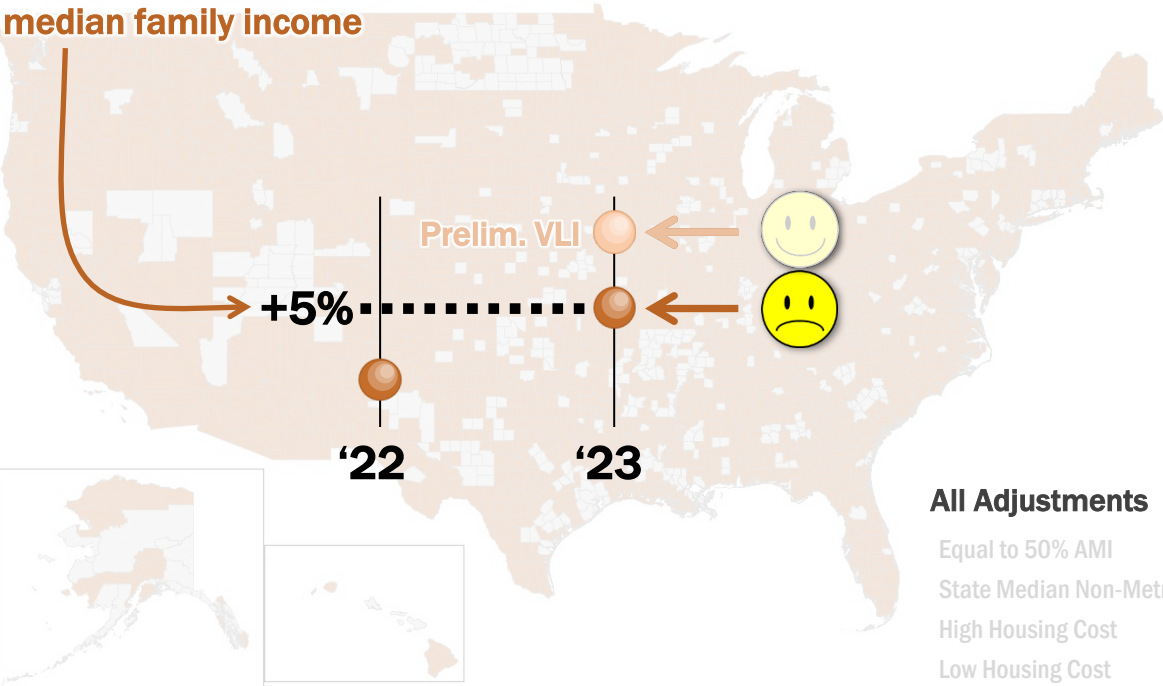
FY 2023
Methodology for
Determining Section 8
Income Limits

HUD MTSP Income Limits

5.92% Cap



Greater of 5 percent or twice the change in national median family income



All Adjustments

- Equal to 50% AMI
- State Median Non-Metro
- High Housing Cost
- Low Housing Cost
- 5% Floor

