

Estimating Renter Household Demand and Growth

H. Blair Kincer, MAI, CRE

Partner Novogradac Consulting LLP

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Historical ACS Data is Used

<div>Local ↓ ACS Data</div>	X	<div>National ↓ CPI Factor</div>	=	HUD AMI
2017	X	CPI Factor	=	2020 AMI
2018	X	CPI Factor	=	2021 AMI
2019	X	CPI Factor	=	2022 AMI
2020	X	CPI Factor	=	2023 AMI

When is this
pandemic going
to impact
income limits?

For areas without reliable one-year American Community Survey (ACS) data, an average of previous years may be used.



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<div>Local ↓ ACS Data</div>	X	<div>National ↓ CPI Factor</div>	=	HUD AMI
2017	X	(2020 CPI/2017 CPI)	=	2020 AMI
2018	X	(2021 CPI /2018 CPI)	=	2021 AMI
2019	X	(2022 CPI/2019 CPI)	=	2022 AMI
2020	X	(2023 CPI/2020 CPI)	=	2023 AMI

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Historical ACS Data is Used

Local
↓
**ACS
Data**

2017

2018

2019

2020



Historical ACS Data is Used

For our example, we'll use...

National Median Income ACS Data

2017	72,891 (3.98% increase)
2018	76,401 (4.82% increase)
2019	80,944 (5.95% increase)
2020	Published Sept. 2021 (Not Really)



2021 Impact of COVID-19

4.82% increase
↓

2018 ACS	X	CPI Factor 2021 CPI ÷ 2018 CPI	=	2021 HUD AMI
76,401	X	1.061	=	81,100 (+3.31% from '20)
76,401	X	1.036	=	79,200 (+0.88% from '20)
76,401	X	1.045	=	79,800 (+1.78% from '20)

COVID Impact for 2021 was on CPI
– Limits decreased by 1.6% from initial estimate of \$81,100 to \$79,800 due to change in CPI estimate.

