FORM APPROVED COUNTY COUNSEL
BY: GREGORY P. PRIAMOS DATE 11/18/15

Departmental Concurrence

SUBMITTAL TO THE BOARD OF COMMISSIONERS
HOUSING AUTHORITY
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

947

FROM: Housing Authority

SUBMITTAL DATE:
November 24, 2015

SUBJECT: Public Hearing on Compliance with Rental Assistance Demonstration Implementation Guidelines Under the Department of Housing and Urban Development Notice PIH-2012-32, REV-2 and Significant Amendment to the PHA 5 Year and Annual Plan to Comply with the Required Rental Assistance Demonstration Changes, All Districts, [0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Conduct a Public Hearing to obtain public comment regarding amendments to the Housing Authority of the County of Riverside's annual plans and documents which include: Agency Five Year and Annual Plan; Administrative Plan for the Housing Choice Voucher Program; Statement of Policies for the Affordable Public Housing Program; Capital Fund Annual Plan and 5-Year Action Plan; and Administrative Plan for the Homeownership Program

BACKGROUND:
Summary

(Commences on Page 2)

Robert Field
Executive Director

FINANCIAL DATA	Current Fiscal Year:	Next Fiscal Year:	Total Cost:	Ongoing Cost:	POLICY/CONSENT (per Exec. Office)
COST	$ 0	$ 0	$ 0	$ 0	Consent ☐ Policy ☒
NET COUNTY COST	$ 0	$ 0	$ 0	$ 0	

SOURCE OF FUNDS: N/A

Budget Adjustment: No
For Fiscal Year: 2015/16

C.E.O. RECOMMENDATION:

APPROVE
BY: Imelda Delos Santos

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

☐ Positions Added ☐ Change Order
☐ A-30 ☐ 4/5 Vote

Prev. Agn. Ref.: N/A | **District:** ALL | **Agenda Number:**

BACKGROUND:
Summary

The Quality Housing and Work Responsibility Act of 1998 (Act) requires a Public Housing Agency (PHA) (as defined by the U.S. Department of Housing and Urban Development (HUD)) to submit Annual Plans in accordance with the format outlined by HUD under Title 24 Code of Federal Regulations (CFR) Part 903, Subpart B. The purpose of the PHA Plans is to provide a strategic planning framework for local accountability and an easily identifiable source by which public housing residents, participants in the tenant-based assistance program, and other members of the public may locate basic PHA policies, rules and requirements concerning the PHA's operations, programs, and services. The Housing Authority of the County of Riverside (Housing Authority) is a Public Housing Agency. The Annual Plans prepared by the Housing Authority cover fiscal year July 1, 2015 through June 30, 2016. The Annual Plans prepared pursuant to the Act and 24 CFR Part 903 include annual plans for the Housing Authority's various housing assistance programs, including the Affordable Public Housing program. If at any time a significant amendment is made to any of the plans, the PHA must follow HUD guidance to enforce the amendment. Drafts of each significant amendment are attached.

The Housing Authority is amending its Annual Plan for 2015 because HUD has conditionally approved three Commitments to enter into a Housing Assistance Payment (CHAPs) under the Rental Assistance Demonstration (RAD) program for its public housing properties which will result in the full conversion of the Housing Authority's public housing portfolio to units assisted with Project Based Vouchers, commonly referred to as "Section 8" units.

An additional salient provision contained in the various proposed annual plans includes the following:

The Housing Choice Voucher (HCV) Program will no longer require families to be rent burdened in order to qualify for selection from the waiting list. Rent-burdened was defined as paying more than 30% towards rent.

Public Notice in connection with the significant amendment was published pursuant to 24 CFR 903 (see Attachment A).

Impact on Citizens and Businesses

Riverside County residents are positively impacted by the rental assistance the PHA provides. This specific change is welcomed by citizens currently residing in Affordable Public Housing units (Project-based type rental assistance) because they will be able to ask for regular HCV (tenant-based rental assistance) after one year of occupancy, thereby having more flexibility in where they live.

SUPPLEMENTAL:
Additional Fiscal Information

There are no general fund cost associated with this agenda item.

Attachments:
(Commences on Page 3)

Attachments:

- Attachment A—Notices of Public Hearing
- Attachment B—2015 Draft Significant Amendment PHA 5 Year and Annual Agency Plan with Financial Resources, Fiscal Single Audit and Fiscal Proprietary Audit Attachments
- Attachment C—2015 Draft Significant Amendment Administrative Plan for the Housing Choice Voucher Program
- Attachment D—2015 Draft Significant Amendment Statement of Policies for the Affordable Public Housing Program
- Attachment E—2015 Draft Significant Amendment Homeownership Plan
- Attachment F—2015 Draft Significant Amendment Capital Fund Program Annual Statement/Performance & Evaluation Report

ADMINISTRATIVE PLAN FOR THE HOMEOWNERSHIP PROGRAM

Housing Authority of the County of Riverside

Effective July 1, 2015

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GENERAL PROVISIONS

The Public Housing Reform Act of 1998 includes language that allows the United States Department of Housing and Urban Development (HUD) to assist Section 8 Housing Choice Voucher Program (HCVP) recipients to purchase a home. HUD published the Section 8 Homeownership Program Final Rule that implemented this option under Section 8(y) of the U.S. Housing Act of 1937 that authorized a public housing agency (PHA) to provide tenant-based assistance for an eligible family that purchases a home. The rule became effective on October 12, 2000. CFR 982.625(c)(1)(i) enables the Housing Authority to provide monthly homeownership assistance payments to eligible families.

The Housing Choice Voucher (HCV) Homeownership Program (HP) allows qualified participants the option to purchase a home and use the HCV Housing Assistance Payment (HAP) towards mortgage payments and other allowable housing costs.

The purpose of the Homeownership Program Administrative Plan is to establish policies for carrying out the program in a manner consistent with HUD requirements and local objectives. The Plan covers both admission and participation in the program. The HACR is responsible for complying with all changes in HUD regulations pertaining to these programs. If such changes conflict with this Plan, HUD regulations will have precedence.

The HACR's policies and practices are designed to provide assurances that all persons with disabilities will be provided reasonable accommodations so that they may fully access the housing program. Persons requiring special accommodations due to a disability must notify the HACR, in writing, of their needs. The reasonable accommodation request will be verified via a Licensed Professional and then reviewed by the HACR. The HACR will provide written notification of either the approval or denial of the reasonable accommodation request. In matters where the HACR has discretion, waivers to existing policy shall be determined by the Executive Director or designee.

A. FAMILY ELIGIBILITY REQUIREMENTS

The HCV Homeownership Program (HP) of the Housing Authority of the County of Riverside (HACR) is available to qualified Housing Choice Voucher participants. Participation in the Homeownership Program is voluntary. Applicants must meet the following criteria to be considered for the HACR HP.

1. First-Time Homeowner

An eligible Section 8 HCVP family must be considered a first-time home buyer. A first-time home buyer means that no member of the household has had any interest or ownership in any residence during the three years before applying for homeownership assistance or at the commencement of participation in the homeownership program. The purchaser must sign a sworn application attesting that they have not owned a home or have been included on a home loan. In addition, the last three years tax returns will be reviewed to ascertain that no mortgage interest or real estate tax deductions have been claimed.

Single parents or displaced homemakers who owned a home while married or resided in a home owned by a spouse also qualify as first time homebuyers provided that three years have passed since homeownership ended.

2. Minimum Income Requirements

Calculation of income-eligibility for the purpose of admission to the HCV Homeownership Program will be conducted under the guidelines for HCV rental assistance as noted in this Administrative Plan.

The head of household, spouse and/or other adult member(s) of the household that will hold title to the home must have a combined annual gross income of not less than 50% of the Area Median Income (AMI) adjusted for the family size.

A family whose income does not meet the 50% AMI requirement, but does meet all other HP requirements, may request admission provided the family can demonstrate that the annual income is not less than the HUD minimum requirement established below:

a. In the case of a disabled family, the monthly Federal Supplemental Security Income (SSI) benefit for an individual living alone (or paying his or her share of food and housing costs) multiplied by twelve; or
b. In the case of other families, the Federal minimum wage multiplied by 2,000.

In addition, a family that meets the applicable HUD minimum income requirement described above, but not the HACR minimum income limit of 50% AMI, shall be considered to satisfy the minimum income requirement only if:

a. The family demonstrates that it has been pre-qualified or pre-approved for financing;
b. The pre-qualified or pre-approved financing meets any HACR established requirements under 982.632 for financing the purchase of the home (including qualifications of lenders and terms of financing); and

c. The pre-qualified or pre-approved financing amount is sufficient to purchase housing that meets HQS in the HACR's jurisdiction.

Welfare assistance may not be included in the minimum gross annual income above, except for elderly or disabled families. Welfare assistance includes payments from Cal Works/TANF (Cash Aid for needy families), Supplementary Security Income (SSI) that is subject to an income eligibility test, food stamps, general assistance (GA); or other welfare assistance as specified by HUD.

3. Minimum Employment Requirements

One or more adult members of the household that will hold title to the home must be currently employed and working not less than an average of 30 hours per week and has been so continuously employed for one year prior to execution of the sales agreement.

Once escrow has closed, employment by the adult member of the household that holds title to the home must continue at least 30 hours per week. Should an event arise that the homeowner loses employment a 90 day grace period will be granted for them to regain fulltime employment.

