

# FY 2013 Income Limits Documentation System

## FY 2013 Income Limits Summary

Prescott, AZ MSA										
FY 2013 Income Limit Area	Median Income	FY 2013 Income Limit Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
Prescott, AZ MSA	\$50,400	Very Low (50%) Income Limits	\$19,250	\$22,000	\$24,750	<b>\$27,450</b>	\$29,650	\$31,850	\$34,050	\$36,250
		Extremely Low (30%) Income Limits	\$11,550	\$13,200	\$14,850	<b>\$16,450</b>	\$17,800	\$19,100	\$20,400	\$21,750
		Low (80%) Income Limits	\$30,750	\$35,150	\$39,550	<b>\$43,900</b>	\$47,450	\$50,950	\$54,450	\$57,950

NOTE: Prescott, AZ MSA contains Yavapai County, AZ.

For details on the calculation steps for each of the various parameters, please click the "Median Income" column heading or the Income Limits row labels ("Very Low-Income (50%) Limits", "Extremely Low-Income (30%) Limits", and "Low-Income (80%) Limits").

Income Limit areas are based on FY 2013 Fair Market Rent (FMR) areas. For a detailed account of how this area is derived please see our associated FY 2013 [Fair Market Rent documentation system](#).

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Data file last updated Tues., Dec. 11, 2012.

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Press below to select a different state

or

Select a FY 2013 HUD Metropolitan Fair Market Rent Area's Income Limits:

Prescott, AZ MSA

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# FY 2013 Income Limits Documentation System

## Median Family Income Calculation Methodology

Estimates of median family income for metropolitan and non-metropolitan areas are developed as follows:

1. 2006-2010 ACS estimates of median family income calculated by the Census Bureau for HUD's Fair Market Rent and Income Limit areas are used as the basis for FY 2013.
2. In areas where the 2010 5-year ACS estimate is smaller than the reported margin of error, the state non-metro estimate of median family income is used.
3. In areas where there is a 2010 1-year ACS estimate of median family income that exceeds its margin of error, the 1-year ACS estimate becomes the basis for median family income.
4. Once the appropriate 2010 ACS data has been selected, the data are set as of December 2011 using the December national CPI value divided by the 2010 National CPI value.
5. All estimates are then trended from December 2011 to April 2013 (1 ¼ year) with a trending factor of 1.66% per year. The trend factor is [calculated](#) as the annual growth rate in the national 1-year estimate of median family income between the 2005 and 2010 American Community Surveys.

\$inputname\$ does not have published local area 1-year 2010 ACS Survey results.

## The results of the Median Family Income Step by Step Process

\$inputname\$ Results

1. The following are the 2010 American Community Survey 5-year median income estimate and margin of error for , :

Area	ACS <sub>2010</sub> 5-Year Median Income	ACS <sub>2010</sub> 5-Year Margin of Error	Ratio	Result
,			/ =	< 1  Use ACS <sub>2010</sub> , Median Income

2. Since there is no ACS<sub>2010</sub> 1-year estimate available, the ACS<sub>2010</sub> 5-year value is used for the estimate of median income and the ACS update factor is set to 1.0
3. The calculation of the CPI Update Factor is as follows:

Area	2011 December CPI	2010 Annual CPI	CPI Update Factor
,	227.033	218.056	(227.033 / 218.056) = 1.04117

4. The FY 2013 median family income is estimated as follows:

Area	ACS <sub>2010</sub> 5-Year Estimate	CPI Update Factor	Trending 1.66% for 1.25 years	FY 2013 Area MFI Estimate
,		1.04117	$1.0166^{1.25}$ = 1.02074	( * 1.04117 * 1.02074) = \$218.06

5. In keeping with HUD policy, the median family income estimate is rounded to the nearest \$100:

Area	Unrounded FY 2013 MFI Estimate	Rounded FY 2013 MFI Estimate
,	\$218.06	\$200

*NOTE:* Due to differences in the computing platforms used to generate the official FY 2013 MFI estimates, and this web system, the calculated value of \$200 is different that the official value of because of rounding.