JAN CBO Est.
1.061
\$81,100



JUL CBO Est.
1.036
\$79,200

FEB CBO Est.
1.045
\$79,800

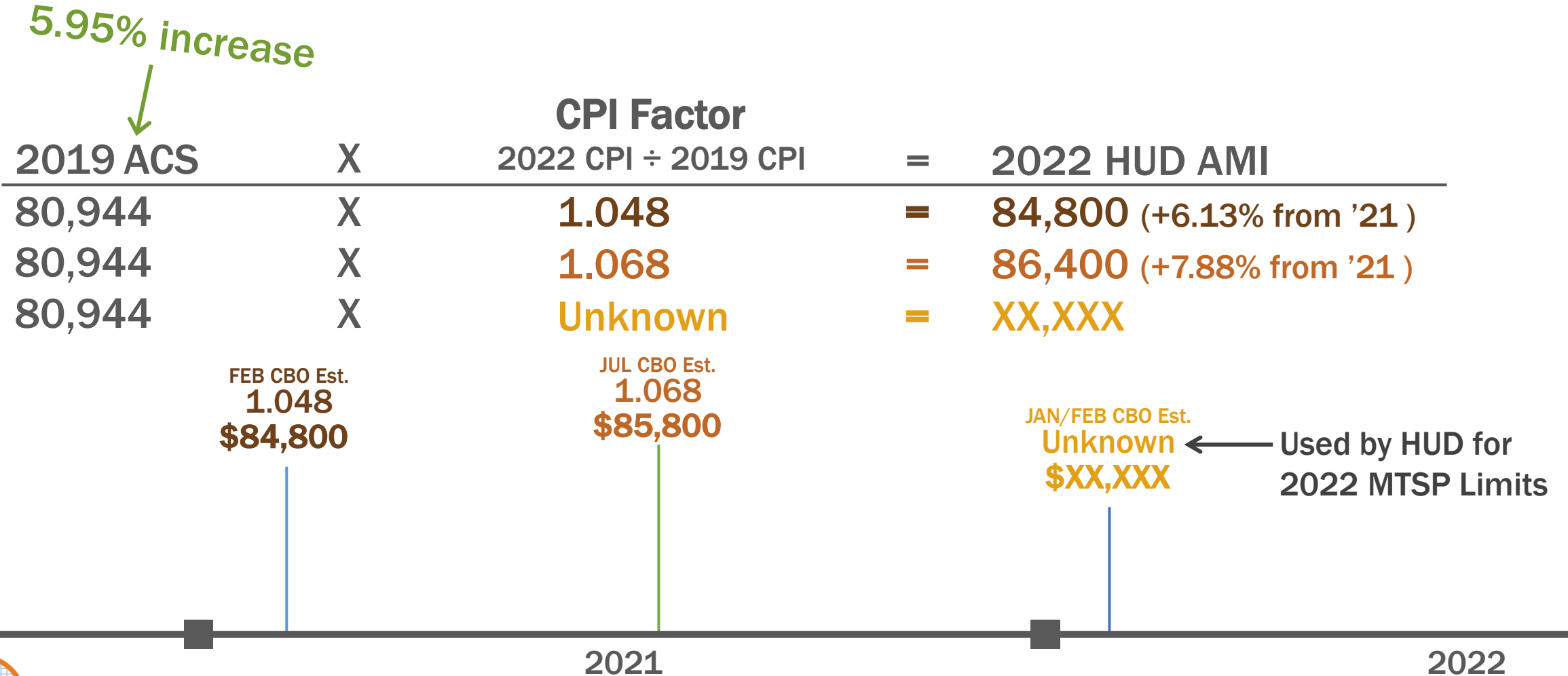
← Used by HUD for 2021
MTSP Limits

2020

2021



2022 Impact of COVID-19

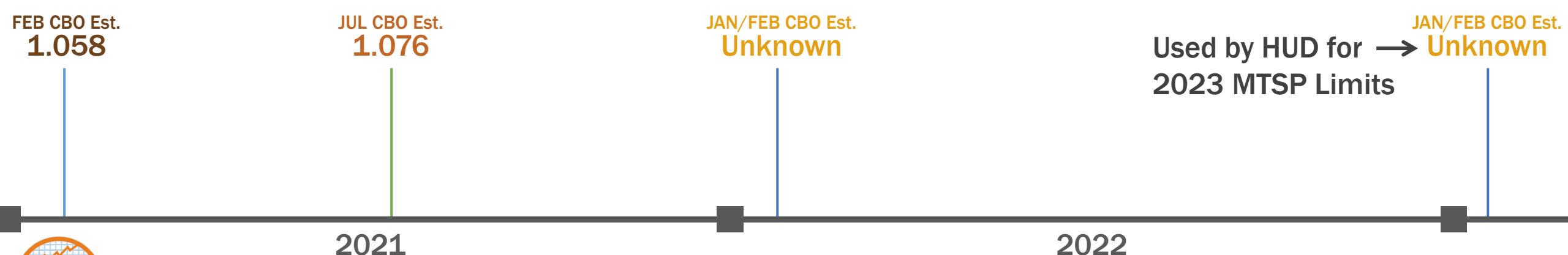


2023 Impact of COVID-19

NOTE: HUD does not allow an area's MTSP Limit to decrease by more than 5%

We typically know this amount in September 2021 for most areas.

2020 ACS		CPI Factor		2023 HUD AMI	
			2023 CPI ÷ 2020 CPI	=	
80,944	('19 ACS)	X	1.076	=	87,100 (+0.91% from '22)
76,897	(95% of '19)	X	1.076	=	82,800 (-4.17% from '22)
72,850	(90% of '19)	X	1.076	=	78,400 (-9.26% from '22)



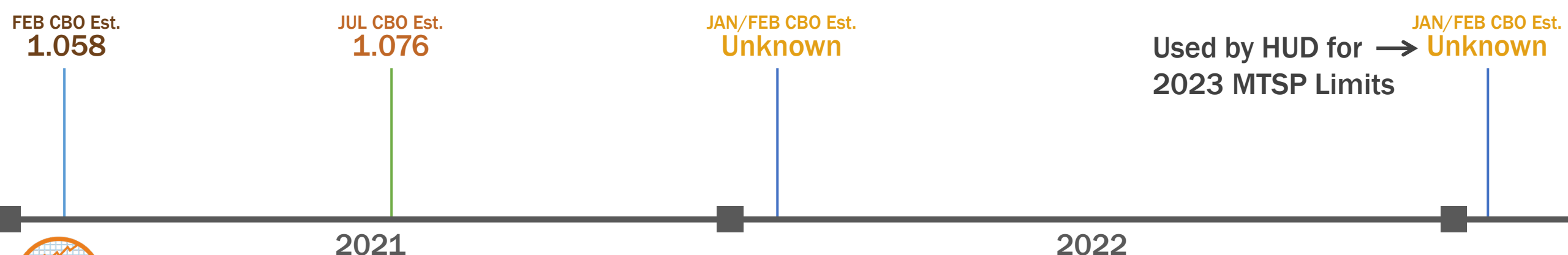
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2023 Impact of COVID-19

Census Bureau has announced data collection issues for the 2020 1-Year ACS

We typically know this amount in September 2021 for most areas.