Employment requirements do not apply to elderly or disabled families that otherwise qualify for HP. A family with a member with disabilities may request an exemption from the work requirements if needed as a reasonable accommodation for the disabled family member. HACR and HUD minimum income requirements still apply.

The HACR's Executive Director and/or designee may also consider whether and to what extent an employment interruption is considered permissible in satisfying the employment requirement. The Executive Director and/or designee may also consider successive employment during the one-year period and self-employment in a business.

The family must still meet the overall minimum income requirements outlined in Section 2.

4. Minimum Down Payment Requirements

a. The family must demonstrate the ability to provide a minimum of three percent **(3%)** down payment on the home.

b. At least one percent **(1%)** of the **down payment** must come from the family's personal resources. CFR 982.625(g)(1)

c. FSS participants may use FSS escrows towards this requirement. Families with an Individual Development Account (IDA) may also count these funds towards the minimum down payment.

5. Other Program Requirements

a. The family must be under HCV rental assistance in Riverside County for the most recent 12 consecutive months prior to application for HCV Homeownership.
b. The family must have completed an initial HCV lease term and completed the family's first annual recertification in the HCV Program. The family must terminate a current lease agreement in compliance with the lease when transitioning into

homeownership.

c. The family must verify that no family member has previously defaulted on a mortgage loan assisted under the HCV HP.

d. All families will be required to complete a series of 15 workshops through Community Action IDA Program and provide verification of workshop completion. Working families will be required to complete the application process to gain entry into the IDA Program so they may earn a 2:1 match of savings. Workshops may include the following:

- First Time Home Buyers Information
- Lenders Language and Procedures
- Home Safety: Fire and Earthquake
- Selecting a Realtor and the Right Home
- Basic Repair & Maintenance
- Budgeting
- Balancing Your Checkbook
- Understanding Credit & Credit Cards
- Credit Repair
- Debt Management
- Financial Planning
- Borrowing Basics (basic concepts of loans)

e. The head of household and any adult member that will hold title to the home must successfully complete a HUD approved 8 hour homeownership and housing counseling program. At a minimum, the counseling will cover the following:

- Home Maintenance
- Budgeting and money management
- Credit Counseling
- Financing
- Locating a home
- Fair housing, predatory lending
- Truth in lending, RESPA

f. Family members may not owe any debt to the HACR or other Housing Authority. EIV will be run to determine if the family has/had owed any debts to any Housing Authority. If it is found that the family owes money to any Housing Authority, they will be disqualified from utilizing this program.

g. The family must maintain good tenant standing with its landlord and the HACR. The family must provide a letter from their landlord when entering this program. The letter must certify that the family has paid rent on time for the past 12 months, is current with rent and has kept the rental unit in good repair (ie: no damage beyond normal wear and tear).

h. The designated Head of Household must actively participate in the Family Self-Sufficiency (FSS) program with homeownership as one of the established goals.

i. The family must also:

- Comply with HUD Family Obligations under the HCV Program. If the HA has mailed out one or more pre-termination appointments within the past 3 years for either failing to provide and/or other program violations, the family will be disqualified from utilizing the homeownership program until such time that this requirement is met;

- Adhere to the requirements of their lease agreement;
- Not have outstanding debts to the landlord or to any utility company;
- Report all Household Income;
- Pass the most recent Housing Quality Standards (HQS) inspection with no tenant-caused failure items.

B. Eligible Units

HCV Homeownership assistance may be used to purchase units within the jurisdiction of the HACR that are under construction or already existing at the time the family is approved for homeownership. The family unit size will be determined as it is for the Housing Choice Voucher rental program.

1. Unit types

a. One unit property (single family residence).
b. A single dwelling unit in a cooperative, condominium or planned use development.
c. A manufactured home with a permanent foundation, if the family has the right to occupy the same site for a period of at least forty (40) years.
d. The unit must be seller occupied or vacant for at least ninety (90) days; an exception is where the tenants are purchasing the unit in which they have been residing.
e. The unit must pass HQS.

Depending on the unit size selected by the family, the HACR may approve the purchase of a unit up to one bedroom size larger than the authorized payment standard the family qualifies for and the unit must be deemed affordable (the family's portion cannot be higher than 50% of gross income).

2. HCV Housing Quality Standards

The unit must be inspected by the HACR and satisfy the Housing Quality Standards (HQS) for the HCV Program before HP assistance can begin. The HQS inspection will be completed prior to the independent inspection to prevent the family from the added expense of an inspection in the event the home has major damage or necessary repairs that the Seller will not agree to repair and/or the buyer, made aware of the repairs, no longer wishes to purchase the home.

The HACR will conduct a HQS inspection once annually and reserves the right to inspect the unit more often if the subject property receives a public complaint after escrow closes or is visibly in disrepair. If the unit passes HQS inspection at the first visit by HACR staff (i.e. did not fail inspection at a prior visit that year) the unit may be inspected once every other year (biannually).

3. Independent Inspection

The unit must be inspected by a certified independent inspector designated and paid by the family, and pre-approved by the HACR. The inspector must be a member of the California Real Estate Inspectors Association, the American Society of Home Inspectors, or the International

Conference of Building Officials. This inspection must cover, at a minimum, all major building systems and components including:

- Foundation and structure
- Housing interior and exterior
- Roofing
- Plumbing
- Electrical systems
- Heating systems

The HACR must receive and approve a copy of the inspection report before HP assistance will commence. The HACR may disapprove a unit for assistance under HP because of information obtained through the inspection report, even if the unit passes the HQS inspection. If the HACR or 3rd party (such as entity providing down payment assistance) calls out additional repairs, the buyer will be required to pay a re-inspection fee to the certified inspector who completed the original home inspection.

4. <u>Other Requirements for Eligible Units</u>

The seller of the home may not be on the HUD list of debarred and suspended contractors, or subject to a limited denial of participation under 24 CFR Part 24.

C. <u>Homeownership Confirmation Letter</u>

Once approved for participation in the HCV HP, the family will be issued a confirmation letter subject to the following requirements:

- The family must execute a statement in which the family agrees to comply with all family obligations under the Homeownership Option.
- **Selection Period:** The family will be given **90 calendar days** to locate a home to purchase. Within two weeks prior to the end of the selection period, if the family has not yet selected a home, the family may submit a written request to the HACR for **one 30 day extension**. The extension request must include the reason for the extension and outline the family's search efforts. The extension request will be reviewed and verified by the HACR and if an extension is granted, the family will receive a revised Confirmation Letter with the new Selection Period expiration date. Any extension granted is at the discretion of the HACR and the availability of funds to provide monthly mortgage assistance.
- After a home is chosen during the 90 day Selection Period, the family will be given **90 calendar days to open and close escrow**. The *opening* of escrow must occur no later than the last day of the Selection Period.
- It is the family's responsibility to find a home that meets the criteria for voucher homeownership assistance.
- The HACR may require families unable to locate a suitable unit during the Selection Period to wait for a period of one (1) year to re-apply for HP.
- The family must report its progress towards locating and purchasing a unit if requested by the HACR.

If the family is unable to locate an acceptable unit for purchase during the Selection Period, the HACR may, at its discretion, allow the family to remain leased up under the HCV rental voucher.

If the family submits a purchase contract to the HACR that is not approved due to reasons other than the family's lack of compliance, the family may request an extension using the process outlined above in this paragraph under Selection Period.

D. Purchase Agreement

Prior to execution of the offer to purchase, or the Purchase Agreement, the financing terms must be provided by the family to the HACR for approval.

The Purchase Agreement must include the following:

- Specify the price and other terms of the sale by the seller to the purchaser.
- Provide that the purchaser will arrange for a certified inspection of the unit by an independent certified inspector selected by the purchaser.
- State that the purchaser is not obligated to purchase the unit unless such inspections are satisfactory to both the HACR and purchaser.
- Provide that the purchaser is not obligated to pay for any necessary repairs.
- Provide that the purchaser is not obligated to purchase if the mortgage financing terms, or any other terms, are not approved by the HACR, and
- Contain a seller certification from the HACR that the seller has not been debarred, suspended, or subject to a limited denial of participation in accordance with 24 CFR Part 24.

E. Affordability

The purchase price of the home must be affordable to the family, as determined by the HACR and the Lender. The price shall be considered affordable if the monthly homeownership expenses payable by the family do not exceed fifty percent (50%) of the family's total monthly gross income.

F. Financing of Purchase

The family must allow the HACR to review the terms of the mortgage secured to purchase the property before close of escrow. The HACR may disapprove proposed financing, refinancing or other debt if the HACR determines that the debt is unaffordable to the family or if the HACR determines that the lender or the loan terms do not meet HACR or HUD qualifications. The family must locate and qualify for a mortgage that meets the following requirements:

a. The mortgage must be determined to be affordable by the HACR. The HACR may take into account expenses such as interest, taxes and insurance when determining affordability. The family's portion of the monthly homeownership expenses may not exceed (50%) of the family's total monthly gross income.
b. Short-term mortgages with large final "balloon payment" will not be allowed.

c. Interest only mortgages will not be allowed.
d. Only fully amortized, fixed rate mortgages will be allowed.
e. The family may not obtain private first mortgage financing from a family member or any other private source.
f. The mortgage must be provided, insured, or guaranteed by the State or Federal government and comply with secondary mortgage market underwriting requirements.

G. Calculation of Homeownership Assistance Payment

Calculation of income for the purpose of determining income eligibility for admission to the program and/or determining the family's total tenant payment will be conducted under the guidelines for the HCV rental assistance program except as otherwise noted in this section.

