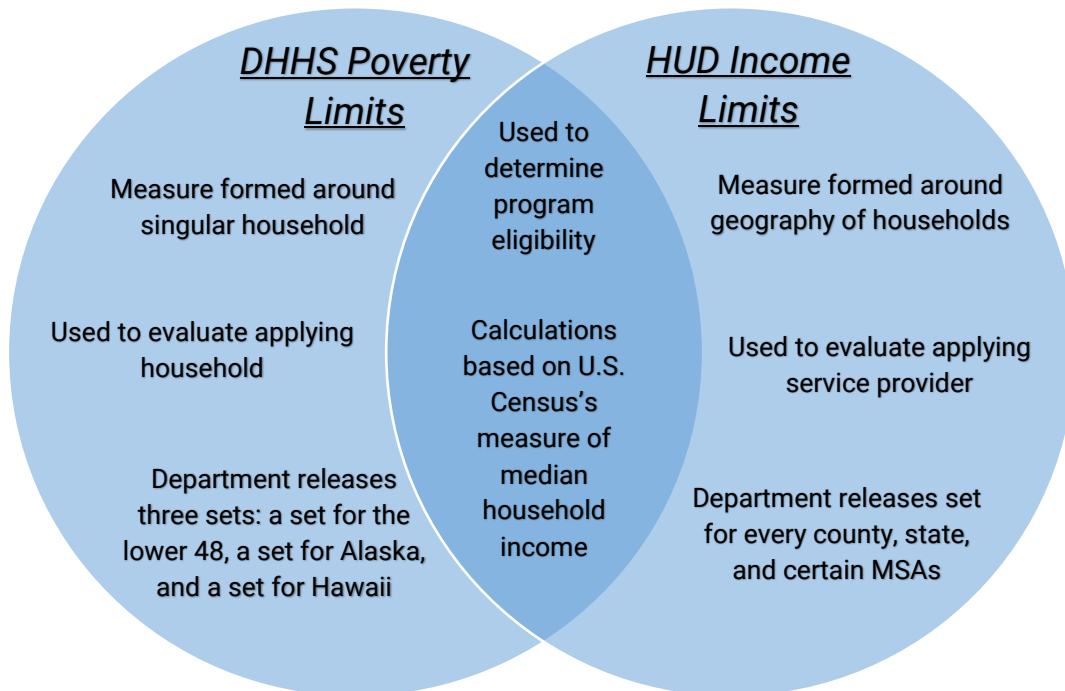


Comparing DHHS Poverty Limits to HUD Income Limits

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1. Abstract

Both U.S. Departments of Health and Human Services (DHHS) and Housing and Urban Development (HUD) use measures of median household incomes in their determination of eligibility for certain programs. Although derived from the same measure, each Department’s measure is interpreted in how the Department evaluates the applicants of its programs. More specifically, most of DHHS’s programs evaluate applicants on the individual-level while HUD’s programs evaluate applicants on the collective-level. Thus, the measure used by each respective Department to evaluate applicants must be interpreted on the level that the Department evaluates its applicants (*DHHS = Individual-level; HUD = Collective-level*). Find below a Venn diagram that visualizes the differences between DHHS’s poverty limits and HUD’s income limits. A comparison of HUD’s 2022 poverty limits and HUD’s income limits for the state of Nebraska can be found at the end of this memo.



1.1. Department of Health and Human Service’s Poverty Limits

DHHS describes their measure of household income in terms of ‘poverty’. The specific terminology can largely be ignored, as DHHS’s measures of poverty use measures of median household incomes (as do HUD’s income limits) from the U.S. Census Bureau. They were first calculated in the late 1960s by U.S. Census Bureau staff figuring the costs of a diet that offered minimum nutrition to an individual. The complexity of societal contexts and the policy

responses to American poverty led to further articulation of “poverty” as a measurable concept. However, the aspect of evaluating applicants based on the individual-level never changed.

