JUNE 2026

AREA MEDIAN INCOME AND RACIAL REDRESS:

How Racial Inequalities are Built Into Federal Housing Affordability Measures



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Policy Research brief from

THE REDRESS MOVEMENT

INTRODUCTION

We all want housing we can afford, but of the meager amount of our tax dollars that go to creating affordable housing, most fund apartments that are not affordable to the typical renter household. The gap between these federally set "affordable" rents and what actual renter families can afford is even worse in Black and Latine neighborhoods.

This brief was inspired by a policy in Omaha that dedicated $40M in bond funds to affordable rental housing developments near a new streetcar line where gentrification risk is increasing. The policy could be incredibly helpful in mitigating displacement, but the Redress research team found that the city could use the money to fund two-bedroom units with rents as high as $3,072/month. Not only is that more expensive than most market-rate apartments in the area, it's also nearly three times what a typical Omaha renter household can afford. The majority of the proposed units, including the first two-bedroom units coming online, are likely to have rents set at $1,536/month, even though the typical renter household in a Black neighborhood can only afford $717/month.[1]

This huge racial rent gap is often obscured by the fact that most conversations about affordable housing never refer to actual rents, and instead focus on a relatively obscure acronym the federal government uses to measure the affordability of rental housing: AMI or Area Median Income. Area Median Income refers to the typical household income for a particular metro area. In affordable housing lingo, the "AMI limit" is the highest income a household may have and still qualify for a particular affordable unit. As an example, a rental unit in Charlotte, NC with a 60% AMI limit can only be rented to a three-person household with an income of $60,600 or less. Households with fewer people have slightly lower income limits (the limit for a two-person household is $53,880) and households with more people have slightly higher income limits (the limit for a 4-person household is $67,320).

Focusing on the percentage of the AMI rather than the actual rent hides the fact that even though most new affordable rental housing units are created at 60% AMI or 80% AMI, in most places, rents at either level are not affordable to the typical renter household in Black or Latine neighborhoods.

This brief will explain this structural inequality, compare rents for "affordable" apartments against actual incomes for renter households in all four Redress communities, and make recommendations for how this data should influence organizing and advocacy.

Affordable For Whom?

In all of Redress' partner communities, the median renter household would not be able to afford rent for a two-bedroom unit at 60% AMI or 80% AMI. In Milwaukee, the median renter household can only afford the rent in a 30% AMI two-bedroom apartment. In Omaha, two-bedroom rents become affordable at 40% AMI, and in Charlotte and Denver similar units become affordable at 50% AMI.

	Milwaukee	Omaha	Charlotte	Denver
Median Renter Household Income	$41,063	$47,573	$61,696	$71,437
Highest AMI 2- bed unit affordable	30% AMI	40% AMI	50% AMI	50% AMI

Methods

This analysis starts with the median renter household income for each city in 2024, the most recent year that data is available through census.gov. The U.S. Department of Housing and Urban Development (HUD) has established that a household spending more than 30% of its income on housing costs is rent-burdened and is unlikely to be able to afford other necessities like food, transportation, childcare, etc. To find the maximum monthly housing costs that the median renter household can afford, we can divide the median yearly income by 12 and then take 30% of that number. For Milwaukee, that works out to $1,027 per month in housing costs (see table below). Any more would burden the median renter household. According to HUD's definition, monthly housing costs include utilities, so to find the maximum rent the median renter household can afford, we have to subtract out the average utility costs. HUD also creates a formula to estimate a "utility allowance" in different cities that most housing authorities use to help set rents for voucher holders. Our utility allowance estimates all rely on two-bedroom units in multifamily buildings and exclude water, sewer, and trash charges, which are typically covered by the landlord in an affordable

development. In Milwaukee, the average utility allowance for a two-bedroom apartment is $149/month, making the maximum rent a typical renter household can afford $879/month (in italics in the table below).

"Affordable" Rents Are Out of Reach

The federal government sets rents based on the metro area for affordable housing units at different AMI levels and by household size.[2] In Milwaukee, the 80% AMI rent for a two-bedroom apartment is $1,994, making it more than twice what the typical renter household can afford, at $879. Below is the full table with maximum monthly housing costs, utility allowances, maximum monthly rents, and rents for two-bedroom units in each city at multiple AMI levels.[3] The rents highlighted in green are those that are actually within reach of the typical renter household.