5.92% Ceiling

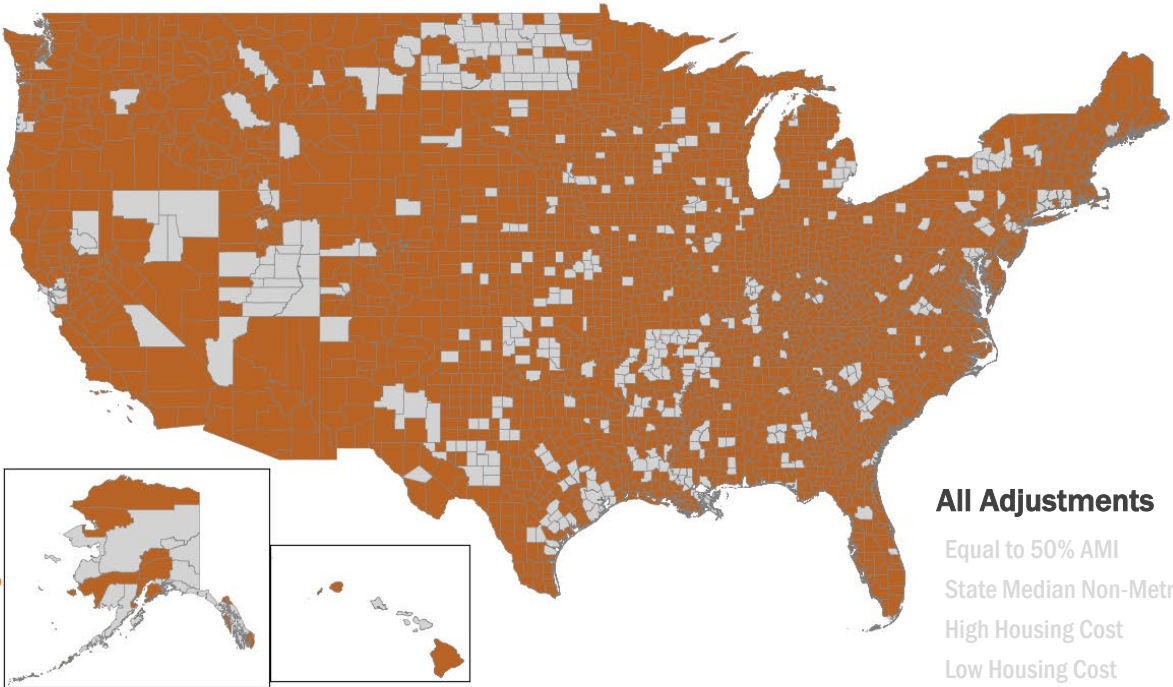
Type	Income Limit Calculation	Non-metro Counties	Metropolitan Areas
6.	Limits capped if they would otherwise increase by more than twice the increase in the National Median Income (i.e., would be more than 105.92% of last year's limit)	1,701	536

2,237 of 2,603 = **85.9%**
83.9% of population

FY 2023
Methodology for
Determining Section 8
Income Limits

HUD MTSP Income Limits

5.92% Cap



All Adjustments

- Equal to 50% AMI
- State Median Non-Metro
- High Housing Cost
- Low Housing Cost
- 5% Floor

5.92% Ceiling

Type Income Limit Calculation

Non-metro
Counties

Metropolitan
Areas

1,701

536

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)

2,237 of 2,603 = **85.9%**
83.9% of population

FY 2023
Methodology for
Determining Section 8
Income Limits

Calculation of CAP

Old Method (used from 2010 to 2021):

ACS from 3 years prior x CPI Factor = HUD-Published National Median Income

2018 ACS x CPI Factor = 2021 HUD-Published NMI \$79,900

2019 ACS x CPI Factor = 2022 HUD-Published NMI \$90,000

Change 12.64%

x 2

Greater of 2x change or 5% 2 x Change 25.28%

Historical ACS Data is Used

Local ↓ ACS Data	X	National ↓ CPI Factor	=	HUD AMI
2017	X	(2020 CPI/2017 CPI)	=	2020 AMI
2018	X	(2021 CPI/2018 CPI)	=	2021 AMI
2019	X	(2022 CPI/2019 CPI)	=	2022 AMI
2020 2021	X	(2023 CPI/ 2020 CPI)	=	2023 AMI

For areas without reliable one-year American Community Survey (ACS) data, HUD will next use the five-year ACS. If that is also unreliable, HUD will follow alternative procedures.

Calculation of CAP

Old Method (used from 2010 to 2021):

ACS from 3 years prior x CPI Factor = HUD-Published National Median Income

2018 ACS x CPI Factor = 2021 HUD-Published NMI \$79,900

2019 ACS x CPI Factor = 2022 HUD-Published NMI \$90,000

Change 12.64%

x 2

Greater of 2x change or 5% 2 x Change 25.28%

New Method (used from 2022 forward):