1. Occupancy of Home

The HAP will only be paid while the family resides in the home. If the family moves out of the home, the HACR will discontinue payment of the HAP commencing with the month after the family moves out.

a. Amount of monthly homeownership assistance payment. While the family is residing in the home, the HACR shall pay a monthly homeownership assistance payment on behalf of the family that is equal to the lower of the payment standard minus the total tenant payment; or the family's monthly homeownership expenses minus the total tenant payment.
b. Initial Payment Standard. The initial payment standard for a family is the lower of the payment standard for the family unit size (Voucher size); or the payment standard for the size of the home.
c. Payment Standard for subsequent reexaminations. Reexaminations (interims and annual reexaminations) will use a Payment Standard that is the greater of the payment standard as determined in accordance with the initial payment standard at the commencement of homeownership assistance; or the Payment Standard in effect at the time of the reexamination as determined using the requirements of Section G (1) (b) of this plan. At no time will the HACR use a Payment Standard less than the initial Payment Standard at the close of escrow.
d. The HACR will use the same Payment Standard schedule, Payment Standard amounts, and Subsidy Standards for the HP as for the rental voucher program.
e. Exception rent areas. If the home is located in an exception payment standard area, the HACR must use the appropriate payment standard for the exception payment standard area.
f. Affordability of housing costs. Total monthly homeownership expenses payable by the family, as defined in (g) below, must be less than (50%) of the family's total gross income.
g. Homeownership expenses. The HACR will use the following expenses to determine the total homeownership expense for calculation of the HAP:
    - Principal, interest, taxes and insurance (PITI) and mortgage insurance/private mortgage insurance (Mi/PMI), if applicable on initial mortgage debt and any refinancing of such debt,
    - Real estate taxes may not exceed 2%.

- Utility allowance for the home as determined by the HACR.

h. If a member of the family is a person with disabilities, such debt may include debt incurred by the family to finance costs needed to make the home accessible for such person, if the HACR has determined that allowance of such costs as homeownership expenses is needed as a reasonable accommodation for the disabled family.

2. <u>Cooperative and Condominiums</u>

For cooperative members only (owners of condos) the following cooperative charges will also be used toward the homeownership expense:

a. Charges included in the cooperative occupancy agreement including payment for real estate taxes and public assessments on the home;

b. Cooperative or condominium operating charges or maintenance fees assessed by the condominium or cooperative homeowner association.

3. <u>HAP Payment</u>

a. The HACR will pay the HAP according to the terms established in the agreement the HACR and Lender have entered into. If the assistance payment exceeds the amount due to the lender, the excess will be paid directly to the family.

b. The HACR will provide the lender with notice of the amount of the HAP and amount of the family's portion of the total homeownership expenses prior to close of escrow.

c. Procedure for termination of homeownership assistance.

- The family shall be entitled to the same termination notice and informal hearing procedures set forth in this Administrative Plan for participants in the HCV rental assistance program.

d. Automatic termination of HAP.

- Homeownership assistance for a family terminates automatically 180 calendar days after the last HAP paid on behalf of the family. The HACR has the discretion to grant relief from this requirement in those cases where automatic termination would result in extreme hardship for the family.

4. <u>Income Changes</u>

a. Changes in income must be reported in writing within 10 days of the occurrence. Changes will be processed if they are anticipated to continue for sixty (60) or more days and is a monthly increase or decrease of $100 or more. Once these changes have been verified, the HACR will process an interim to be applied, the first of the following month the change was reported.

H. <u>Maximum Term of Homeownership Assistance</u>

The time limits below apply to all family members having an ownership interest in the unit during the time that homeownership payments are made; and, the spouse of any member of the household who has an ownership interest in the unit during the time that homeownership payment are made. Except in the case of a family that qualifies as an elderly or disabled family,

all families, including families that become elderly during the term of the homeownership assistance are subject to the following maximum terms:

- Initial mortgage term of twenty (20) years or longer. The maximum term of homeownership assistance will be fifteen (15) years.
- Initial mortgage term of less than twenty (20) years. The maximum term of homeownership assistance will be ten (10) years.

If, during the course of homeownership assistance, the family ceases to qualify as elderly or disabled, the maximum term as defined in Section G will become applicable from the date homeownership assistance commenced. The HACR will provide a family at least six (6) months of homeownership assistance after the maximum term becomes applicable provided the family is otherwise eligible to receive homeownership assistance in accordance with 682.634.

The initial maximum term limit applies if the family receives assistance for more than one home purchase, even if received from another housing authority.

I. Portability

The HACR will permit portability of the homeownership assistance (the HACR's portion) to another jurisdiction, provided the receiving jurisdiction operates a similar homeownership program for which the applicant qualifies and for which the receiving PHA is accepting new homeownership families.

1. Incoming Portable Families

a. May purchase a unit within the jurisdiction of the HACR, provided the HACR is accepting new homeownership families at the time of the purchase.
b. Must be under HCV rental assistance in Riverside County for the most recent 12 consecutive months prior to application for HCV Homeownership.
c. Must meet the education, counseling, and all other HP requirements of the HACR.
d. Must be certified by initiating Housing Authority that the family is in good standing with that HA and Landlord.

The HACR must promptly notify the initial HA if the Family has purchased an eligible unit under the program, or if the family is unable to purchase a home within the maximum time established by the HACR.

2. Outgoing Portable Families

Outgoing portable families need to adhere to the following:

a. Purchase a unit within the receiving jurisdiction, provided they operate a homeownership program and they are accepting new homeownership families at the time of the purchase.
b. Must meet the education, counseling, and all other HP requirements of the receiving Housing Authority.
c. Must be certified by the initiating HACR that the family is in good standing with the Housing Authority and Landlord.

d. The initiating HACR must promptly notify the HA, if the Family has purchased an eligible unit under the program, or if the family is unable to purchase a home within the maximum time established by the HA.

J. Move with Continued Tenant-Based Assistance

A family receiving HACR homeownership assistance may purchase and move to a new unit with continued voucher homeownership assistance as long as no family member owns any title or other interest in the prior home. A family receiving homeownership assistance may move to a new unit with continued voucher homeownership assistance no more than once every five (5) years and the total of such assistance terms is subject to the maximum term described in this paragraph.

1.Purchase of a new unit

A family receiving homeownership assistance may purchase and move to a new unit with continued assistance, provided that the family fulfills all requirements of the HP at the time of the purchase of the new unit. The following applies to a family purchasing a new unit under the HP:

a. The family will not be eligible to move with continued assistance for a period of Five (5) years after the initial purchase.
b. The HACR may, at its discretion, require the family to complete a new housing counseling program or receive additional counseling prior to close of escrow.
c. The requirement that the family must be a first time homebuyer is not applicable.
d. The HACR may deny permission to move with continued assistance in the case of lack of funding or if the HACR has denied or terminated assistance to the family under section N below.

2.Sale of Original HP Unit and Return to Tenant-Based Rental Assistance

The HACR may, at its discretion, allow a family to return to tenant-based rental assistance. The following applies to a family returning to tenant-based rental assistance:

a. The HACR may deny permission to move with continued assistance in the case of lack of funding or if the HACR has denied or terminated assistance to the family as defined under Section K of this plan.
b. The HACR will not commence continued tenant-based assistance for occupancy of a rental unit so long as any family member owns any title or other interest in the home previously assisted through the HP. In addition, Eighteen (18) months must have passed since the family's receipt of homeownership assistance.

K. Denial or Termination of Assistance

The HACR shall deny or terminate homeownership assistance for the family in accordance with the following:

- Failure to report all household income.

- Failure to comply with Housing Authority County of Riverside HCV Homeownership Program requirements.
- Failure to comply with any HUD Family Obligations.
- Failure to meet the Housing Authority of the County of Riverside's Zero Tolerance Policy
- The family defaults on the mortgage(s).

L. Recapture

The HACR will not recapture any Homeownership Voucher payments unless there was an act of fraud or misrepresentation of material facts in order to obtain a benefit. The HCV HP recapture provision does not apply to any other program funds that may be used in the transaction.

M. Program Size and Waiver or Modification of Homeownership Policies

The Executive Director (ED) of the HACR, and/or designee shall have the discretion to waive or modify any provision of the Homeownership Program or policies not governed by statute or regulation for good cause or to comply with changes in HUD regulations or directives. The ED and/or designee may limit homeownership assistance to families in accordance of CFR 982.626 (b).

For fiscal year 2015-16, the HACR has established a homeownership assistance limit of no more than 16 families.

ATTACHMENT A

Public Notices

(Will be Provided Once Published)

The Desert Sun
750 N Gene Autry Trail
Palm Springs, CA 92262
760-778-4578 / Fax 760-778-4731

Certificate of Publication

State Of California ss:
County of Riverside

Advertiser: CA. NEWSPAPER SVC BUREAU/CLASS
PO BOX 54026
LOS ANGELES , CA 90054

Order # 0000804572

I am over the age of 18 years old, a citizen of the United States and not a party to, or have interest in this matter. I hereby certify that the attached advertisement appeared in said newspaper (set in type not smaller than non pariel) in each and entire issue of said newspaper and not in any supplement thereof on the following dates, to wit:

Newspaper: **The Desert Sun**

10/21/2015

I acknowledge that I am a principal clerk of the printer of The Desert Sun, printed and published weekly in the City of Palm Springs, County of Riverside, State of California. The Desert Sun was adjudicated a Newspaper of general circulation on March 24, 1988 by the Superior Court of the County of Riverside, State of California Case No. 191236.

