

**HOUSING AUTHORITY OF NEW ORLEANS
BOARD OF COMMISSIONERS
REGULAR MEETING
OCTOBER 23, 2012**

RESOLUTION NO. 2012-40

WHEREAS, the Housing Authority of New Orleans (HANO) operates a Housing Choice Voucher Program (HCVP) pursuant to the U.S. Housing Act of 1937 as amended by the Housing and Community Development Act of 1974 and 1987; and

WHEREAS, HANO is required to establish, implement and periodically update its Administrative Plan applicable to the Housing Choice Voucher Program which reflects U.S. Department of Housing and Urban Development (HUD) requirements and regulations and HANO discretionary policies; and

WHEREAS, on June 21, 2012, HUD issued Public and Indian Housing (PIH) Notice 2012-29 that permits a public housing authority to set its own passbook rate within a range of the Savings National Rate as calculated by the Federal Deposit Insurance Corporation (FDIC). The range established by the HUD notice is 75 basis points (plus or minus .75 percent); and

WHEREAS, HANO wishes to amend the Administrative Plan to reflect the revised policy contained in PIH Notice 2012-29 on establishment of the passbook rate for imputed assets in excess of \$5,000.

THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Housing Authority of New Orleans approves the amendment to HANO's HCVP Administrative Plan to establish a policy for annual review of the Savings Passbook Rate that reflects the revised policy contained in PIH Notice 2012-29 on establishment of the passbook rate for imputed assets in excess of \$5,000 and authorization be provided to the Administrative Receiver or his designee to take any and all other necessary action to implement said amendment.

Executed this 23rd day of October, 2012

APPROVAL:



**DAVID GILMORE
ADMINISTRATIVE RECEIVER
CHAIRMAN, BOARD OF COMMISSIONERS**



October 23, 2012

MEMORANDUM

**To: David Gilmore
Administrative Receiver
Chairman, Board of Commissioners**

**From: Tony Ucciferri
Director, Housing Choice Voucher Program**

Re: Amendment to HANO HCVP Administrative Plan: Savings Passbook Rate

This resolution requests approval of an amendment to the Housing Authority of New Orleans (HANO) Housing Choice Voucher Program (HCVP) Administrative Plan to establish a policy for annual review of the Savings Passbook Rate applicable to assets with imputed interest income.

Pursuant to HUD regulations, HANO includes in annual income the greater of either: (1) actual income resulting from all net family assets; or (2) a percentage of the value of such assets based upon the current passbook savings rate as determined by the U.S. Department of Housing and Urban Development (HUD) when a family has net assets in excess of \$5000. In the past, HUD published this rate and notified housing authorities that it needed to use the revised passbook rate for all future certifications.

On June 21, 2012, HUD issued Public and Indian Housing (PIH) Notice 2012-29 that now permits HANO to set its own passbook rate within a range of the Savings National Rate as calculated by the Federal Deposit Insurance Corporation (FDIC). The range established by the HUD notice is 75 basis points (plus or minus .75 percent).

By amending the Administrative Plan, HANO is establishing a policy that on every November 1, a review of the passbook rate shall be done to ensure that the HCVP department is within .75% of the Savings National Rate as calculated by the Federal Deposit Insurance Corporation (FDIC) and published at the following website: www.fdic.gov/regulations/resources/rates.

Should a change be required in the passbook rate, it will be made and applied to all Annual and Interim Certifications processed after the effective date of the revised rate.

Approval is requested to amend the HANO HCVP Administrative Plan to establish a policy for annual review of the Savings Passbook Rate applicable to assets with imputed interest income.

HANO generally may use current circumstances to determine both the value of an asset and the anticipated income from the asset. HANO may use other than current circumstances to anticipate income when:

- an imminent change in circumstances is expected
- it is not feasible to anticipate a level of income over 12 months or
- HANO believes that past income is the best indicator of anticipated income. For example, if a family member owns real property that typically receives rental income but the property is currently vacant, HANO can take into consideration past rental income along with the prospects of obtaining a new tenant.

Valuing Assets

HANO may make a distinction between an asset's market value and its cash value.

The market value of an asset is its worth (e.g., the amount a buyer would pay for real estate or the balance in an investment account).

The cash value of an asset is its market value less all reasonable amounts that would be incurred when converting the asset to cash.

Reasonable costs that would be incurred when disposing of an asset include, but are not limited to, penalties for premature withdrawal, broker and legal fees, and settlement costs incurred in real estate transactions [HCV GB, p. 5-28].