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Press below to select a different state:

or

Select a FY 2013 HUD Metropolitan Fair Market Rent Area's Median Family Income

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# FY 2013 Income Limits Documentation System

## FY 2013 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 [FY2013 Multifamily Tax Subsidy Project Documentation System](#).***

The 4-person Very Low-Income Limit (VLIL) is based on 50% of the median family income estimated for the \$inputname\$. 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 comparisons required by statute are made:

1. High Housing Cost Adjustment: The 4-Person VLIL is increased if it would otherwise be less than the amount at which 35 percent of it equals 85 percent of the annualized two-bedroom Section 8 FMR (this adjusts income limits upward for areas where rental housing costs are unusually high in relation to median income);
2. Low Housing Cost Adjustment: The 4-Person VLIL is reduced to the greater of 80 Percent of the U.S. median family income level, or the amount at which 30 percent of it equals 100 percent of the two-bedroom FMR (this adjusts income limits downward for areas of unusually high median family incomes);
3. 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.

As of FY2010, HUD has discontinued its use of the hold harmless policy that has been in place for several years. For further information, please review our [Federal Register Notice](#), released May 14, 2010. However, in order to minimize program management problems, HUD has devised and implemented a set of maximum and minimum changes for income limits. Consequently, the FY2013 Income Limits cannot change more than the greater of 5 percent or twice the national average change in median family income. For FY2013, the national change in median family income is -0.923 percent, therefore the maximum change amount is 5 percent.

NOTE: Income Limits are rounded to the nearest \$50 and in order to make it easier for those wishing to replicate HUD's calculations, the **rounded** 4-person income limit is used to calculate other family size income limits instead of the unrounded 4-person income limit.

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## The results of the 4-Person Very Low-Income Limit Calculation Process

### \$inputname\$ Results

The estimated FY2013 Median Family Income and preliminary 4-Person Very Low-Income Limit for

ODBscript Error: Non-numeric argument for round()  
[Error in file 2013IICalc.odn line 158]

\$inputname\$ are:

Area	FY 2013 Estimate of Median Family Income	Preliminary 4-Person Very Low-Income Limit

1. The High Housing Cost adjustment calculations follow:

Area	2BR FMR	85% of Annualized 2BR FMR	35% of Preliminary 4P VLIL	Comparison	High Housing Cost Adjustment
				Is < No	No 4 Person VLIL =

2. The Low Housing Cost adjustment calculations follow:

Area	Annualized 2BR FMR	80% of US Median Income	30% of Preliminary 4P VLIL	Comparisons	Low Housing Cost Adjustment
	* 12 =			Is > No Is > No	No 4 Person VLIL =

3. State non-metro Median Family Income Adjustment is not subject to the State non-Metro Median Family Income test as there are no non-metro areas to compare to.

Once the final 4-Person income limit has been established, calculation of income limits for other family sizes is straight-forward. The 1-Person family Income Limit is 70% of the 4-Person Income Limit. The 2-Person family Income Limit is 80% of the 4-Person Income Limit, the 3-Person family Income Limit is 90% of the 4-Person Income Limit, the 5-Person Income Limit is 108% of the 4-Person Income Limit, the 6-Person Family Income Limit is 116% of the 4-Person Income Limit, the 7-Person family Income limit is 124% of the 4-Person Income Limit, and the 8-Person Family Income Limit is 132% of the 4-Person Income Limit. For family sizes larger than 8 persons, the income limit can be calculated by adding an additional eight (8) percent per person to the next lower limit. For example a 9-Person Family Income Limit is 140% (132% + 8%), and so on.

4-Person Income Limits are rounded to the nearest \$50, subject to caps and floors. All other Income Limits are rounded up to the nearest \$50 to ensure that they do not violate the 5% floor. Also, in order to make it easier for those wishing to replicate HUD's calculations, the rounded 4-Person income limit is used to calculate other family size income limits instead of the unrounded 4-Person income limit.

Although the received No Adjustments as calculated above, the preliminary Income Limit Value of is not the final 4-person Income Limit of . Consequently, the final 4-Person Income Limits associated with are subject to HUD's floor on the annual change in Income Limits.

Because HUD no longer enforces the Hold Harmless Policy from past years, HUD determined that allowing income limits to fall precipitously was not in the best interests of managing the section 8 housing choice voucher program. Therefore, as stated above, the maximum decrease that can be experienced in any area in

one year is 5%.

The table below depicts the unrestricted income limits for FY2013, the maximum limits allowed at 5.0%, and the final FY2013 Income Limits.

FY 2013 Income Limit Change Comparison								
Income Limit Information	1- Person	2- Person	3- Person	4- Person	5- Person	6- Person	7- Person	8- Person
FY 2013 Prelim VLIL								
FY 2012 VLIL								
Maximum Change (5.0%) from FY 2012 Final VLIL								
Floor Required?	No							
FY 2013 <b>FINAL</b> VLIL								

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Abilene, TX MSA

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