

2018 Bay Area Income Limits

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT DIVISION OF HOUSING POLICY DEVELOPMENT

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Section 6932. 2018 Income Limits

County	Income Category	Number of Persons in Household							
		1	2	3	4	5	6	7	8
Last page instructs how to use income limits to determine applicant eligibility and calculate affordable housing cost and rent									

Alameda County 4-Person Area Median Income: \$104,400	Extremely Low	24400	27900	31400	34850	37650	40450	43250	46050
	Very Low Income	40700	46500	52300	58100	62750	67400	72050	76700
	Low Income	62750	71700	80650	89600	96800	103950	111150	118300
	Median Income	73100	83500	93950	104400	112750	121100	129450	137800
	Moderate Income	87700	100250	112750	125300	135300	145350	155350	165400

Contra Costa County 4-Person Area Median Income: \$104,400	Extremely Low	24400	27900	31400	34850	37650	40450	43250	46050
	Very Low Income	40700	46500	52300	58100	62750	67400	72050	76700
	Low Income	62750	71700	80650	89600	96800	103950	111150	118300
	Median Income	73100	83500	93950	104400	112750	121100	129450	137800
	Moderate Income	87700	100250	112750	125300	135300	145350	155350	165400

Marin County 4-Person Area Median Income: \$118,400	Extremely Low	30800	35200	39600	44000	47550	51050	54600	58100
	Very Low Income	51350	58650	66000	73300	79200	85050	90900	96800
	Low Income	82200	93950	105700	117400	126800	136200	145600	155000
	Median Income	82900	94700	106550	118400	127850	137350	146800	156300
	Moderate Income	99450	113700	127900	142100	153450	164850	176200	187550

Napa County 4-Person Area Median Income: \$91,000	Extremely Low	19600	22400	25200	27950	30200	33740	38060	42380
	Very Low Income	32600	37250	41900	46550	50300	54000	57750	61450
	Low Income	52150	59600	67050	74500	80500	86450	92400	98350
	Median Income	63700	72800	81900	91000	98300	105550	112850	120100
	Moderate Income	76450	87350	98300	109200	117950	126650	135400	144150

San Francisco County 4-Person Area Median Income: \$118,400	Extremely Low	30800	35200	39600	44000	47550	51050	54600	58100
	Very Low Income	51350	58650	66000	73300	79200	85050	90900	96800
	Low Income	82200	93950	105700	117400	126800	136200	145600	155000
	Median Income	82900	94700	106550	118400	127850	137350	146800	156300
	Moderate Income	99450	113700	127900	142100	153450	164850	176200	187550

San Mateo County 4-Person Area Median Income: \$118,400	Extremely Low	30800	35200	39600	44000	47550	51050	54600	58100
	Very Low Income	51350	58650	66000	73300	79200	85050	90900	96800
	Low Income	82200	93950	105700	117400	126800	136200	145600	155000
	Median Income	82900	94700	106550	118400	127850	137350	146800	156300
	Moderate Income	99450	113700	127900	142100	153450	164850	176200	187550

Santa Clara County 4-Person Area Median Income: \$125,200	Extremely Low	27950	31950	35950	39900	43100	46300	49500	52700
	Very Low Income	46550	53200	59850	66500	71850	77150	82500	87800
	Low Income	66150	75600	85050	94450	102050	109600	117150	124700
	Median Income	87650	100150	112700	125200	135200	145250	155250	165250
	Moderate Income	105200	120200	135250	150250	162250	174300	186300	198350

Sonoma County 4-Person Area Median Income: \$84,100	Extremely Low	20650	23600	26550	29450	31850	34200	38060	42380
	Very Low Income	34400	39300	44200	49100	53050	57000	60900	64850
	Low Income	55000	62850	70700	78550	84850	91150	97450	103700
	Median Income	58850	67300	75700	84100	90850	97550	104300	111000
	Moderate Income	70650	80700	90800	100900	108950	117050	125100	133200

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April 26, 2018

MEMORANDUM FOR: Interested parties

FROM: Zachary Olmstead, Deputy Director
Division of Housing Policy Development

SUBJECT: **State Income Limits for 2018**

Attached are briefing materials and State Income Limits for 2018 that are now in effect and replace 2017 State Income Limits. Income limits reflect updated median income and household income levels for extremely low-, very low-, low-, and moderate-income households for California's 58 counties. The 2018 State Income Limits are on the Department of Housing and Community Development (HCD) website at <http://www.hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits.shtml>.

