



Notice

No: 16-08

Niagara Regional Housing

APPLICABLE TO:

DATE: August 17, 2016

<input checked="" type="checkbox"/>	Municipal & Private Non Profit
<input checked="" type="checkbox"/>	Co-operative
<input checked="" type="checkbox"/>	Federal Non Profit
<input checked="" type="checkbox"/>	OCHAP/CSHP
<input checked="" type="checkbox"/>	Rent Supplement

<input checked="" type="checkbox"/>	Mandatory
<input type="checkbox"/>	For Information

SUBJECT: Calculating Imputed income for Non-Interest Bearing Bank Accounts

BACKGROUND:

The Ministry of Municipal Affairs and Housing recently announced changes to O. Regulation 298/01 Section 50 (9.1) of the *Housing Services Act, 2011* increasing the deduction from the balance of non-interest bearing banking accounts from \$1,000 to \$5,000, when calculating the imputed income amount to be used in rent calculation.

Household members 16 years of age or older must provide source documents for the verification of all sources of income and assets declared. Each source of declared income must be supported with the appropriate verification from a source document. All documentation must be retained in a dedicated tenant/member file.

Note: Bank Statements are not considered a source document for the purpose of income verification.

The income produced by income-producing assets or the **imputed income** on non-income producing assets is normally included in household income. For non-interest-bearing bank or credit union accounts, deduct \$ 5,000 from the sum of all of a household's minimum monthly bank balances

Example:

Non-interest bearing chequing account balance = \$12,000. The first \$5,000 is ignored. The balance of \$7,000 is calculated using the imputed rate of return to determine the annual imputed income.

If the imputed rate of return was 2%, the annual imputed income would be $\$7000 \cdot 0.02 / 12$ or \$11.66 monthly. This amount would be added to the gross monthly income.

THE CURRENT IMPUTED RATE OF RETURN IS 0%

Some chequing accounts generate interest at a very low interest rate. If the interest rate is known, the actual interest earned is used to calculate the annual income. Subtracting \$5,000 from the minimum balance would not apply, as this type of account would be considered an interest bearing chequing account and is considered an income producing asset.

Example:

Interest known: Chequing account balance \$12,000. The balance of \$12,000 is calculated using the interest rate of 1.5% confirmed by the bank. The annual income would be \$180.00 or \$15 monthly. This amount would be added to the gross monthly income.

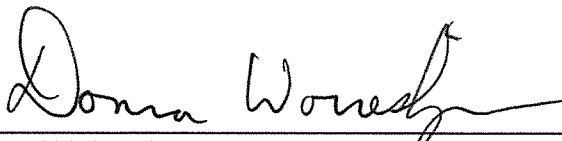
HOUSING PROVIDERS ROLE

Effective July 1, 2016, Housing Providers should ensure that a deduction of \$5,000 is used to determine the amount of imputed income received from non-income producing assets.

SERVICE MANAGER'S ROLE

NRH will monitor compliance with this Notice through the Operational Reviews.

Should you have any questions or require any assistance, please contact your Housing Administrator.



Donna Woiceshyn, Acting Chief Executive Officer