I declare under penalty of perjury that the foregoing is true and correct. Executed on this **21rst day of OCTOBER, 2015** in Palm Springs, California.

Declarant

No 1509
NOTICE IS HEREBY GIVEN that the Housing Authority of the County of Riverside is making significant changes (amendments) to its Agency Plan, most notably because the Department of Housing and Urban Development (HUD) has conditionally approved three (3) Commitments to Enter into a Housing Assistance Payment (CHAPs) under the Rental Assistance Demonstration (RAD) program for its public housing properties which will result in the full conversion of HACR's public housing portfolio to units assisted with Project Based Vouchers, which are commonly referred to as "Section 8" units. The Housing Authority anticipates transferring approximately $570,000.00 of existing Capital Fund funds to be utilized for improvements at the properties that will be converted in the Rental Assistance Demonstration. Upon RAD Closing and conversion of units to PBV subsidies, current and future Capital Fund Program Grant budgets will be reduced as a result of any projects converting to RAD.
The Agency Plan includes the Five-Year and Annual Plan, Annual Statement/Performance and Evaluation Report for the Capital Fund Program, Housing Choice Voucher Administrative Plan, Homeownership Plan and Affordable Public Housing Statement of Policies, is available for review at offices located at 5555 Arlington Avenue, Riverside CA 92504 and 44-199 Monroe, Suite B, Indio, CA 92201. It is also located on the Housing Authority website: www.harivco.org Written public comment may be directed to the Housing Authority of the County of Riverside, Attn: Director, 5555 Arlington Avenue, Riverside, CA 92504. A public hearing to solicit public comment and feedback will be held before the Board of Commissioners on Tuesday, December 8, 2015, at 10:30 a.m., in the meeting room of the Board of Supervisors, Riverside County, Administrative Center, 4080 Lemon Street, First Floor, Riverside, California.
POR LA PRESENTE SE NOTIFICA que la Autoridad de Vivienda del Condado de Riverside está haciendo cambios significativos (enmiendas) a su Plan de Agencia, sobre todo debido a que el Departamento de Vivienda y Desarrollo Urbano (HUD) ha aprobado condicionalmente tres (3) Compromisos para entrar en un Pago de Asistencia de Vivienda, un programa por sus propiedades de vivienda pública que dará lugar a la conversión total de la cartera de vivienda pública de HACR a las unidades asistidas con proyecto basado en vales (PBV), que se conocen comúnmente como unidades de "Sección 8". La Autoridad de Vivienda prevé la transferencia de aproximadamente $570,000.00 de los fondos del Fondo de Capital existentes para ser utilizados para mejoras en las propiedades que se convertirán en el Asistencia Demostración Alquiler. Al cierre RAD y la conversión de las unidades a los subsidios PBV, presupuestos actuales y futuras del Programa del Fondo de Capital se reducirá como consecuencia de los proyectos de conversión de RAD .
El Plan de Agencia del Housing Authority del Condado de Riverside, cual incluye el Plan de Cinco-Años y Plan Anual, Declaración Anual/Reporte de Rendimiento y Evaluación del Programa de Inversiones de Capital, Plan Administrativo de Vale de Selección de Vivienda, Plan de Propiedad de Viviendas y Declaración de Política de Vivienda Pública Económica, los documentos de referencia estáran disponibles para revisarlos en las oficinas localizadas en el 5555 Arlington Avenue, Riverside, CA 92504 y 44-199 Monroe, Suite B, Indio, CA 92201. También es accesible en la página electronica de la Autoridad de Vivienda: www.harivco.org. Toda correspondencia o comentario se debera presentar por escrito a la Autoridad de Vivienda del Condado de Riverside, Attn: Director, 5555 Arlington Avenue, Riverside, CA 92504. Una audiencia pública para solicitar comentarios públicos tomará lugar ante la Junta Directiva de Comisionados el Martes, 8 de Decembre 2015, a las 10:30 a.m., en la sala de reuniones de la Junta Directiva de Supervisores, Condado de Riverside, Administrative Center, 4080 Lemon Street, First Floor, Riverside, California.
10/21/15 CNS-2806789# THE DESERT SUN

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THE PRESS-ENTERPRISE

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Publication(s): The Press-Enterprise

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I am a citizen of the United States. I am over the age of eighteen years and not a party to or interested in the above entitled matter. I am an authorized representative of THE PRESS-ENTERPRISE, a newspaper in general circulation, printed and published daily in the County of Riverside, and which newspaper has been adjudicated a newspaper of general circulation by the Superior Court of the County of Riverside, State of California, under date of April 25, 1952, Case Number 54446, under date of March 29, 1957, Case Number 65673, under date of August 25, 1995, Case Number 267864, under date of February 4, 2013, Case Number RIC 1215735, under date of July 25, 2013, Case Number RIC 1305730, and under date of September 16, 2013, Case Number RIC 1309013; that the notice, of which the annexed is a printed copy, has been published in said newspaper in accordance with the instructions of the person(s) requesting publication, and not in any supplement thereof on the following dates, to wit:

10/21/2015

I certify (or declare) under penalty of perjury that the foregoing is true and correct.

Date: Oct 21, 2015

At: Riverside, California

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The Agency Plan includes the Five-Year and Annual Plan, Annual Statement/Performance and Evaluation Report for the Capital Fund Program, Housing Choice Voucher Administrative Plan, Homeownership Plan and Affordable Public Housing Statement of Policies, is available for review at offices located at 5555 Arlington Avenue, Riverside CA 92504 and 44-199 Monroe, Suite B, Indio, CA 92201. It is also located on the Housing Authority website: www.harivco.org Written public comment may be directed to the Housing Authority of the County of Riverside, Attn: Director, 5555 Arlington Avenue, Riverside, CA 92504. A public hearing to solicit public comment and feedback will be held before the Board of Commissioners on Tuesday, December 8, 2015, at 10:30 a.m., in the meeting room of the Board of Supervisors, Riverside County, Administrative Center, 4080 Lemon Street, First Floor, Riverside, California.

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10/21/15

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Section 6 of Form HUD 50075

2. Financial Resources. A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.

Housing Authority of the County of Riverside
Financial Resources

REVENUE SOURCES	AUTHORITY PROGRAMS	PUBLIC HOUSING PROGRAM	SECTION 8 PROGRAM	HOUSING AUTHORITY SUCCESSOR AGENCY	RIVERSIDE COMMUNITY HOUSING CORPORATION	TOTAL ESTIMATED RESOURCES
Rental Income	$ 364,226	$ 846,915	$ -	$ 113,371	$ -	$ 1,324,512
Subsidy/Grants Revenue	3,071,943	3,120,633	136,695	1,209,825		$ 7,539,096
Bond Pledges Revenue	218,000	-	-	-	290,946	$ 508,946
Sec 8 Fraud Recovery Revenue	-	-	47,265	-		$ 47,265
Administrative Revenue Per AB 471				150,000		$ 150,000
Bond Proceeds				8,794,189		$ 8,794,189
HASA Misc Revenue				416,701		$ 416,701
Loan Repayments				25,544		$ 25,544
Low Income Housing Fund	-		-	850,000		$ 850,000
Interest Revenue	2,900	978	1,317	2,000		$ 7,195
Miscellaneous/Tenant Charges	1,994,452	69,789	-	64,982	148,260	$ 2,277,483
Administrative Fees (Admin. Bonds)	85,388	-	-	107,500		$ 192,888
HUD Section 8 Earned HAP Subsidy	-	-	69,847,560	-		$ 69,847,560
HUD Section 8 Earned Administrative Fees	-	-	6,078,043	-	-	$ 6,078,043
HUD Section 8 Earned Other Subsidy	-	-	474,873	-	-	$ 474,873
TOTAL	**$ 5,736,909**	**$ 4,038,315**	**$ 76,585,753**	**$ 11,734,111**	**$ 439,205**	**$ 98,534,295**

Authority Programs consist of the following:

1. Central Office Cost Center - This program was established to fulfill the requirement of HUD to convert to an Asset Management Model. This is the internal management agent of the Housing Authority, which provides management services and receives fee income in return from the Public Housing Program, Section 8 Program, Desert Rose Apartments and the Bond Projects.

2. Administration Building & Services Fund derives its income from reimbursement of building expenses from all Housing Authority Programs based on staff time allocation.

3. Housing Opportunities for Persons with AIDS (HOPWA) - The Housing Authority agreed to serve as Project Sponsor for the County of Riverside to procure services such as short-term housing, utilities assistance, and home health care for HOPWA participants.

4. Shelter Plus Care (SPC) - This program provides rental assistance to individuals and families who are certified by the Department of Mental Health to be homeless and mentally disabled. Expenses are reimbursed by the Department of Public and Social Services.

5. Resident Opportunity for Self-Sufficiency (ROSS) - This is a collaborative effort between the Housing Authority and Neighborhood Housing Services of the Inland Empire to provide homebuyer education and training to low-income families. The City of Riverside awarded the Housing Authority a grant to cover three years.

6. Eddie Dee Smith Senior Center - The Housing Authority manages this center with Community Development Block Grant funds and County General funds to strengthen and enhance the social, physical, emotional, and health services for senior citizens.