State Income Limits apply to designated programs, are used to determine applicant eligibility (based on the level of household income), and may be used to calculate affordable housing costs for applicable housing assistance programs. Use of State Income Limits are subject to a particular program's definition of income, family, family size, effective dates, and other factors. In addition, definitions applicable to income categories, criteria, and geographic areas sometimes differ depending on the funding source and program, resulting in some programs using other income limits.

The attached briefing materials detail California's 2018 Income Limits and were updated based on: (1) changes to income limits the U.S. Department of Housing and Urban Development (HUD) released on April 1, 2018 for its Public Housing and Section 8 Housing Choice Voucher Program and (2) adjustments HCD made based on State statutory provisions and its 2013 Hold Harmless (HH) Policy. Since 2013, HCD's HH Policy has held State Income Limits harmless from any decreases in household income limits and median income levels that HUD may apply to the Section 8 Income Limits. HUD determined its HH Policy was no longer necessary due to federal law changes in 2008 (Public Law 110-98) prohibiting rent decreases in federal or private activity bond funded projects.

For questions concerning State Income Limits, please contact HCD staff at (916) 263-2911.

2018 State Income Limits Briefing Materials

California Code of Regulations, Title 25, Section 6932

Overview

The Department of Housing and Community Development (HCD), pursuant to Health & Safety Code Section 50093(c), must file updates to its State Income Limits with the Office of Administrative Law. HCD annually updates these income limits based on U.S. Department of Housing and Urban Development (HUD) revisions to the Public Housing and Section 8 Housing Choice Voucher Program that HUD released on April 1, 2018.

HUD annually updates its Section 8 Income Limits to reflect changes in median family income levels for different size households and income limits for extremely low, very low, and low-income households. HCD, pursuant to statutory provisions, makes the following additional revisions: (1) If necessary, increase a county's area median income to equal California's non-metropolitan median income, (2) adjusts area median income and household income category levels to not result in any decrease for any year after 2009 pursuant to HCD's February 2013 HH Policy. HCD's HH Policy was implemented to replace HUD's HH Policy, discontinued in 2009, to not decrease income limits and area median income levels below a prior year's highest level and, (3) determines income limits for California's moderate-income category.

Following are brief summaries of technical methodologies used by HUD and HCD in updating income limits for different household income categories. For additional information, please refer to HUD's briefing materials at <https://www.huduser.gov/portal/datasets/il/il18/IncomeLimitsMethodology-FY18.pdf>.

HUD Methodology

HUD Section 8 Income Limits begin with the production of median family incomes. HUD uses the Section 8 program's Fair Market Rent (FMR) area definitions in developing median incomes, which means developing median incomes for each metropolitan area, parts of some metropolitan areas, and each non-metropolitan county. The 2018 FMR area definitions are unchanged from last year. HUD calculates Section 8 Income Limits for every FMR area with adjustments for family size and for areas with unusually high or low family income or housing-cost-to-income relationships.

Extremely Low-Income

In determining the extremely low-income limit, HUD uses the Federal Poverty Guidelines, published by the Department of Health and Human Services. HUD compares the appropriate poverty guideline with 60% of the very low-income limit and choose the greater of the two. The value may not exceed the very low-income level.

Very Low-Income

The very low-income limits are the basis for all other income limits. The very low-income limit typically reflects 50 percent of median family income (MFI) and HUD's MFI figure generally equals two times HUD's 4-person very low-income limit. HUD may adjust the very low-income limit for an area or county to account for conditions that warrant special considerations. As such, the very low-income limit may not always equal 50% MFI.

Low-Income

In general, most low-income limits represent the higher level of: (1) 80 percent of MFI or, (2) 80 percent of state non-metropolitan median family income. However, due to adjustments that HUD sometimes makes to the very low-income limit, strictly calculating low-income limits as 80 percent of MFI could produce unintended anomalies inconsistent with statutory intent (e.g. very low-income limits being higher than low-income limits). Therefore, HUD's briefing materials specify that, with some exceptions, the low-income limit reflect 160 percent of the very low-income limit.

2018 State Income Limits Briefing Materials California Code of Regulations, Title 25, Section 6932

HUD may apply additional adjustments to areas with unusually high or low housing-costs-to-income relationships and for other reasons. This could result in low-income limits exceeding MFI.