	Milwaukee	**Omaha**	**Charlotte**	**Denver**
Median Renter Household Income	$41,063	$47,573	$61,696	$71,437
Max. Monthly Housing Cost	$1,027	$1,189	$1,542	$1,786
Utility Allowance: 2 bed	$149	$111	$131	$121
Max. Monthly Rent	*$879*	*$1,078*	*$1,412*	*$1,666*
"Affordable" Rents:				
30% AMI 2 Bed	$747	$768	$757	$945
40% AMI 2 Bed	$997	$1,024	$1,010	$1,261
50% AMI 2 Bed	$1,246	$1,280	$1,262	$1,576
60% AMI 2 Bed	$1,495	$1,536	$1,515	$1,891
70% AMI 2 Bed	$1,744	$1,792	$1,767	$2,206
80% AMI 2 Bed	$1,994	$2,048	$2,020	$2,522

Structural Inequality Built Into AMI Calculations

The reason there is such a significant gap between what renter households can afford and "affordable" rents set by the federal government is the structural inequality built into how Area Median Income is calculated. To begin with, AMI calculations include renter and homeowner households, even though they are used to specifically set limits only for renter households. Homeowner households almost always have higher incomes than renter households and therefore skew the AMI much higher than it would otherwise be. As an example, in Omaha, the median household income for homeowners is $99,625 versus $50,358 for renter households.[4]

Part of the legacy of government-sponsored segregation is also a significant gap in homeownership rates between white-headed households and Black- and Latine-headed households, which helps to explain how AMI measures yield such significant racial rent gaps. In Milwaukee, white-headed households have a 54% homeownership rate compared to 40% for Latine-headed households and 28% for Black-headed households.[5] In all of Redress's partner communities, homeowner household incomes are nearly twice renter household incomes.

Median Household Income: Owner vs Renter

	Milwaukee	**Omaha**	**Charlotte**	**Denver**
Owner	$81,243	$99,625	$122,584	$137,714
Renter	$43,459	$50,358	$62,288	$71,128

The Area Median Income formula also begins with family income rather than household income.[6] The Census Bureau's American Community Survey defines a family as at least two people related by birth, marriage, or adoption.[7] In contrast, a household is all the people who occupy a housing unit, which therefore includes all single households. The preponderance of households with only one income likely skews the household income measure down compared to family income. It's not clear that this directly impacts racial disparities, but in the table below, household income is lower than family income in all Redress's partner communities.[8]

Median Income: Family vs Household

	Milwaukee	**Omaha**	**Charlotte**	**Denver**
Family	$67,140	$96,645	$109,083	$132,963
Household	$56,792	$71,640	$86,416	$92,504

Lastly, Area Median Income is actually the median family income for a metro area, not just the city proper. This means that it includes often higher income, whiter suburbs, and even exurbs. In Redress' partner communities, median family income for the metro area is not significantly different than for the city in Denver and Charlotte. It is more than $10,000 more in the Omaha metro area than in the city. The starkest difference is in Milwaukee, where the measure for the metro area is more than 50% greater than for the city.[9] Milwaukee often ranks as one of the most segregated metro areas in the country with some of the whitest suburban counties, but our four Redress communities show that segregation and income inequality across a metro area are likely to exacerbate racial rent gaps.[10]

Median Family Income: City vs Metro Area

	Milwaukee	**Omaha**	**Charlotte**	**Denver**
City	$67,140	$96,645	$109,083	$132,963
Metro Area	$102,765	$108,258	$105,682	$136,588

Racial Income Disparities Exacerbate Gaps in Housing Affordability

The structural inequality built into AMI measurements, combined with existing racial income disparities, only exacerbate the gaps in affordability in Black and Latine neighborhods. In most Redress cities, renters in Black neighborhoods have lower median incomes and can afford even less than the typical renter household. In Latine neighborhoods, renter households in all four cities have lower median incomes and can afford less.[11]

The table below shows that in Denver and Charlotte, renter households in Latine neighborhoods make over $10,000 per year less than the typical renter household in that city. That means the monthly rent they can afford is over $300 less. In Omaha and Milwaukee, renter households in Black neighborhoods make significantly less than the typical renter household. In both of those cities, the typical renter in a Black neighborhood cannot even afford a two-bedroom apartment at 30% AMI.