7. HA Development was established to develop affordable housing opportunities for low-income families. Funds were first derived from the sale of vacant land in the City of Desert Hot Springs.

8. Emergency Housing Response (EHR) - The Housing Authority contracted with RDA to implement a tenant-based rental assistance program for low-income families that have been displaced by circumstances beyond their control.

9. Homelessness Prevention and Rapid Re-Housing Program (HPRP) - The Housing Authority contracted with the Riverside Economic Development Agency to provide homelessness prevention assistance and services to households that would otherwise become homeless due to economic circumstances; and to provide assistance to rapidly re-house and stabilize those that are homeless.

10. Desert Rose Apartments - The Housing Authority oversees the management, administration and maintenance of this 77-unit farm worker housing project in Blythe. Revenue sources are derived from Rental Revenue as well as Rental Subsidy from the RDA.

11. Palm Springs Housing Developments - The Housing Authority oversees the management, administration and maintenance of 17 apartment units. Revenue sources are solely from Rental Revenue from tenants.

Section 6 of Form HUD 50075

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Housing Authority of the County of Riverside
Financial Resources

REVENUE SOURCES	AUTHORITY PROGRAMS	PUBLIC HOUSING PROGRAM	SECTION 8 PROGRAM	TOTAL ESTIMATED RESOURCES
Rental Income		$ 846,915	$ -	$ 846,915
Subsidy/Grants Revenue	228,810	3,120,633	136,695	$ 3,486,138
Bond Pledges Revenue		-	-	$ -
Sec 8 Fraud Recovery Revenue		-	47,265	$ 47,265
Bond Proceeds				$ -
HASA Misc Revenue				$ -
Loan Repayments				$ -
Low Income Housing Fund			-	$ -
Interest Revenue	2,000	978	1,317	$ 4,295
Miscellaneous/Tenant Charges	1,907,612	69,789	-	$ 1,977,401
Administrative Fees (Admin. Bonds)	85,388	-	-	$ 85,388
HUD Section 8 Earned HAP Subsidy	-	-	69,847,560	$ 69,847,560
HUD Section 8 Earned Administrative Fees	-	-	6,078,043	$ 6,078,043
HUD Section 8 Earned Other Subsidy	-	-	474,873	$ 474,873
TOTAL	**$ 2,223,810**	**$ 4,038,315**	**$ 76,585,753**	**$ 82,847,878**

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1. Central Office Cost Center - This program was established to fulfill the requirement of HUD to convert to an Asset Management Model. This is the internal management agent of the Housing Authority, which provides management services and receives fee income in return from the Public Housing Program, Section 8 Program, Desert Rose Apartments and the Bond Projects.

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HOUSING AUTHORITY of the COUNTY of RIVERSIDE

FINANCIAL STATEMENTS
Proprietary (Enterprise) Fund Type
AND
AUDITORS' REPORT

FOR THE YEAR ENDED JUNE 30, 2014

SM&Co
Smith Marion
& Company, LLP
Certified Public Accountants

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FINANCIAL INFORMATION

SM&Co
Smith Marion & Company, LLP · Certified Public Accountants
Grand Terrace Office · 22365 Barton Road, Suite 108 · Grand Terrace, CA 92313 · (909) 825-6600

Board of Supervisors
Housing Authority of the County of Riverside
Riverside, CA

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements
We have audited the accompanying financial statements of business-type activities of the Housing Authority of the County of Riverside as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United Sates of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Housing Authority of the County of Riverside, as of June 30, 2014, and the respective change in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Housing Authority of the County of Riverside's financial statements. The combining statement of net position – all programs and combining statement of revenues, expenses and changes in fund net position – all programs are presented for purposes of additional analysis and are not a required part of the financial statements.

The combining statement of net position – all programs and combining statement of revenues, expenses and changes in fund net position – all programs are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statement of net position – all programs and combining statement of revenues, expenses and changes in fund net position – all programs are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2014, on our consideration of the Housing Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing Authority of the County of Riverside's internal control over financial reporting and compliance.

Smith Marion & Co

October 21, 2014

MANAGEMENT'S DISCUSSION & ANALYSIS

The purpose of this Management's Discussion and Analysis (MD&A) is to provide a narrative overview, financial highlights and analyses of the audited annual financial statements of the Housing Authority of the County of Riverside (the "Housing Authority"). This MD&A section is required by the provisions of the Governmental Accounting Standards Board (GASB) Statement 34, and is presented in conjunction with the accompanying Basic Financial Statements.

The financial statements are reported based on a twelve-month fiscal year, which starts on July 1 of one calendar year and ends on June 30 of the next calendar year; the fiscal year is named by the calendar year in which the fiscal year ends. Therefore, the basic annual financial statements presented in this report are for Fiscal Year 2014, which started July 1, 2013 and ended June 30, 2014.

THE PURPOSE OF THE HOUSING AUTHORITY

The Housing Authority of the County of Riverside (Housing Authority) was established in 1942 under the U.S. Housing Act of 1937 and the State of California Housing Authority Law of 1938. The Housing Authority is a government agency which is chartered by the State of California to administer the development, rehabilitation or financing of affordable housing programs. The area of jurisdiction of the Housing Authority is the entire County of Riverside. Permanent operational offices are maintained in the cities of Riverside and Indio to facilitate the provision of services.

The primary mission of the Housing Authority is to assist low and moderate income families, including elderly and disabled persons, by operating programs which provide them decent, safe and sanitary housing at affordable costs.

FINANCIAL HIGHLIGHTS

The Housing Authority ended the fiscal year of operations with assets of $178 million; deferred outflow of resources of $.3 million; liabilities of $11 million; deferred inflow of resources of $.7 million; and net position of $166.6 million, which consisted of $7.2 million invested in land, buildings and equipment; $23 million in restricted assets; and $136.4 million in unrestricted assets.

The ending net position of $166.6 million represents a decrease in assets of $3 million from the prior fiscal year, which resulted from operating revenues of $84.4 million, operating expenses of $97 million, gain from non-operating revenues of $8.9 million, and capital contribution of $.7 million.

On February 1, 2012 all California Redevelopment Agencies were dissolved. Consequently, the Board of Commissioners adopted a resolution authorizing the Housing Authority to accept any and all assets, liabilities, duties, loans, leases, and obligations associated with the housing activities of the former Redevelopment Agency for the County of Riverside. Therefore, in Fiscal Year 2014, the Housing Authority's financial statements reflected the fund assets for the Low and Moderate Income Housing Asset Funds and Housing Bond Proceeds that will continue to be expended for wind-down activities and the development of housing projects on 57 parcels of land, that have a total value of $34.4 million. Other transferred assets included long-term loans receivables worth $72 million and other annual revenues. In Fiscal Year 2014, the Housing Authority acquired the housing assets of the former Redevelopment Agency of the City of Coachella. Thus, the financial statements for this period includes long-term loans receivable of $2.6 million and 4 parcels of land valued at $4.4 million.

These financial highlights are detailed further in the **Presentation of Condensed Financial Information With Analysis of Overall Financial Position**, as shown on page 5.

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

The Housing Authority is a special purpose government agency and is a blended component unit of the County of Riverside. The Housing Authority conducts its financial operations in a business-type approach and is defined as a governmental enterprise fund by GASB. Therefore, the Housing Authority is required to present its financial statements in the format of enterprise fund financial statements.

As a blended component unit of a larger governmental body, the Housing Authority provides its financial statements to the County of Riverside, which includes the Housing Authority's financial information in the County's Comprehensive Annual Financial Report (CAFR). Accordingly, the Housing Authority does not issue its own financial statements in the format of government wide statements.

As the major funding source for housing authorities, the U.S. Department of Housing and Urban Development (HUD) established financial reporting requirements and guidelines for presenting the annual basic financial statements. HUD's preference is for housing authorities to report all of their activities in single column format and, if necessary, present combining financial statements to reflect the activity of individual funds. The Housing Authority implemented this approach in Fiscal Year 1999 when it converted its accounting system to Generally Accepted Accounting Principles (GAAP) and continues with the same financial statement presentations in the current fiscal year. Therefore, the Housing Authority's basic financial statements show one enterprise fund, while the combining financial statements are included as supplementary financial information.

For internal tracking and control, the Housing Authority maintains separate funds in its general ledger for all of its multiple enterprise funds, but has combined all of these various funds into three major funds for financial reporting purposes. These three major funds are identified as Authority Funds, HUD Public Housing Funds, and HUD Section 8 Funds. While detailed fund information is not presented in the annual basic financial statements, separate accounts are maintained for each fund and sub-fund to control and manage money for particular purposes and to ensure that the Housing Authority is properly using specific appropriations and grants.

The *enterprise fund financial statements* consist of three documents:

1) Statement of Net Position
2) Statement of Revenues, Expenses and Changes in Fund Net Position
3) Statement of Cash Flows

The *Statement of Net Position* presents information on all of the Housing Authority's assets, deferred inflows of resources, liabilities, and deferred outflows of resources with the difference being reported as net position. The Statement of Net Position replaces the Statement of Net Assets.

The *Statement of Revenues, Expenses and Changes in Fund Net Position* presents information showing how the Housing Authority's net position changed during the fiscal year. All changes in net position are reported in the proprietary (enterprise) fund financial statements based on full accrual of revenues and expenses, regardless of the timing of cash flows. As a result, the accrual of revenues and expenses as reported in this statement would affect cash flow in future fiscal periods. Revenues, whether received or not, are properly recorded in the fiscal period in which they are earned; expenses, whether paid out or not, are properly recorded in the fiscal period in which the related debt obligation is incurred.