Median Family Income/Area Median Income

HUD references and estimates the MFI in calculating the income limits. California law and State Income Limits reference Area Median Income (AMI) that, pursuant to Health & Safety Code 50093(c), means the MFI of a geographic area, estimated by HUD for its Section 8 Program.

HUD's calculations of Section 8 Income Limits begin with the production of MFI estimates. This year, MFI estimates use the 2015 American Community Survey. HUD then adjusts the survey data to account for anticipated income growth by applying the Consumer Price Index inflation forecast published by the Congressional Budget Office through mid-2018. HUD uses the MFI to calculate very low-income limits, used as the basis to calculate income limits for other income categories. For additional information, please see HUD's methodology describing 2018 MFI's at <https://www.huduser.gov/portal/datasets/il/il18/Medians-Methodology-FY18r.pdf>.

Adjustment Calculations

HUD may apply adjustments to areas with unusually high or low family income, uneven housing-cost-to-income relationship, or other reasons. For example, HUD applies an increase if the four-person very low-income limit would otherwise be less than the amount at which 35 percent of it equals 85 percent of the annualized two-bedroom Section 8 FMR (or 40th percentile rent in 50th percentile FMR areas). The purpose is to increase the income limit for areas where rental-housing costs are unusually high in relation to the median income.

In certain cases, HUD also applies an adjustment to the income limits based on the state non-metropolitan median family income level. In addition, HUD restricts adjustments so income limits do not increase more than five percent of the previous year's very low-income figure OR twice the increase in the national MFI, whichever is greater. For the 2018 income limits, the maximum increase is 11.5% from the previous year. This adjustment does not apply to the extremely low-income limits.

Please refer to HUD briefing materials for additional information on the adjustment calculations.

Income Limit Calculations for Household Sizes Other Than 4-Persons

The income limit statute requires adjustments for family size. The legislative history and conference committee report indicates that Congress intended that income limits should be higher for larger families and lower for smaller families. The same family size adjustments apply to all income limits, except extremely low-income limits, which are set at the poverty income threshold. They are as follows:

Number of Persons in Household:	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>
Adjustments:	70%	80%	90%	Base	108%	116%	124%	132%

Income Limit Calculations for Household Sizes Greater Than 8-Persons

For households of more than eight persons, refer to the formula at the end of the table for 2018 Income Limits. Due to the adjustments HUD can make to income limits in a given county, table data should be the only method used to determine program eligibility. Arithmetic calculations are applicable only when a household has more than eight members. Please refer to HUD's briefing material for additional information on family size adjustments.

2018 State Income Limits Briefing Materials
California Code of Regulations, Title 25, Section 6932

HCD Methodology

State law (Health & Safety Code Section 50093, et. seq.) prescribes the methodology HCD uses to update the State Income Limits. HCD utilizes HUD's Section 8 Housing Choice Voucher Program Income Limits. HCD's methodology involves: (1) increasing a counties' median income established by HUD to equal California's non-metropolitan county median income determined by HUD, (2) applying HCD's HH Policy, in effect since 2013, to not allow decreases in area median income levels and household income category levels, and (3) determining income limit levels applicable to California's moderate-income households defined by law as household income not exceeding 120 percent of county area median income.

Area Median Income and Income Category Levels

HCD, pursuant to federal and State law, adjusts median income levels for all to counties so they are not less than the non-metropolitan county median income established by HUD (\$59,700 for 2018). Next, HCD, for all counties, applies its HH policy to ensure area median income and income limits for all household income categories do not fall below any level achieved in the prior year.

Moderate-Income Levels

HCD is responsible for establishing California's moderate-income limit levels. After calculating the 4-person area median income (AMI) level as previously described, HCD sets the maximum moderate-income limit to equal 120 percent of the county's AMI.

Applicability of California's Official State Income Limits

Applicability of the State Income Limits are subject to particular programs as program definitions of factors such as income, family, and household size, etc. vary. Some programs, such as Multifamily Tax Subsidy Projects (MTSPs), use different income limits. For MTSPs, separate income limits apply per provisions of the Housing and Economic Recovery Act (HERA) of 2008 (Public Law 110-289). Income limits for MTSPs are used to determine qualification levels as well as set maximum rental rates for projects funded with tax credits authorized under Section 42 of the Internal Revenue Code (Code). In addition, MTSP income limits apply to projects financed with tax-exempt housing bonds issued to provide qualified residential rental development under Section 142 of the Code. These income limits are available at <http://www.huduser.org/datasets/mtsp.html>.