

# Memo

To: Pennies for Poverty  
From: John Feehan, Executive Director YWCA  
Date: January 23, 2018  
RE: Understanding Area Median Income (AMI)

Area Median Income (AMI) is a tool used by many different governmental bodies to determine eligibility for affordable housing, social service programs or government benefits. It is not the same as the poverty level.

Area Median Income has two important components associated with it. First, it is based on the locality where the person lives (unlike the poverty level). This means that depending on where you live, your income may or may not qualify for services.

When using the AMI for Newburyport we generally use the Boston Metropolitan Area chart. It is possible, however, to use a chart just for Newburyport.

The second factor in determining AMI is the household size.

The median income for this area is \$103,400. All other calculations are based on this one number.

Here is the current Boston Chart

household size	30% income limit Extremely Low Income	50% income limit Very Low Income	60% income limit	80% Income Limit Low Income
6 person	\$36,000	\$60,000	\$72,000	\$90,700
5 person	\$33,500	\$55,850	\$67,020	\$84,450
<b>4 person</b>	<b>\$31,000</b>	<b>\$51,700</b>	<b>\$62,040</b>	<b>\$78,150</b>
3 person	\$27,900	\$46,550	\$55,860	\$70,350
2 person	\$24,800	\$41,400	\$49,680	\$62,550
1 person	\$21,700	\$36,200	\$43,440	\$54,750

For example a family of 2 with a mother and child, where the mother works full time at minimum wage would earn \$22,880 and would qualify as below 30% AMI and Extremely Low Income.

A single mother with 2 children who is paid \$50,000 a year would be under the 60% AMI limit but above the 50% limit. Her household would be qualified as low income, but eligible for our project in Salisbury.

Our new housing project in Salisbury has three tiers of incomes:

- 16 units for households at 30% AMI
- 10 units for households at 50% AMI and
- 16 units for households at 60% AMI.

To qualify for a Section 8 Housing Voucher, you income must be at or below the 30% AMI guide or extremely low income.

I do not know what the income limits for public housing are set at.

Rents are then based roughly on income limits and apartment size (I say roughly because it is way more complicated than that). Rents, like income, are also based on region. Once again, we are a part of the Metro Boston Region.

	Fair Market	30% AMI	50% AMI	60% AMI	80% AMI
Efficiency	\$1,194	\$543	\$905	\$1,086	\$1,448
1 Bedroom	\$1,372	\$621	\$1,035	\$1,242	\$1,656
2 Bedroom	\$1,691	\$698	\$1,163	\$1,396	\$1,862
3 Bedroom	\$2,116	\$775	\$1,292	\$1,551	\$2,068

As you can see, there is quite a big difference between the 60% and 80% rent limits.

So, for a 2 bedroom, with a family of 3 who is at 80% AMI you would be allowed to charge \$1,862 per month for rent (utilities included). For that same family with an income at 50% AMI you would only charge \$1,163.

Staying with that last family for a minute. Assume an income of \$46,550 per year (50% AMI limit). Divide that by 12 to yield their monthly income \$3,879 and multiply by 30% and you get \$1,163 which matches the rental schedule for that income bracket and that size apartment (which fortunately shows that they would pay 30% of their income for rent).

Going back to our single mother with 2 children who earns \$50,000 a year. Based on her decision to get a 2 or 3 bedroom (she cannot get a 1 bedroom). She would qualify under the 60% limit, not the 50% limit. There is no requirement to charge her 30% of her income for rent, and while it is allowed, it does not often happen.

	Monthly Income	Monthly Rent	Rent as % of income
2 Bedroom	\$4,166	\$1,396	33%
3 Bedroom	\$4,166	\$1,551	37%

So, her rent would be above 30% of her income.