2018 ACS x CPI Factor = 2021 HUD-Published NMI \$76,401

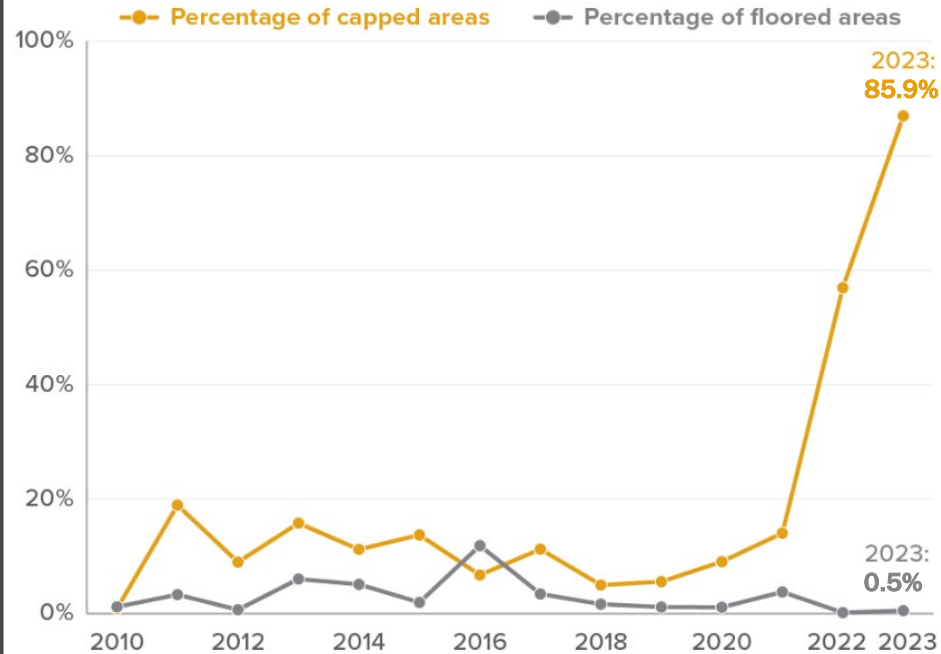
2019 ACS x CPI Factor = 2022 HUD-Published NMI \$80,944

Change 5.945%

x 2

Greater of 2x change or 5% 2 x Change 11.89% (2022)

Historical Percentage of Areas that Were Capped or Floored



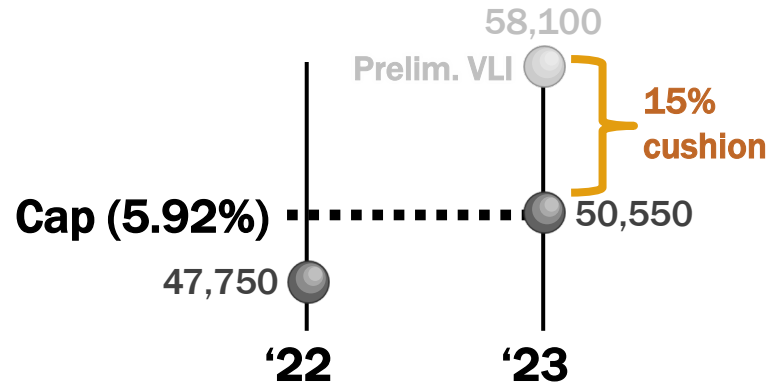
Source: U.S. Department of Housing and Urban Development;
Novogradac



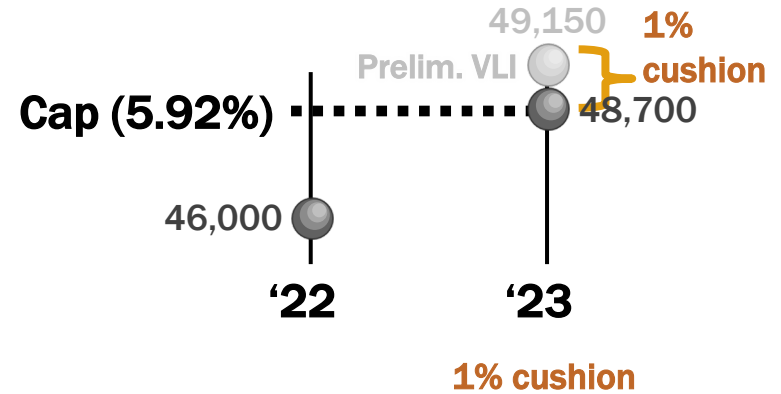
If I'm capped this year, can I expect an increase next year?

Depends on the size on the cap

Durham-Chapel Hill, NC HMFA



West Palm Beach-Boca Raton, FL HMFA



2024 Outlook

- What ACS will HUD use?
 - 2021 vs. 2022
 - In 2011-2012, HUD used the same ACS two years in a row
 - If using 2022, will release be delayed again?
- Trend factor
- Cap