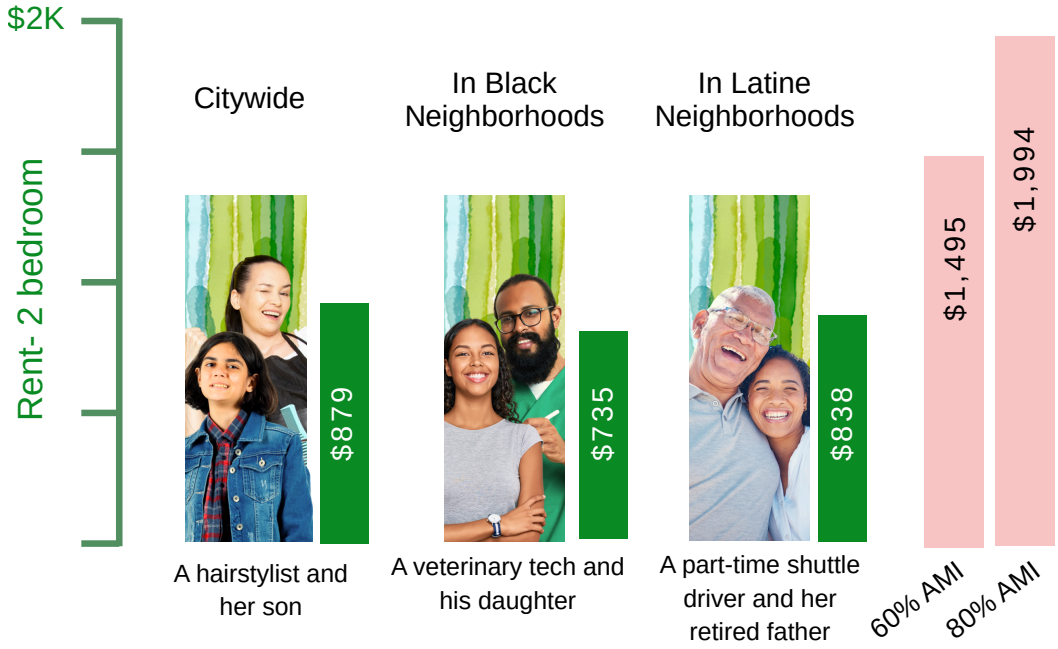
The only instance where renters in a neighborhood of color can afford more than the typical renter household is in Denver, where renters in Black neighborhoods can afford $2,012/month or an 60% AMI two-bedroom apartment, compared to $1,666/month or a 50% AMI 2-bedroom apartment for the typical renter. This is likely somewhat of an anomaly given that there is only one census tract in all of Denver that qualifies as a Black neighborhood (CT 158, North of E. 56th Ave near the airport), which is itself the result of the intense gentrification of historically Black neighborhoods like Five Points and Park Hill in the past two decades.[12]

Median Renter Household Incomes, Rents, and AMIs, by Race of Neighborhood

	Milwaukee	Omaha	Charlotte	Denver
Median Renter Household (MRH) Income	$41,063	$47,573	$61,696	$71,437
MRH Income: Black Neighborhood	$35,743	$33,109	$61,139	$85,306
MRH Income: Latine Neighborhood	$39,469	$42,792	$48,219	$59,345
MRH Max. Monthly Rent	$879	$1,078	$1,412	$1,666
MRH Max. Monthly Rent: Black Neighborhood	$745	$717	$1,398	$2,012
MRH Max. Monthly Rent: Latine Neighborhood	$838	$959	$1,075	$1,363
Highest AMI 2-bed Unit Affordable: MRH	30% AMI	40% AMI	50% AMI	50% AMI
Highest AMI 2-bed Unit Affordable: Black Neighborhood	20% AMI	20% AMI	50% AMI	60% AMI
Highest AMI 2-bed Unit Affordable: Latine Neighborhood	30% AMI	30% AMI	40% AMI	40% AMI