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			2023 CPI ÷ 2020 CPI	=	
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No 1-Year ACS for 2020

- One year ACS is used for FMR, Income Limits, and other HUD data.
- HUD will likely use 5-year ACS in place of 1-year ACS.
 - 5 Year ACS weights all responses equally.

FOR IMMEDIATE RELEASE: THURSDAY, JULY 29, 2021

Census Bureau Announces Changes for 2020 American Community Survey 1-Year Estimates

JULY 29, 2021

RELEASE NUMBER CB21-123

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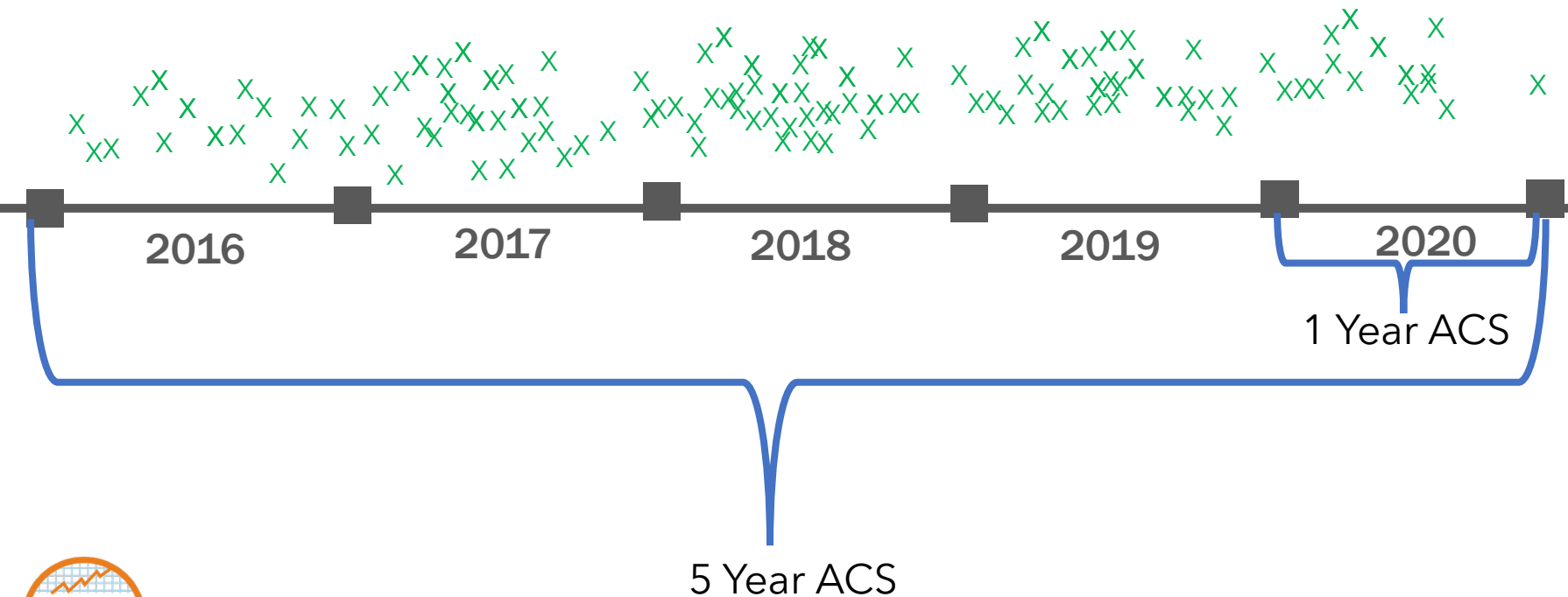
The standard 2020 ACS 1-year estimates do not meet the Census Bureau's [Statistical Data Quality Standards](#) designed to ensure the utility, objectivity and integrity of the statistical information. [Unlike the ACS, the 2020 Census was able to postpone](#) their Nonresponse Followup to a time when they could carry out the full operation, limiting the impact of the pandemic on data quality in ways the ACS could not.



