

## MEMORANDUM

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**To:** New Hampshire RPCs  
**From:** Root Policy Research  
**Re:** Regional AMI methodology  
**Date:** 07/14/2022

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Measures of housing affordability and housing gaps in the market are often benchmarked to an area's median income for housing needs assessments. For regional planning commissions to be able to point to a single income measure that is generally reflective of income trends in the entire area, a regional income measure can be used.

This memorandum indicates the methodology used to calculate regional AMI measures using HUD's AMIs.

*Note: HUD bases its calculations on ACS measures of family income—as opposed to household income—and assigns its calculated area median income to a 4-person household. From there, the 1-person limit is calculated by multiplying the 4-person limit by 70%, the 2-person is by multiplying the 4-person limit by 80%, the 3-person by multiplying the 4-person by 90%, the 5-person by multiplying the 4-person by 108%, the 6-person by multiplying the 4-person limit by 116%, the 7-person by multiplying the 4-person limit by 124%, and the 8-person by multiplying the 4-person limit by 132%. Adjustments are then rounded up to the nearest 50 if the value is not already a multiple of 50. For the full methodology on how HUD AMI calculations are derived, please see*

*<https://www.huduser.gov/portal/datasets/il/il22/Medians-Methodology-FY22.pdf> and [https://www.huduser.gov/portal/datasets/il/il2022/select\\_Geography.odn](https://www.huduser.gov/portal/datasets/il/il2022/select_Geography.odn)*

HUD AMI estimates by town are obtained from:

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fwww.huduser.gov%2Fportal%2Fdatasets%2Fil%2Fil20%2FSection8-FY20.xlsx&wdOrigin=BROWSELINK> These estimates are constructed at the county or FMR area and are assigned to each town.

A regional AMI measure is created by averaging the AMI assigned to each town in a region. The average is a weighted average where the weight represents the share of occupied housing units in a town as a percent of total occupied housing units in the region—obtained from Census counts included in table H1: Occupancy Status.

The components of the regional AMI measure are calculated as follows:

*Occupied Housing Units in Region =  $\sum_{i=1}^I$  Occupied Housing Units in Town  $i$*

$$\text{Weight for Town } i = \frac{\text{Occupied Housing Units in Town } i}{\text{Occupied Housing Units in Region}}$$

$$\text{Regional AMI} = \sum_{i=1}^l \text{HUD AMI for Town } i * \text{Weight for Town } i$$

Where  $i$  represents each individual town in a region,  $l$  represents the number towns in each region, and the sum of weights for all towns in a region equals to one. To derive a regional estimate of the 3-person 60% AMI, the same process is applied to the HUD 3-person 50% AMI multiplied by 1.2.