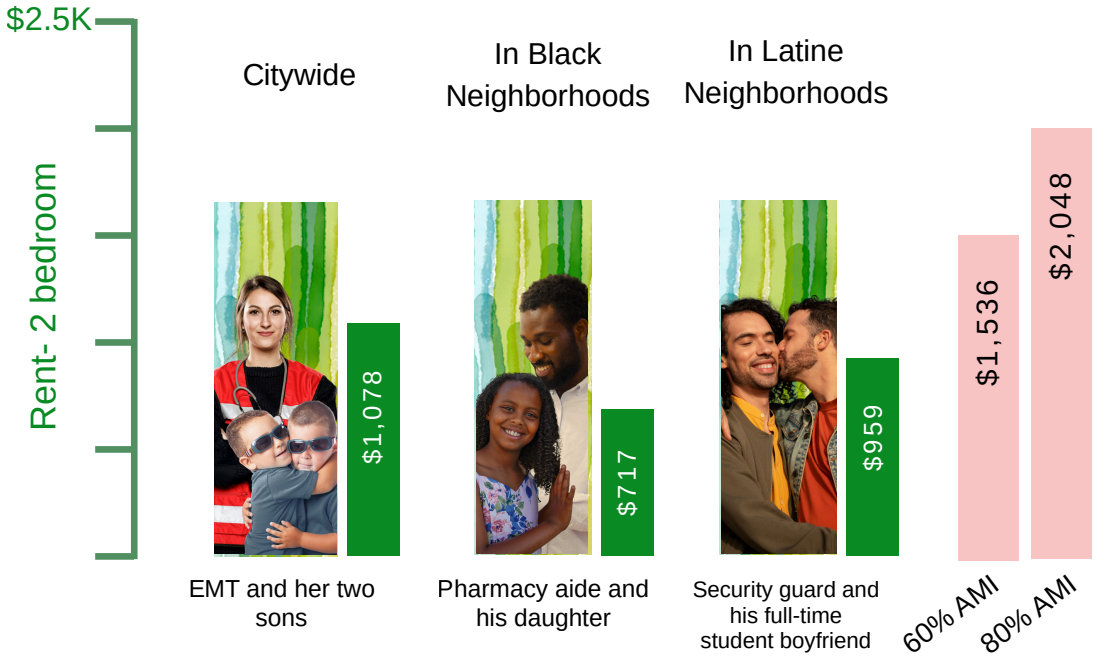
Below are some examples of households in each city that make the median renter household income and the “affordable” apartments they can’t afford:

Milwaukee:[13]



None of these households can afford a two-bedroom apartment at 80% AMI ($1,994/month), 60% AMI ($1,495/month), or even 40% AMI ($997/month). The typical renter family in a Black neighborhood can't even afford a two-bedroom apartment at 30% AMI ($747/month).

Omaha:[14]



None of these households can afford a two-bedroom apartment at 80% AMI ($2,048/month), 60% AMI ($1,536/month), or even 50% AMI ($1,280/month). The typical renter family in a Latine neighborhood can't afford a two-bedroom apartment

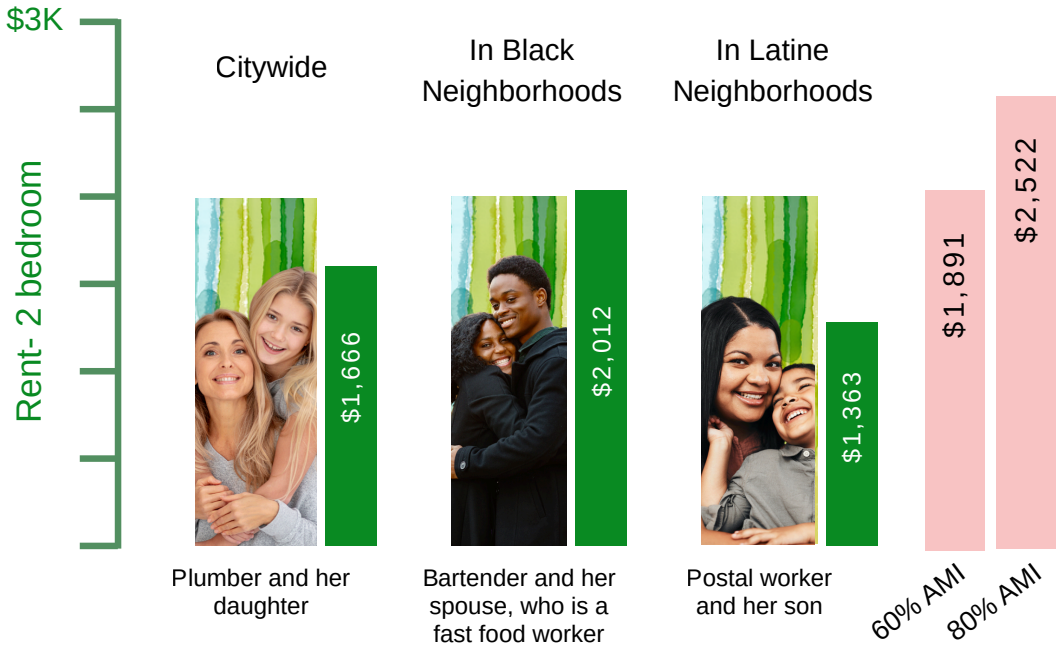
at 40% AMI ($1,024/month), and the typical renter family in a Black neighborhood can't even afford a two-bedroom at 30% AMI ($768/month).