The *Statement of Cash Flows* presents information on cash flows from operating activities, capital and related financing activities, and investing activities. The accrual of revenues and expenses from prior fiscal years would affect the cash flow in the current fiscal period.

The proprietary (enterprise) fund financial statements are on pages 11-13 of this report.

The *notes to the financial statements* provide additional information that is essential to a full understanding of the data provided by this agency in the proprietary (enterprise) fund financial statements. The notes to the financial statements are on pages 14-32 of this report.

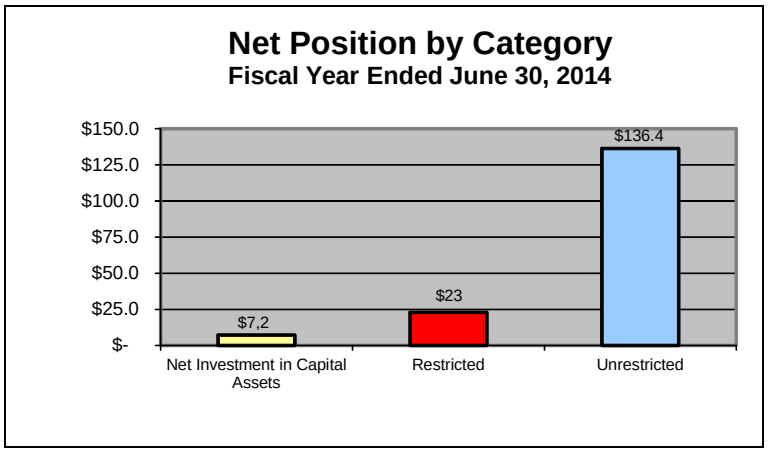
PRESENTATION OF CONDENSED FINANCIAL INFORMATION WITH ANALYSIS OF OVERALL FINANCIAL POSITION

Statement of Net Position

Financial statements, presented as follows, are shown in a condensed format to compare amounts from the current fiscal year (2014) to amounts from the prior fiscal year (2013). These condensed financial statements are accompanied by charts to illustrate selected aspects of financial information, along with brief narrative analyses.

Housing Authority of the County of Riverside
Statement of Net Position (in thousands)

	2014	2013
ASSETS		
Current Assets:		
Cash	$ 48,651	$ 54,151
Accounts Receivable	154	180
Due From Other Governments	2,352	2,165
Land Held For Sale	34,380	34,368
Prepaid Expenses	-	4
Total Current Assets	85,537	90,868
Noncurrent Assets:		
Restricted Investments	202	3,334
Long-Term Receivables:	73,981	72,037
Capital Assets:		
Land, Structures, and Equipment	51,911	46,842
Less Accumulated Depreciation	(33,536)	(32,110)
Capital Assets, net	18,375	14,732
Total Assets	**178,095**	**180,971**
Total Deferred Outflows of Resources	**278**	**347**
LIABILITIES		
Current Liabilities:		
Accounts Payable	9	135
Other Liabilities	1,616	847
Accrued Interest Payable	5	-
Tenants Security Deposits	205	187
Bonds Payable - Current Portion	155	145
Total Current Liabilities	1,990	1,314
Noncurrent Liabilities:		
Other Liabilities	1,496	1,931
Notes Payable	6,795	6,795
Bonds Payable	730	885
Total Noncurrent Liabilities	9,021	9,611
Total Liabilities	**11,011**	**10,925**
Total Deferred Inflows of Resources	**722**	**722**
NET POSITION		
Net Investment In Capital Assets	7,173	7,936
Restricted	23,068	30,463
Unrestricted	136,399	131,272
Total Net Position	**$ 166,640**	**$ 169,671**



(in thousands)

As previously illustrated by the Statement of Net Position, the Housing Authority ended the fiscal year of operations with assets of $178 million; deferred outflow of resources of $.3 million; liabilities of $11 million; and deferred inflow of resources of $.7 million resulting in a net position of $166.6 million. This net position consisted of the $7.2 million (4%) net investment in capital assets such as land, buildings and equipment, net of related debt; $23 million (14%) in restricted assets; and $136.4 million (82%) in unrestricted assets.

The ending net position of $166.6 million represents a decrease in net position of $3 million from the prior fiscal year's ending net position of $169.6 million.

Total net investment in capital assets ($7.2 million) is reported as net of related debt as per GASB requirements, but the capital assets themselves are not the source to pay for any related debt liabilities; instead, the resources to repay such debt come from operating revenues.

The restricted net position ($23 million) is reported separately to show legal constraints from debt covenants and program restrictions that limit the Housing Authority's ability to use this for day-to-day operations.

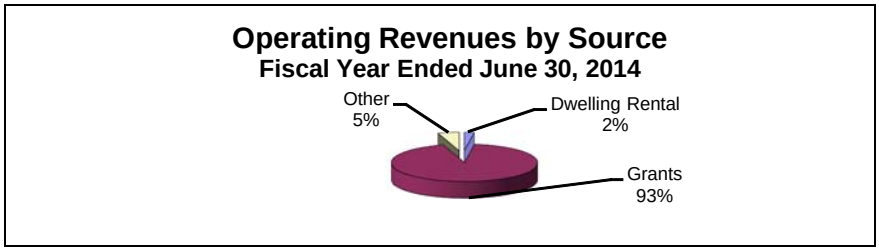
The unrestricted net position ($136.4 million) while designated as not having legal or program restrictions include $34.4 million in land assets that would either be sold or developed to meet the Housing Authority's mission to increase affordable housing projects within Riverside County and $74 million of Notes Receivables that are deferred for as long as 20-50 years or converted into grants pending completion of project developments. Therefore, $28 million (20%) of unrestricted net position is available as working capital for working capital in day-to-day operations.

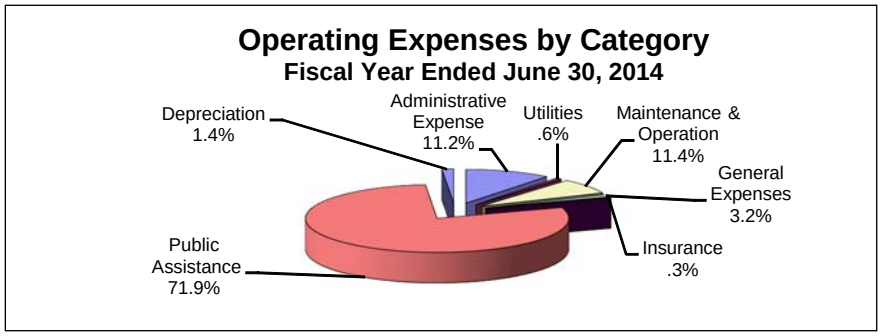
Statement of Revenues, Expenses and Changes in Fund Net Position

Financial statements, presented as follows, are shown in a condensed format to compare amounts from the current fiscal year (2014) to amounts from the prior fiscal year (2013). These condensed financial statements are accompanied by charts to illustrate selected aspects of financial information, along with brief narrative analyses.

Housing Authority of the County of Riverside
Statement of Revenues, Expenses, and Changes in Fund Net Position
(in thousands)

	2014	2013
Operating Revenues:		
Dwelling Rental	$ 1,704	$ 1,669
Grants	78,810	82,389
Other	4,101	5,957
Total Operating Revenues	**84,615**	**90,015**
Operating Expenses:		
Administrative Expense	10,852	9,701
Utilities	565	612
Maintenance & Operation	11,054	6,679
General Expenses	1,402	827
Insurance	244	366
Public Assistance	69,706	71,614
Depreciation	1,425	1,306
Total Operating Expenses	**95,248**	**91,105**
Operating Income (Loss)	**(10,633)**	**(1,090)**
Nonoperating Revenues (Expenses)		
Investment Income	562	(87)
Interest On Notes And Bonds	(134)	(368)
Extraordinary Item, Net Gain	6,700	154,589
Total Nonoperating Revenue (Expenses)	7,128	154,134
Capital Contribution	475	638
Change In Net Position	(3,030)	153,682
Net Position-Beginning	169,671	15,989
Adjustment To Net Position		
Restated Net Position - Beginning	169,671	15,989
Net Position - Ending	**$ 166,640**	**$ 169,671**





As shown by the Statement of Revenues, Expenses and Changes in Fund Net Position, the Housing Authority's net position decreased by $3 million from the prior fiscal year, which is attributed to the following:

- Reduction in Grants Revenue due to HUD's Budget cut on the Section 8 Administrative Revenue. HUD's Calendar Year 2014 Administration Fee Proration started with a 75% allocation and increased to 79% towards the latter part of the Fiscal Year 2014.

- Reduction in Grants because there were no additional funds allocated by HUD for the Capital Fund Program.

- Increase in Administrative Expenses due to additional staff hired to fulfill the required lease-ups for the Section 8 Program; and more staff allocations to support the wind down activities of the Housing Successor Agency.

- Increase in Maintenance and Operation expenses, which are primarily related to the work completed for the projects identified in the Recognized Obligation Schedule of the Housing Successor Agency.

ANALYSIS OF SIGNIFICANT BUDGET VARIANCES

The Housing Authority's fiscal department works closely with the other departments to monitor the annual operating budget throughout the fiscal year in order to avoid over expenditure of available funds. Monthly and quarterly financial documents are prepared to assist in this process.