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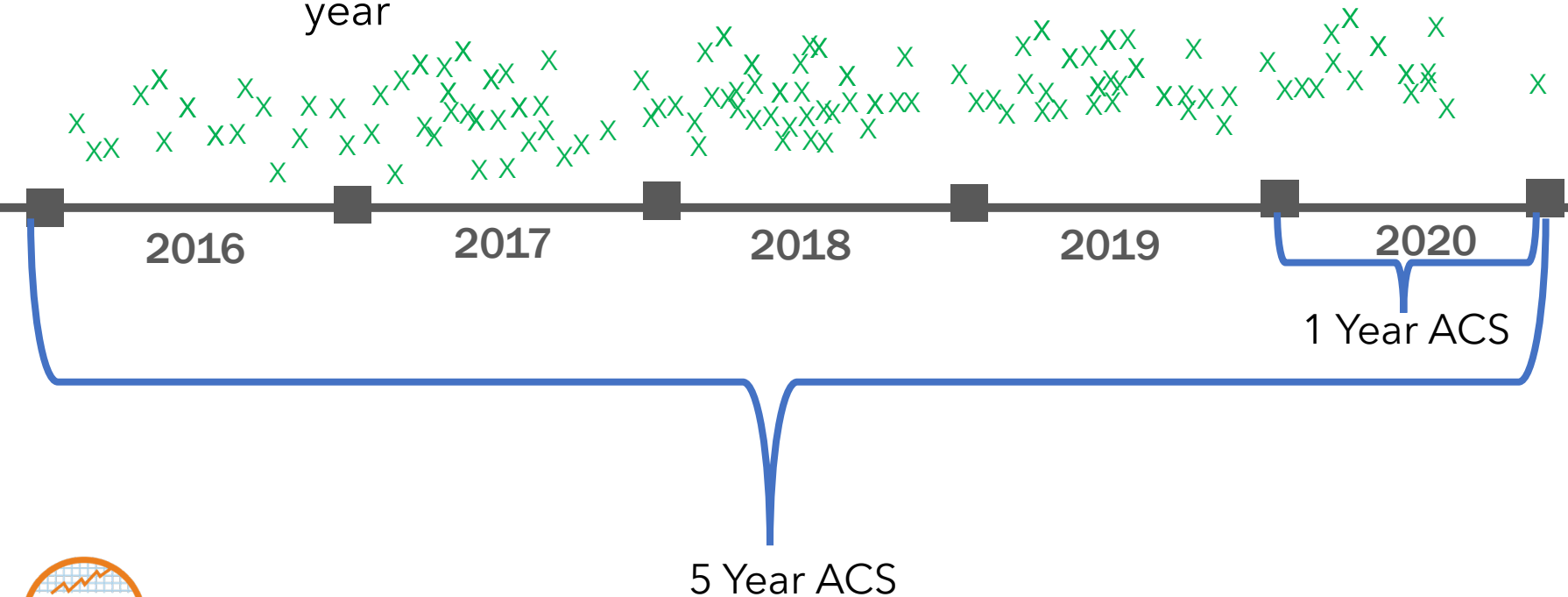
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1-Year ACS vs. 5-Year ACS

- In Sampling all 330 MSAs from 2016-2019
 - 1 year ACS has been 3.71% higher than the 5-Year
 - using 5-year would have resulted in a 3.71% LOWER income and rent limits).
 - 82% areas the 1-Year is Greater than the 5-year