Charlotte:[15]



None of these households can afford a two-bedroom apartment at 80% AMI ($2,020/month) or 60% AMI ($1,515/month), and the typical renter family in a Latine neighborhood can't even afford a two-bedroom apartment at 50% AMI ($1,262/month).

Denver:[16]



None of these households can afford a two-bedroom apartment at 80% AMI

($2,522/month), most renters in the city can't afford a two-bedroom apartment at 60% AMI ($1,891/month), and the typical renter family in a Latine neighborhood can't even afford a two-bedroom apartment at 50% AMI ($1,576/month). As mentioned above, most Black renters have been displaced from Denver so this measure of what the typical renter in a Black neighborhood in Denver can afford is likely not representative of Black renters across the metro area.

How This Plays Out: Denver & Charlotte

We have data on recent affordable housing developments in Denver and Charlotte, thanks to public records requests to both city governments in 2024. Similar requests were made to Omaha and Milwaukee and representatives of both cities responded that they had no records of city-funded affordable housing developments, which is concerning and possibly an area for advocacy.

In Denver, the typical renter household can only afford rents at a 50% AMI two-bedroom or units with lower AMIs. Renters in Latine neighborhoods can only afford rents at a 40% AMI two-bedroom or units with lower AMIs. In the last five years, only 39% of city-funded affordable units hit the 50% AMI threshold and only 25% hit the 40% AMI mark. While the share of units developed at the lowest AMI (30% AMI) is increasing, it's also concerning that the share of units at 80% AMI is increasing even faster, especially because those units are out of reach to most renter households. Taken together, Denver should likely be adjusting its AMI mix to better serve Latine renter households at 40% AMI and below rather than increasing the share of units at higher AMIs.

Denver: Existing and Funded Affordable Housing Units By AMI

	30% AMI	**40% AMI**	**50% AMI**	**60% AMI**	**80% AMI**	**80%+ AMI**	**Total**
Before 2014	13%	13%	32%	35%	6%	1%	5,599
2014-2019	13%	6%	19%	52%	10%	0%	3,668
2020-2024	21%	4%	14%	35%	25%	1%	5,233

*Our data set includes all city-funded affordable rental developments stretching back to the early 1990s.

In Charlotte, the typical renter household can similarly only afford rents at 50% AMI two-bedroom units or units with lower AMIs. Renters in Black neighborhoods are in the same position, but renters in Latine neighborhoods can only afford rents at 40% AMI two-bedroom units or units with lower AMIs.

Charlotte appears to be doing a slightly worse job of matching new affordable units to the needs of its renter households than Denver. In the past five years, only 25% of units were built at 50% AMI. Roughly two-thirds of units in the past ten years have been built at 60% AMI and things seem to be trending in the wrong direction as the share of units below 50% AMI are decreasing while the share of units at 80% AMI are increasing. It's worth noting that our Charlotte data set includes some developments that were not funded by the City and instead by the state housing finance agency, meaning the City had no say over the AMI levels.

Charlotte: Existing and Funded Affordable Housing Units By AMI

	30% AMI	**40% AMI**	**50% AMI**	**60% AMI**	**80% AMI**	**80%+ AMI**	**Total**
Before 2014	53%	1%	11%	33%	1%	0%	7,402
2014-2019	17%	0%	4%	71%	8%	0%	5,358
2020-2024	20%	0%	5%	60%	15%	0%	6,013

*Our data set includes all city- and Low Income Housing Tax Credit (LIHTC)-funded affordable rental developments stretching back to the mid 1990s.