Comparison of Original Budget and Final Budget

Overall, the original operating budget of $99 million remained the same from the Original Budget to the Final Budget, as illustrated below.

Housing Authority of the County of Riverside
Budget Comparison
For the Year Ended June 30, 2014
(in thousands)

	Final Budget	Original Budget	% change
Operating Revenues:			
Dwelling Rental	$ 1,740	$ 1,740	0.00%
Grants	81,573	81,573	0.00%
Other	16,149	16,149	0.00%
Total Operating Revenues	**99,462**	**99,462**	0.00%
Operating Expenses:			
Administrative Expense	12,779	12,779	0.00%
Utilities	639	639	0.00%
Maintenance & Operation	2,045	2,045	0.00%
General Expenses	1,094	1,094	0.00%
Public Assistance	82,937	82,937	0.00%
Asset Purchase	-	-	
Depreciation	-	-	0.00%
Total Operating Expenses	**99,494**	**99,494**	0.00%
Operating Income (Loss)	**(32)**	**(32)**	0.00%
Nonoperating Revenues (Expenses)			
Investment Income	-	-	0.00%
Interest On Notes And Bonds	32	32	0.00%
Total Nonoperating Revenue (Expenses)	**32**	**32**	0.00%
Change In Net Position	**$ -**	**$ -**	

Comparison of Actual Operating Results and Final Budget

Overall, the actual operating expenses of $97 million (including depreciation of $1.4 million not required to be budgeted) were lower than the final budgeted expenses of $99 million by about 2.1%.

Housing Authority of the County of Riverside
Actuals vs. Budget
For the Year Ended June 30, 2014
(in thousands)

	Actuals	Final Budget
Operating Revenues:		
Dwelling Rental	$ 1,704	$ 1,740
Grants	78,604	81,573
Other	4,101	16,149
Total Operating Revenues	**84,409**	**99,462**
Operating Expenses:		
Administrative Expense	10,852	12,779
Utilities	565	639
Maintenance & Operation	11,054	2,045
General Expenses	3,147	722
Insurance	244	372
Public Assistance	69,706	82,937
Depreciation	1,425	-
Total Operating Expenses	96,993	99,494
Operating Income (Loss)	(12,584)	(32)
Nonoperating Revenues (Expenses)		
Investment Income	562	-
Interest On Notes And Bonds	(134)	32
Gain (Loss) On Sale Of Property	8,445	
Total Nonoperating Revenue (Expenses)	**8,873**	**32**
Capital Contribution	681	
Change In Net Position	**$ (3,030)**	**$ -**

The significant differences between the actual operating results and final budgeted amounts are explained as follows:

- The decrease in Grant funding was due to reduction of Federal funding for the Section 8 and Public Housing Programs. After sequestration, HUD has not been able to bring the budget for public assistance and administrative fees back to the maximum requirement to run the programs efficiently.

- The decrease in Administrative Expense was a result of HUD's direction in the elimination of reporting the management fees as part of the consolidated expenses, which were included in the Final Budget.

- The increase in Maintenance & Operation expenses occurred as planned development projects progressed throughout the year for the Housing Successor Agency.

- The decrease in Public Assistance occurred as lease-ups were placed on hold at the beginning of the year due to the reduction of federal funding.

- The expense for Depreciation was included in the Actuals, but excluded from the Final Budget.

- The increase in Investment Income was a result of additional interest booked from the cash and bond proceeds transferred to the Housing Authority as Successor Agency.

- Extraordinary Gain materialized from the additional land assets and loans receivables transferred from the former Redevelopment Agency for the City of Coachella.

- The Capital Contribution category includes revenues received for the Capital Fund Program, which were budgeted under Other Revenue but are shown in a separate line in the Financial Statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

Overall, at June 30, 2014, the Housing Authority's investment in capital assets, consisting of land, buildings, furniture, and equipment is reported at its net value of $18.4 million, which is the acquisition cost of $51.9 million less accumulated depreciation of $33.5 million. This year, changes in capital assets were due to the improvements to Public Housing sites through the Capital Fund program; and the purchase of a mobile home to support the Riverside Community Housing Corporation's (RCHC) mission to increase affordable housing projects in Riverside County.

Capital Fund Program

HUD's Capital Fund program provides an annual formula grant to the Housing Authority for major repairs and modernization of HUD affordable housing in the cities of Banning, Beaumont, Desert Hot Springs, Indio, Lake Elsinore, Mecca, Moreno Valley, Perris, Riverside, San Jacinto and Thermal. More detailed information pertaining to capital assets is presented in the notes to the financial statements (Pages 19-20, Note 4).

Long-Term Debt

At the end of the current fiscal year, the Housing Authority had long-term bonds outstanding with a book value of $885 thousand. Principal and interest payments continue to reduce the total debt outstanding. More detailed information pertaining to long-term debt is presented in the notes to the financial statements (Page 21, Notes 6 & 8).

CURRENTLY KNOWN FACTS: ECONOMIC FACTORS

About 80% of the Housing Authority's funding is derived from the U.S. Department of Housing and Urban Development. This federal allocation includes funding for over 9,000 families in the Section 8 Program and 469 families in the Public Housing Program. The existing strain on the operating funding stream for public assistance and administrative fees has posed challenges to meet 100% lease up and occupancy levels. The shortfall in funding for the Capital Fund Program that enables preventive maintenance and modernization of public housing units constrains the Housing Authority's ability to make needed repairs and maintain affordable housing stock in a state of good repair. However, in spite of the lack of federal funding, the Section 8 program received additional funds for veteran's housing.

Regarding the progress on the Housing Successor Agency activities, most projects identified in the Recognized Obligation Payment Schedule approved by the State of California Department of Finance have been completed.

By Board of Commissioner's approval and direction, the Housing Authority is underway with the transfer of assets of the former Redevelopment Agency of the City of Coachella, with 4 parcels of land to either develop or sell, and about $2.6 million in long-term notes receivables to manage.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Housing Authority of the County of Riverside's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Fiscal Manager at the Housing Authority of the County of Riverside, 5555 Arlington Avenue, Riverside, CA 92504.

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

Proprietary (Enterprise) Fund Type
STATEMENT OF NET POSITION
JUNE 30, 2014

(dollars are in thousands)

ASSETS		
Current Assets		
Cash	$	24,869
Cash (restricted)		23,782
Subtotal Cash		48,651
Accounts receivable (net)		154
Due from other governments		2,352
Land held for sale		34,380
Total Current Assets		85,537
Restricted investments		202
Long term receivables		73,981
Capital assets (net)		18,375
TOTAL ASSETS		**178,095**
TOTAL DEFERRED OUTFLOWS OF RESOURCES		**278**
LIABILITIES		
Current Liabilities		
Accounts payable		9
Other liabilities		1,616
Tenants security deposits		205
Accrued interest payable		5
Bonds payable-current portion		155
Total Current Liabilities		1,990
Noncurrent Liabilities		
Other liabilities		1,496
Bonds payable		730
Notes payable		6,795
Total Noncurrent Liabilities		9,021
TOTAL LIABILITIES		**11,011**
TOTAL DEFERRED INFLOWS OF RESOURCES		**722**
NET POSITION		
Net investment in capital assets		7,173
Restricted		23,068
Unrestricted		136,399
TOTAL NET POSITION	$	**166,640**

See notes to financial statements

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

Proprietary (Enterprise) Fund Type
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
FOR THE YEAR ENDED JUNE 30, 2014

(dollars are in thousands)

REVENUES		
Operating Revenues		
Dwelling rental (net)	$	1,704
Grants		78,810
Other revenue		4,101
Total Operating Revenues		84,615
EXPENSES		
Operating Expenses		
Administrative expense		10,852
Utilities		565
Maintenance & operation		11,054
General expenses		1,402
Insurance expenses		244
Housing assistance payments		69,706
Depreciation		1,425
Total Operating Expenses		95,248
Operating Income (Loss)		(10,633)
Nonoperating Revenues (Expenses)		
Investment income		562
Interest expense on notes and bonds		(134)
Extraordinary items, net gain		6,700
Total Nonoperating Revenues (Expenses)		7,128
Capital Contribution		475
Change in net position		(3,030)
Net Position - beginning		169,671
Net Position - ending	$	166,640

See notes to financial statements

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

Proprietary (Enterprise) Fund Type
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2014

(dollars are in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	5,813
Receipts from grants		78,623
Payments to suppliers		(15,011)
Payments to employees for services		(9,498)
Payments for housing assistance		(69,706)
Net Cash Provided (Used) By Operating Activities		(9,779)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets (net of soft costs)		(649)
Proceeds from capital contribution grant		475
Principal paid on debt		(145)
Interest paid on debt		(134)
Net Cash Provided (Used) By Financing Activities		(453)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of restricted investments		3,132
Proceeds from collections of notes receivable		1,039
Investment income		561
Net Cash Provided (Used) By Investing Activities		4,732
Net Increase (Decrease) In Cash		(5,500)
CASH AND CASH EQUIVALENTS - Beginning of Year		54,151
CASH AND CASH EQUIVALENTS - Ending of Year	$	48,651
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$	(10,633)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		1,425
Changes in assets, liabilities, and deferred inflows of resources:		
(Increase) decrease accounts receivable		26
(Increase) decrease due from other governments		(187)
(Increase) decrease prepaid expenses		4
(Increase) decrease deferred outflows of resources		69
Increase (decrease) accounts payable		(126)
Increase (decrease) other liabilities		(339)
Other		(18)
Total Adjustments		854
Net cash used by operating activities	$	(9,779)
Noncash Activities		
Long term notes receivable as sucessory agency	$	4,014
Land and asssets held for sale as sucessory agency		4,431
Total noncash activities	$	8,445

See notes to financial statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Reporting Entity

The Housing Authority of the County of Riverside (Authority), a component unit of the County of Riverside, operates as a public authority whose primary goal is to provide decent, safe and sanitary housing in a suitable living environment for families that cannot afford private housing that comply with housing quality standards.