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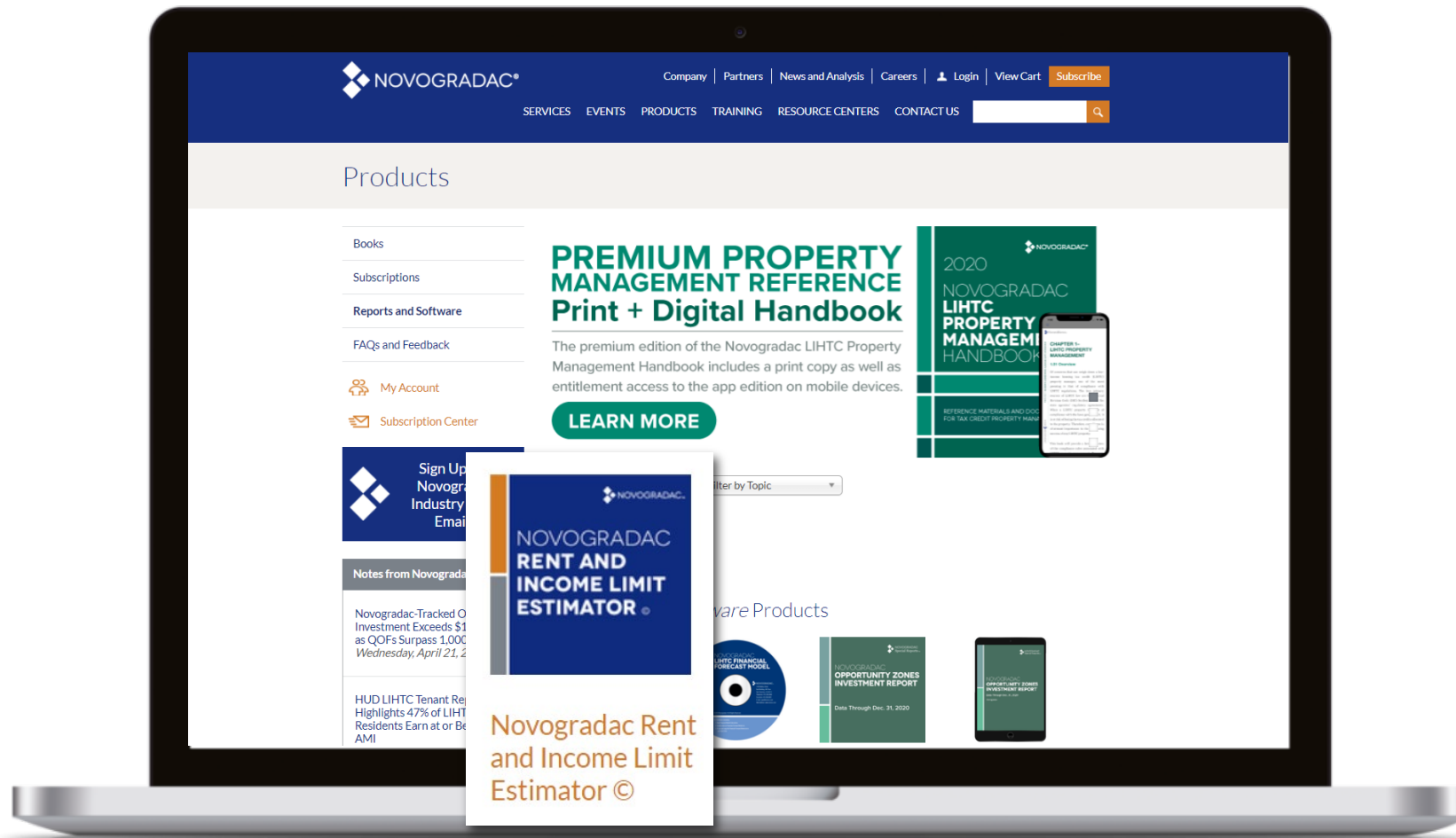
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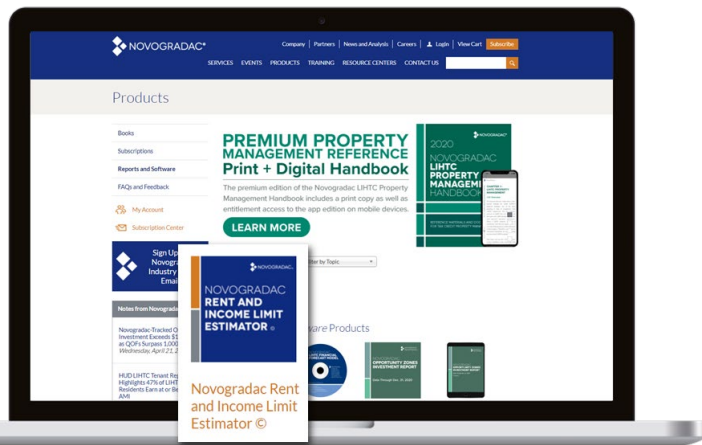
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Novogradac Rent and Income Limit Estimator ©

Understanding low-income housing tax credit (LIHTC) income and rent limit growth is vital. Better understanding how income limits will change in future years can enable developers, investors and lenders to better underwrite LIHTC properties.

By purchasing one or more reports created with our Novogradac Rent and Income Limit Estimator © you will have insight into how income and rent limits in that area will change over the next 1-2 years. Novogradac uses recent American Community Survey data (ACS) and the same calculation methodology as HUD to estimate what income and rents will be in future years. Such reports can assist you in estimating income and rent growth rates and should be a part of every underwriting model for LIHTC properties.

Estimates are anticipated to be accurate with potential variances caused by changing inflation factors used in the calculation.



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