AMI Trade Offs and Constraints

Any discussion of cities incentivising or requiring affordable housing developers to meet lower AMI levels must include the important context that building more deeply subsidized units ultimately requires more subsidy. Developing affordable housing under the current financing system is often difficult work that involves layering multiple complex grants and loans. In order for developers to forgo more rental income, they have to rely on less or cheaper debt when they build so they can lower their monthly carrying costs. Even a 100% subsidized development, which is relatively unrealistic in today's affordable housing funding environment, must still charge a minimum amount of rent to cover other monthly costs like insurance, taxes, and maintenance.

What's missing in most cities and counties is a frank and transparent discussion of the structural inequality in the current system and the constraints and trade-offs in available paths forward. Local jurisdictions need a comprehensive strategy to prioritize resources for our most impacted renters, because continuing under the assumption that producing units at 60% AMI or 80% AMI will meet the need is not a viable solution. This is particularly notable given the often charged debates happening in cities across the country about how to serve unhoused people.

In far too many places, legislation is veering toward criminalization without any acknowledgement that homelessness is ultimately a housing affordability problem and our affordable housing strategies have been missing the most vulnerable and disproportionately People of Color renters for decades.

While the current system is not designed to support those with the most need, it does offer a few opportunities for residents to pay very low rents and ensure that developers still recoup the monthly income they need to maintain a building. One way to meet both goals is to utilize housing vouchers. Either Housing Choice Vouchers (HCV), which are issued to a tenant, or Project-Based Vouchers (PBV), which are issued to the developer, pay a developer fair market rent for the unit, but cap the tenant's portion at 30% of their income. The difference is provided by HUD, typically through the local housing authority, which awards the vouchers. As an example, an 80% AMI 2-bedroom unit is out of reach to most renters in Denver, but if a renter were to have an HCV, or if the developer were to be awarded a PBV, the rent would be capped at 30% of the resident's income, but the developer would still likely recoup the full $2,522 in rent that the federal government sets for that unit.

While using vouchers to help subsidize rents in affordable developments makes a lot of sense, vouchers are a tightly constrained resource. Only one in four households that qualify for federal rental assistance, like a voucher, actually receives it.[17] Budget fights at the federal level have created uncertainty about whether HUD will continue to receive enough funds to cover the existing 2.4 million households who receive assistance, let alone expanding to the roughly 9.6 million who are eligible.

Federal policy surrounding the Low Income Housing Tax Credit (LIHTC) program also impacts local government's choices around remedying the inequalities built into AMI calculations. While consistently underfunding vouchers, Congress continues to choose to increase funding to the LIHTC program, despite the fact that it is an inefficient program that incentivizes developers to build most units at 60% AMI, which most renters can't afford.[18] LIHTC is the most readily available source of funding for larger affordable apartment complexes, meaning that local governments that seek large numbers of units at lower AMIs must find creative ways to either require LIHTC developers seeking local funding to increase the number of lower-rent units, or to fund these units in other developments.

Ultimately what's needed is a reformed LIHTC program, full funding for vouchers, and state and federal support for social housing that caps rent at 30% of a household's income. Until we can count on more reliable state and federal partners, The Redress Movement's focus will remain on local solutions.

Policy/Program Recommendations

Below are some potential opportunities for housing organizers and advocates to use this memo and data to begin to reorient municipal housing policy to actually meet

the needs of lower-income renters and renters of color.

1. *Demand Transparency:* Organizers and advocates can use this analysis to push elected officials and developers to publicly disclose estimated rents at new affordable developments and whether they would serve renters of color in the area.
2. *Incorporate Equitable AMIs Into Campaign Demands:* Whenever organizers are advocating for affordable rental housing or policies that will incentivize or require affordable rental housing, this analysis can inform the AMI levels for the affordable units.
3. *Consider Opposition to Inequitable AMIs:* Organizers and advocates may look skeptically at policies or developments with units at AMI levels that price out the median renter household or the median renter household in Black or Latine neighborhoods. Opposition should be balanced with an understanding of the funding trade-offs discussed in the previous section.
4. *Develop a Shared Agenda:* Organizers and advocates can meet with friendly developers and other housing advocates to discuss the trade-offs inherent in lower AMI units and develop a shared advocacy platform for equitable AMI levels in future affordable developments.

