



FY 2019 INCOME LIMITS DOCUMENTATION SYSTEM

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FY 2019 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 [FY2019 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 **Charlottesville, VA 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:** In lieu of holding income limits harmless, HUD does not allow the 4-Person VLIL to decrease more than 5 percent from the previous year. In addition, the annual change of the 4-Person VLIL can not exceed the greater of 5 percent or twice the change in the national median family income estimate. For FY 2019 twice the change of the national median family income from the prior year is 10 percent.
- 6. Family Size Adjustments:** Once the final 4-person income limit has been established, income limits for other family sizes are calculated by applying a percentage adjustment to the final 4-person VLIL. 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. The resulting low-income limit calculation for other family sizes are then rounded up to the nearest \$50 to produce the Final VLIL.

ROUNDING NOTE: Rounding is applied to make it easier for those wishing to replicate HUD's calculations. The 4-person preliminary VLIL is rounded to the nearest \$50, whenever housing cost adjustments are applied. If the preliminary VLIL requires a floor to be applied, the floor is rounded up to the nearest \$50 to ensure that it is greater than or equal to 95 percent of last year's four-person VLIL. Similarly, if the preliminary VLIL requires a ceiling to be applied, the ceiling is rounded down to the nearest \$50. The the resulting rounded 4-person final VLIL is used to calculate income limits for other family sizes. Once the low-income limit for other family sizes are calculated, they are then rounded up to the nearest \$50, unless they already end in "00" or "50".

4-Person Very Low-Income Limit Calculation for Charlottesville, VA HUD Metro FMR Area

1. The estimated FY2019 Median Family Income and preliminary 4-Person VLIL for Charlottesville, VA HUD Metro FMR Area are as follows:

Area	<u>FY 2019 Estimate of Median Family Income</u>	Preliminary 4-Person Very Low-Income Limit
Charlottesville, VA HUD Metro FMR Area	\$89,400	\$89,400 * 0.50 = \$44,700

2. The High Housing Cost adjustment calculations follow:

<u>2BR 40th percentile FMR</u>	85% of Annualized 2BR FMR	35% of Preliminary 4P VLIL	High Housing Cost Adjustment?	Preliminary 4P VLIL
\$1,325	\$13,515	\$15,645	Is \$15,645 < \$13,515? No	\$44,700

3. The Low Housing Cost adjustment calculations follow:

Annualized 2BR 40 th percentile FMR	Income that can afford annualized 2BR FMR paying	80% of US Median Income	Maximum allowable 4P VLIL	Preliminary 4P VLIL	Low Housing Cost Adjustment?	Preliminary 4P VLIL

30% for rent							
$\$1,325 * 12$	$\$15,900/0.3$		MAX				
=	=	$\$60,400$	$(\$53,000, \$60,400)$		$\$44,700$	Is $\$44,700 >$	
$\$15,900$	$\$53,000$		=			$\$60,400?$	No
			$\$60,400$				\$44,700

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
$\$57,400 * 0.5$		
=	Is $\$44,700 <$	
$\$28,700$	$\$28,700?$	\$44,700
	No	

5. Ceiling or Floor adjustment — Since the VLIL year-over-year change does not fall below -0.05 or exceed 0.1, no adjustment was applied.

FY2019 4P Adjusted Preliminary VLIL	FY2018 4-Person VLIL	YoY Change	Ceiling or Floor Adjustment?	FY2019 Final 4-Person VLIL
$\$44,700$	$\$42,650$	$\$44,700 / \$42,650$		
		$- 1 =$	$-0.05 < 0.048 > 0.1$	
		0.048	No Adjustment	\$44,700

6. The Family Size adjustment calculations follow:

Family Size Adjustments and Final VLIL for Charlottesville, VA HUD Metro FMR Area								
	1- Person	2- Person	3- Person	4- Person	5- Person	6- Person	7- Person	8- Person
Family Size Adjustment	\$44,700 *	\$44,700 *	\$44,700 *	\$44,700 *	\$44,700 *	\$44,700 *	\$44,700 *	\$44,700 *
	0.70	0.80	0.90	1	1.08	1.16	1.24	1.32
Very Low Income Limit	\$31,290	\$35,760	\$40,230	\$44,700	\$48,276	\$51,852	\$55,428	\$59,004
FY 2019 FINAL VLIL	\$31,300	\$35,800	\$40,250	\$44,700	\$48,300	\$51,900	\$55,450	\$59,050

NOTE:The VLIL calculation for additional family sizes are rounded up to the nearest \$50, unless it already ends in "00" or "50".

Very Low-Income Limit Calculation For Families With More Than 8 People

Select family size ▼

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