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Income Limits Explained

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Below are some guidelines on the significance of income limits to your HDFC. Note: any figures quoted regarding the current AMI are from 2005. For the most recent income limits see "[2015 Income Limits \(http://www.uhab.coop/co-op-members/resource-library/finances/2015-income-limits\)](http://www.uhab.coop/co-op-members/resource-library/finances/2015-income-limits)."

How do income limitations apply?

HDFCs are required to provide housing for people who are low- income, as stated in Article II of your Articles of Incorporation, which contains the following or similar language: "The Corporation is organized exclusively for the purpose of developing a housing project for persons of low income." All new members must meet income eligibility. This means their annual income must not exceed the limit that was determined by the HDFC. In some HDFCs, the income limit is six times the annual maintenance charge (seven times the annual maintenance for families with 3 or more dependents); in other buildings it is a percentage of the New York City Area Median Income (AMI). The income limit figures are used as maximum numbers, though an HDFC can set its income limits lower by amending the bylaws.

What is the area median income?

The income limits are determined by the Area Median Income (AMI), a number based on all New York City incomes, and calculated annually by HUD. The AMI is the "middle" number of all of the incomes for the given area; 50% of people in that area make more than that amount, and 50% make less than that amount. The income levels are percentages of that AMI number: any household income at or below 80% of the AMI is considered "low-income"; above 80% and up to 120% of the median income is considered "moderate- income." Above this is "middle-income."

What are current income limits?

The commonly understood and accepted definition of low- income is earning 80% or less of the median income for the metropolitan area. UHAB encourages using 80% of AMI as the maximum income limits, to maintain the affordability for those seeking housing. In some cases, HDFCs may actually be allowed to house people considered "moderate income," or up to 120% of median income, so those numbers have been included as well. Keep in mind, 120% of AMI is the maximum allowable definition under HPD's new regulations. (See chart for current income limits.)

What do these numbers mean for my HDFC?

Federal HUD guidelines establish that 30% of annual income should go towards housing. An average maintenance amount in an HDFC building is between \$110 to \$125 per room. For a 4.5 room apartment, if the cost per bedroom was \$110, then the monthly maintenance would be \$495; the annual maintenance would be \$5,940. If this was 30% of the person's income, this apartment would be affordable to someone making \$19,800 a year, or who is at 45% of the AMI. If the cost per room was \$125, the price for a 4.5 room apartment would be \$562.50 monthly; the annual maintenance cost would be \$6,750. If this was 30% of the person's income, this apartment would be affordable to someone making \$22,500 a year, which is at 50% of the AMI.

Since the typical HDFC is so affordable, UHAB encourages HDFCs to use 80% of median income as the upper limit on the income requirements, and for buildings to seek and encourage families with incomes lower than that figure to become new members. HDFCs are created as "public purpose corporations" to provide housing for low-income households. In exchange for carrying out that public purpose, HDFCs receive benefits such as receiving the DAMP Tax cap or other tax abatements, purchase of the building from the city at a low price, and receive no-cost or low-cost financing for building rehab. HDFCs are exempt from City, and New York State Income Tax and other taxes related to the purchasing and financing of your building. All of this is done in an effort to help HDFCs to meet their public purpose and keep apartments affordable to low-income households. For your part, adopting and following a good resale policy that sets income limits at 80% of AMI will give others in need of affordable housing the same benefit that you now enjoy.