ENDNOTES

1. Julie Anderson, "Omaha Mayor John Ewing talks parks, homeless camps and streetcar at State of the City speech," *Omaha World-Herald*, March 21, 2026, https://omaha.com/news/local/government-politics/article_cf801ca1-091b-4344-b6b3-d3395d488d7e.html?utm_source=omaha.com&utm_campaign=%2Fnewsletter-templates%2Fdaily-headlines&utm_medium=cio&lctg=eef3070884c701859a10&tn_email_eh1=9796a52f5bde26f61328f5f7ab309026bd3d66fe557ec2d2de0057b7e4caf8f6
2. All rents are 2025 estimates provided by the NOVOGRADAC Rent & Income Limit Calculator: https://rent-income.novoco.com/no-login/login.
3, The table only includes studio, one-bedroom, and two-bedroom units because those are in highest demand in most areas and are mostly likely to match the median renter household size of roughly two people in all of Redress's partner communities.
4. ACS 2024, 1yr, Table B25119.
5. ACS 2024, 5yr, Table B25003.
6. https://www.huduser.gov/portal/datasets/il/il2025/2025MedCalc.odn
7. "Subject Definitions," U.S. Census Bureau, May 15, 2024, www.census.gov/programs-surveys/cps/technical-documentation/subject-definitions.html#family
8. ACS 2024, 1yr, Table S1903
9. ACS 2024, 1yr, Table B19113, Metropolitan Statistical Areas
10. Mary Spicuzza, "Milwaukee is the most racially segregated metro area in the country, Brookings report says," *Milwaukee Journal Sentinel*, January 8, 2019, www.jsonline.com/story/news/local/milwaukee/2019/01/08/milwaukee-most-segregated-area-country-brookings-says/2512258002/.
11. We define Black neighborhoods as census tracts that are more than 40% Black. Research suggests that neighborhoods that reach this threshold are often considered "Black neighborhoods" (Marcus D. Casey and Bradley L. Hardy, "The Evolution of Black Neighborhoods Since Kerner," The Russell Sage Foundation Journal of the Social Sciences, September 2018, 4 (6) 185-205, https://www.rsfjournal.org/content/4/6/185). It also suggests that these neighborhoods are targeted for disinvestment (Hwang, J., and R. J. Sampson, "Divergent Pathways of Gentrification: Racial Inequality and the Social Order of Renewal in Chicago Neighborhoods," American Sociological Review 79 (4) (June 12, 2014): 726–751. doi:10.1177/0003122414535774). We used a similar definition for Latine neighborhoods to see if a similar effect might be present there as well. Data.Census.Gov does not offer median renter household incomes by race and ethnicity. In order to approximate this data point, we used a weighted average of the median renter household incomes in census tracts that met our threshold for Black or Latine neighborhoods.
12. "Front Porch: Gentrification Patterns in NE Denver," National Community Reinvestment Coalition, February 7, 2023, ncrc.org/front-porch-gentrification-patterns-in-ne-denver/.
13. U.S. Bureau of Labor Statistics, May 2024 Occupational Employment and Wage Statistics, Milwaukee-Waukesha, WI metro area; Retiree income based on the average monthly benefit for a retired worker ($2,071), U.S. Social Security Administration, https://www.ssa.gov/faqs/en/questions/KA-01903.html.
14. U.S. Bureau of Labor Statistics, May 2024 Occupational Employment and Wage Statistics, Omaha, NE-IA metro area.
15. U.S. Bureau of Labor Statistics, May 2024 Occupational Employment and Wage Statistics, Charlotte-Concord-Gastonia, NC-SC metro area.
16. U.S. Bureau of Labor Statistics, May 2024 Occupational Employment and Wage Statistics, Denver-Aurora-Centennial, CO metro area.

ENDNOTES

17. Kim Johnson, "Federal Government Reopened; Congress Must Now Pass FY26 HUD Spending Bill to Protect Vouchers and Housing Assistance for Over 170,000 People who Have Experienced Homelessness–Take Action!" National Low Income Housing Coalition, November 17, 2025, https://nlihc.org/resource/federal-government-reopened-congress-must-now-pass-fy26-hud-spending-bill-protect-vouchers#:~:text=Currently%2C%20over%202.4%20million%20households,disabilities%2C%20and%20families%20with%20children.
18. Tony Schick, "A Low-Income Housing Program Is Pouring Billions Into Housing Many People Can't Afford," *ProPublica.org*, June 3, 2026,