



# FY 2018 MEDIAN FAMILY INCOME DOCUMENTATION SYSTEM

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## Median Family Income Calculation Methodology

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

All information presented here applies to the **Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area** which Los Angeles County is a part of.

1. A special tabulation of Median Family Income (MFI) estimates from the 2011-2015 5-year ACS was prepared by the U.S. Census Bureau and used by HUD as the basis for calculating HUD's FY2018 MFIs. Estimates of MFI from this tabulation are used if they are determined to be statistically reliable. For FY2018, the test for reliability is whether the margin of error for the estimate is less than 50% of the estimate itself and whether the ACS estimate is based on at least 100 survey cases.

**Note:** HUD began using the count indicator in assessing statistical reliability beginning with the FY 2018 Fair Market Rent estimates. HUD does not receive the exact number of survey cases in this special tabulation, but rather a categorical variable known as the count indicator, indicating a range of cases. An estimate based on at least 100 cases corresponds to a count indicator of 4 or higher.

If an area does not have a reliable 2011-2015 5-year estimate, HUD checks whether the area has had minimally reliable estimates in any of the past 3 years (a minimally reliable estimate is an estimate where the margin of error for the estimate is less than 50% of the estimate itself). If so, the FY2018 MFI is the average of the inflated ACS estimates. In order to use as much local data as possible, HUD averages the minimally reliable estimates from the last three 5-year ACS estimates.

If an area has not had a minimally reliable estimate in the past 3 years, the estimate from the next larger encompassing geography is used. For example, sub-areas of metropolitan areas would be assigned the MFI estimate of the entire metropolitan area and for non-metropolitan counties, the estimate from all non-metropolitan portions of the State (state non-metropolitan).

2. If there is a statistically reliable 2015 1-year ACS estimate of median family income available, HUD replaces the 5-year data with the 1-year data. For FY2018, the special tabulation of 2015 1-year ACS MFI estimates provided to HUD by the U.S. Census Bureau for the **Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area** was statistically reliable.
3. Once the appropriate 2015 ACS data has been selected, an inflation factor based on the CBO projection of the national CPI for FY2018 is calculated to inflate the estimate from 2015 to April, 2018 (or mid FY2018). **Note:** The CPI projection used in this calculation is from the CBO's January 2017 release of it's 10-Year Economic Projections.

## MFI Step by Step Calculation

1. The following are the 2015 American Community Survey 5-year median income estimate, margin of error, and sample size category for **Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area**:

Area	ACS <sub>2015</sub> 5-Year Median Income	ACS <sub>2015</sub> 5-Year Margin of Error	Ratio	Sample Size Category	Result
<b>Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area</b>	\$62,703	\$430	\$430 / \$62,703 = 0.007	6	0.007 >= .5 and 6.0 >= 4  <b>Reliable Estimate</b>

2. Since there is a 1-year 2015 ACS estimate available, the margin of error of the estimate and the sample size category are checked for reliability:

Area	ACS <sub>2015</sub> 1-Year Median Income	ACS <sub>2015</sub> 1-Year Margin of Error	Ratio	Sample Size Category	Result
<b>Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area</b>	\$65,789	\$721	\$721 / \$65,789 = 0.011	6	0.011 <= .5 and 6.0 >= 4  <b>Use ACS<sub>2015</sub> 1-Year Median Income</b>

3. The calculation of the CPI Inflation Factor is as follows:

Area	FY2018 CPI	2015 Annual CPI	CPI Inflation Factor
<b>Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area</b>	249.8	237.017	(249.8 / 237.017) = <b>1.05393</b>

## 4. The FY 2018 median family income is estimated as follows:

Area	ACS <sub>2015</sub> 1- Year Estimate	CPI Inflation Factor	FY 2018 Area MFI Estimate
<b>Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area</b>	\$65,789	1.05393	(\$65,789 * 1.05393) = <b>\$69,337</b>

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

Area	Unrounded FY 2018 MFI Estimate	Rounded FY 2018 MFI Estimate
<b>Los Angeles-Long Beach-Glendale, CA HUD Metro FMR Area</b>	\$69,337	<b>\$69,300</b>

*NOTE:* Due to differences in the computing platforms used to generate the official FY 2018 MFI estimates, and this web system, the calculated value shown may differ slightly from the official published value because of rounding.

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