Lump-Sum Receipt Assets

Payments that are received in a single lump sum, such as inheritances, capital gains, lottery winnings, insurance settlements, and proceeds from the sale of property, are generally considered assets, not income. However, such lump-sum receipts are counted as assets only if they are retained by a family in a form recognizable as an asset (e.g., deposited in a savings or checking account).

Imputing Income from Assets

24 CFR 5.609(b)(3)

When net family assets are \$5,000 or less, HANO may include in annual income the actual income anticipated to be derived from the assets. When the family has net family assets in excess of \$5,000, HANO may include in annual income the greater of (1) the actual income derived from the assets or (2) the imputed income. Imputed income from assets is calculated by multiplying the total cash value of all family assets by the current HUD-established passbook savings rate.

PHAs may establish a passbook rate within 75 basis points (plus or minus .75 percent) of the Savings National Rate in effect at the time the PHA establishes the passbook rate. HANO shall review its Passbook Rate annually on November 1st to determine if a change should be made to the passbook rate. At no time may the passbook rate be less than 0 percent. HANO shall review the Savings National Rate as calculated by the Federal Deposit Insurance Corporation (FDIC). The FDIC publishes this rate on a weekly basis and can be found at the following website: www.fdic.gov/regulations/resources/rates/. If the existing passbook rate falls outside the established Passbook Rate for HANO, an adjustment will be made to the Passbook Rate so that it falls within the 75 basis points of the Savings National Rate. The revised rate will be effective for the next month of certifications scheduled for Annual certifications after the new rate is established.

Determining Actual Anticipated Income from Assets



U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
PUBLIC AND INDIAN HOUSING

Special Attention of:

Regional Directors: State and Area
Coordinators; Regional Economists;
Public Housing HUB Directors;
Public Housing Agencies

Notice

PIH 2012-29

Issued:

June 21, 2012

Expires:

Effective until
Amended, Superseded
or Rescinded

Cross References:

Subject: Establishing the Passbook Savings Rate

1. Purpose.

This Notice clarifies program policy related to the passbook savings rate used to determine annual income from net family assets. Under 24 CFR §5.609(b)(3), when determining annual income for families who apply for or receive assistance in the Housing Choice Voucher (HCV) and public housing programs, a public housing agency (PHA) includes in annual income the greater of either: (1) actual income resulting from all net family assets; or (2) a percentage of the value of such assets based upon the current passbook savings rate as determined by the U.S. Department of Housing and Urban Development (HUD) when a family has net assets in excess of \$5000. This Notice also minimizes the administrative burden on Field Offices and PHAs in conducting a survey of local banks, by relying on a rate that is publicly available and based upon recent market data.

2. Applicability.

This Notice applies to all PHAs and localities that operate a HCV program, public housing program, or Section 8 Moderate Rehabilitation program. Moving-To-Work (MTW) agencies, to the extent they have established an alternate policy in their MTW plan, are excluded from the provisions of this Notice.

3. Passbook Savings Rate.

This notice provides guidance to supplement information provided in the Form HUD-50058 Instruction Booklet, Public Housing Occupancy Guidebook, and the Housing Choice Voucher Program Guidebook on the passbook savings rate used to calculate imputed income from assets. The guidance in this notice supersedes any guidance included in the above referenced form and guidebooks.

Safe Harbor

The PHA may establish its own passbook rate that the PHA will apply in calculating imputed assets from income. The PHA should review its passbook rate at least annually to determine that it is within the safe harbor range. The PHA must apply its policy to calculate

imputed asset income consistently to all participants.

PHAs may establish a passbook rate within 75 basis points (plus or minus .75 percent) of the Savings National Rate in effect at the time the PHA establishes the passbook rate.¹ The passbook rate may not be less than 0 percent. The Savings National Rate is a simple average of rates by United States (US) depository institutions as calculated by the Federal Deposit Insurance Corporation (FDIC). The FDIC publishes this rate on a weekly basis. The PHA can access historical and current Savings National Rates at the following website:
www.fdic.gov/regulations/resources/rates/.

Examples: If the published FDIC Savings National Rate at the time the PHA establishes its passbook rate is .12%. Acceptable passbook rate would fall in the range between 0% and 0.87%. If the published FDIC Savings National Rate at the time the PHA establishes its passbook rate is .92%. Acceptable passbook rate would fall in the range between 0.17% and 1.67%.

4. For Further Information.

For further information regarding this Notice, please contact Brian Gage, in the Office of Public Housing and Voucher Programs at 202-402-4254.

/s/
Sandra B. Henriquez
Assistant Secretary for Public and Indian Housing

¹ The 75 basis points threshold is consistent with interest rate restrictions applicable to less than well capitalized institutions under Part 337.6 of the FDIC Rules and Regulations.