When calculating poverty limits, DHHS extracts the national median household income from the most recent Current Population Survey (CPS) and Annual Social and Economic Supplement (ASEC). DHHS then takes into minimum nutrition and general living costs. DHHS **does not** consider information about neighboring households or even summary statistics that describe the neighborhood’s demographics. The only aspects that DHHS’s poverty limits take into account are household size and composition. Because of that, DHHS annually updates a set of poverty limits for the contiguous 48 American states and two other separate measures for Alaska and Hawaii.¹ The poverty limits are then updated annually to account for general price changes. DHHS programs that use poverty limits to evaluate eligibility include Head Start, Supplemental Nutrition Assistance Program (SNAP), National School Lunch Program (NSLP), Low-Income Home Energy Assistance Program (LIHEAP), and Children’s Health Insurance Program (CHIP). The poverty limits for the contiguous 48 states, Hawaii, and Alaska can be found [here](#).

1.2. Department of Housing & Urban Development’s Income Limits

The main differentiation between HUD’s income limits and DHHS’s poverty limits is that HUD’s measure takes into account **surrounding households** while DHHS’s measure does not. As stated previously, the main reason for this is because HUD distributes most of its benefits to suppliers of the services of their programs’ target populations. One aspect of considering surrounding populations in the creation of HUD’s income limits is the large variance in costs of living in the United States. These differences in costs of living can be directly and indirectly tied to local dynamics of population, the lay of the land, and other related factors. Because of this, HUD has taken surrounding households by geography into account so program applicants are not rejected for residing in a locale with generally higher costs of living.

HUD income limits are expressed as a percentage of the respective *area’s median income* (AMI). If a rental or sales prices lies below the AMI, then the selling unit is considered to qualify for certain HUD programs. The programs of HUD, however, do not treat all units that lie below the AMI as equal. HUD tries to incentivize that its resources reach members of its target population that are least likely to afford them. Because of this, HUD issues classifications that designate units with prices/rents that are certain lower percentages (30%, 50%, and 80%) of the AMI. A unit that is determined to have a price/rent that is a lower percentage of the AMI will generally be prioritized for HUD funding. HUD releases income limits for states, counties, and certain metropolitan statistical areas. HUD’s income limits are used to determine eligibility for projects related to Section 8 housing, Section 202 housing for the elderly, and Section 811 housing for the disabled. To find the published income limits by HUD, follow the on-screen instructions [here](#) to be guided to the income limits for your specific geography of interest.

¹ Developing separate sets of poverty limits for Alaska and Hawaii relative to the contiguous 48 American states follows DHHS policy since the measure’s initial calculation in the 1970s. DHHS has not altered its practice in doing so.

2. Comparison of 2022 DHHS Poverty Limits and HUD Income Limits for the State of Nebraska

DHHS 2022 Poverty Limits for 48 Contiguous States		
Person(s) in family/household	Poverty Limit	185% of Poverty Limit
1	\$13,590	\$25,142
2	\$18,310	\$33,874
3	\$23,030	\$42,606
4	\$27,750	\$51,338
5	\$32,470	\$60,070
6	\$37,190	\$68,802
7	\$41,910	\$77,534
8	\$46,630	\$86,266

HUD 2022 Income Limits for the State of Nebraska								
Person(s) in Household	1	2	3	4	5	6	7	8
Low-Income (80% of Median Household Income)	\$49,750	\$56,850	\$63,950	\$71,050	\$76,750	\$82,400	\$88,100	\$93,800
Very Low-Income (50% of Median Household Income)	\$31,100	\$35,550	\$40,000	\$44,400	\$48,000	\$51,550	\$55,100	\$58,650
Very, very low-Income (30% of Median Household Income)	\$18,650	\$21,300	\$23,950	\$26,650	\$28,750	\$30,900	\$33,000	\$35,150

3. References

- United States Census Bureau. (2022). "The History of the Official Poverty Measure". *United States Census Bureau: Official Poverty Measure*. <https://www.census.gov/topics/income-poverty/poverty/about/history-of-the-poverty-measure.html>
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- United States Department of Health and Human Services. (2022). "Frequently Asked Questions Related to the Poverty Guidelines and Poverty". *Office of the Assistant Secretary for Planning and Evaluation: Poverty Guidelines: Frequently Asked Questions*. <https://aspe.hhs.gov/topics/poverty-economic-mobility/poverty-guidelines/frequently-asked-questions-related-poverty-guidelines-poverty>
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