The Authority as a reporting entity operates the following programs:

Public Housing Authority (PHA) Owned Housing Program - Annual Contribution Contract SF-68 (469 Units)

Section 8 Housing Assistance Payment Program – Annual Contribution Contract SF-528 (9,021 units)

Authority Programs – Various housing developments with the assistance of bond and grant funding (94 units)

(b) Basis of Accounting

The books of accounts are maintained on the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned and become measurable; expenses are recognized in the period incurred.

(c) Proprietary Fund Type

Proprietary funds use the economic resources measurement focus. The accounting objectives are determination of net income, financial position, and cash flows. All assets, deferred inflows and outflows of resources, and liabilities associated with a proprietary fund's activities are included on its statement of net position.

In addition, the accounting records of the Authority are organized on the basis of funds. Each of the Authority's programs is accounted for in a separate fund.

The basic accounting and reporting entity is a "fund." A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts, including resources, related liabilities, obligations, reserves and equities segregated for the purpose of carrying out specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

(d) Revenues

Operating revenues are recognized in the accounting period in which they are earned and become measurable. Intergovernmental grant revenue received for capital acquisitions or construction is reported as operating revenues. Revenues are also derived from dwelling rental income and operating subsidies from HUD.

(e) Expenses

Expenses are recognized in the accounting period in which the related liability is incurred.

(f) Insurance Coverage

For apartment managers and temporary employees, the Authority is insured for workers' compensation claims by California Housing Workers' Compensation Authority. Under this program, the pool provides coverage for all claims in accordance with worker's compensation state laws. For permanent Authority employees who are County employees, the County of Riverside self-insures for workers' compensation.

(g) Cash and Investments
Investments are reported in the accompanying statement of net assets at fair value, except for certain investment contracts that are reported at cost because they are not transferable and they have terms that are not affected by changes in market interest rate.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation, maturity, or sale of investments.

The Authority pools cash and investments of all funds, except for assets held by fiscal agents. Investment income earned by the pooled investments is allocated to certain funds based on those funds' average investment balance.

(h) Capital Assets
Land, structures, equipment, development projects, and modernization costs are stated at cost. Depreciation is recorded using the straight-line method over the estimated useful life of the asset. Capital assets that cost $5 or more are capitalized.

Asset Class	Estimated Lives
Buildings	20-25
Equipment	5-15

(i) Employee Leave Benefits
Permanent Authority employees earn from 10 to 20 vacation days a year, depending upon their length of employment, and 13 sick days a year. Employees can carry forward up to the equivalent number of vacation days earned in the immediately preceding thirty-six month period and an unlimited number of unused sick leave days.

Upon termination or retirement, permanent employees are entitled to receive compensation at their current base salary for all unused vacation leave. If an employee retires, the employee is entitled to a portion of accumulated sick leave hours. In no event, however, shall the total payment exceed a sum equal to 960 hours. It is the policy of the Authority to reflect the employee vacation leave benefits liability in the financial statements, and an estimated portion of the sick leave liability.

(j) Cash Equivalents
For purposes of the statement of cash flows, cash equivalents are defined as short-term, highly liquid investments that are both readily convertible to known amounts of cash or so near their maturity that they present insignificant risk of changes in value because of changes in interest rates, and have a maturity date at time of purchase of three months or less. Restricted investments are considered cash equivalents as defined above.

(k) Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

(l) Deferred outflows of resources
The deferred outflow of resources consists of defeasance of debt. The defeasance balance is systematically amortized over the remaining life of the old debt. The amortization is recognized as a component of interest expense. The remaining balance as of June 30, 2014 was $278.

(m) Deferred inflows of resources
The deferred inflow of resources consist of grant funds received in advance. The balance as of June 30, 2014 was $722.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2014 are classified in the accompanying financial statements as follows:

Combined Statement of Net Assets:		
Cash	$	24,869
Restricted cash		23,782
Restricted investments		201
Total cash and investments	**$**	**48,852**

Cash and investments consisted of the following:		
Deposits with financial institutions	$	26,241
Local Agency Investment Fund		2,507
Investment firms		20,104
Total cash and investments	**$**	**48,852**

Required Note Disclosures

Acknowledging that deposits and investments of state and local governments are subject to various risks, the Governmental Accounting Standards Board Statement 40 (GASB 40) requires note disclosures about investment policies and five deposit and investment risks identified as custodial credit risk, credit risk, concentration of credit risk, interest rate risk and foreign currency risk. Since the County of Riverside elected to implement GASB 40 in Fiscal year 2004, the Housing Authority, a component unit of the County of Riverside, was required to implement GASB 40 for Fiscal Year 2004 as well.

Investment Policy

In October 1999 (Fiscal Year 2000), the Board of Commissioners of the Housing Authority formally adopted the Investment Policy, which was updated and approved on July 27, 2010. This Investment Policy identifies the specific types of deposits and investments which are authorized by that Investment Policy, by the Department of Housing and Urban Development (HUD) and by the California Government Code (CGC).

The Investment Policy of the Housing Authority does not name the five specific deposit and investment risks identified by GASB 40, but this Investment Policy does address these risks in principal by stating that it shall be the policy of the Housing Authority to invest funds in a manner which will provide the maximum safety, liquidity and reasonable investment return while meeting the daily cash flow demands of the Housing Authority and conforming to all statutes governing the investment of Housing Authority funds.

Authorized Types of Deposits and Investments

All types of deposits with financial institutions and all types of investments made by the Housing Authority during Fiscal Year 2014 were authorized by its own Investment Policy, by HUD and by the CGC. The type and value of these deposits with financial institutions and investments as of June 30, 2014 are identified below.

Deposits with Financial Institutions			
Insured Demand Deposit Accounts			
Bank of America	$	3,732	14.22%
Other Deposit Accounts			
County of Riverside		22,141	84.38%
Petty Cash		1	0.00%
Insured Money Market Deposit Accounts			
Bank of America		367	1.40%
Total Insured Deposits	**$**	**26,241**	**100.00%**

Disclosure Required for Risks Related to Deposits with Financial Institutions

Custodial Credit Risk
For **deposits, custodial credit risk** is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.

The Investment Policy of the Housing Authority, HUD and the California Government Code do not address legal or policy requirements that would limit the exposure to custodial credit risk for deposits or investments, other than the following provision for deposits: The California Government Code requires that a financial institution secure deposits made by state or local government units by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure such deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

Investments

State Depository Funds		
Local Agency Investment Fund (LAIF)	$ 2,507	11.1%
Trustee Indenture Funds		
US Bank Debt Service Funds	202	0.9%
Bank of New York Redevelopment Fund	19,902	88.0%
Total Investments	**$ 22,611**	**100.0%**

Disclosure Required for Risks Related to Investments

State Depository Funds
All Housing Authority funds on deposit with the Local Area Investment Fund (LAIF) are subject to the California Government Code (CGC). All securities purchased by the LAIF are purchased under the authority of CGC Section 16430 and 16480.4. CGC Section 16429.3 states that money placed with the state treasurer for deposit in the LAIF shall not be subject to transfer, loan or impoundment by any state official or state agency. CGC Section 16429.4 states that the right of a qualified government agency to withdraw its deposited money from the LAIF upon demand may not be altered, impaired, or denied in any way by any state official or state agency based upon the State's failure to adopt a State Budget by July 1 of each new fiscal year.

Trustee Indenture Funds
All Housing Authority funds in the possession of US Bank, designated bond trustee, are subject to written debt agreements. US Bank, by written agreement with the Housing Authority, is required to put all available debt service funds of the Housing Authority into their First American Treasury Obligations Fund (Money Market Class Y Shares), which is invested exclusively in short-term US Treasury obligations and repurchase agreements secured by US Treasury obligations.

Custodial Credit Risk
For **investments, custodial credit risk** is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

All Housing Authority funds invested in LAIF and in Trustee Indenture Funds are subject to the California Government Code and to written debt agreements, respectively, and are not subject to any significant degree of custodial credit risk.

Credit Risk
For **investments, credit risk** is the risk that an issuer of an **investment** will not fulfill its obligation to the holder of the investment.

All Housing Authority funds invested in LAIF and in Trustee Indenture Funds are subject to the California Government Code and to written debt agreements, respectively, and are not subject to any significant degree of credit risk.

Concentration of Credit Risk
For **investments, concentration of credit risk** is the risk associated with the Authority having 5% or more of total investments with any one issuer. As show on the investment table on the previous page the Authority has two investments that exceed the 5% threshold.

Interest Rate Risk
For **investments, interest rate risk** is the risk that changes in market interest rates will adversely affect the fair value of or cash flow from an investment.

All Housing Authority funds invested in LAIF and any required cash flows from LAIF are subject to the California Government Code and are not subject to any significant degree of interest rate risk.

All Housing Authority funds invested in Trustee Indenture Funds are subject to written debt agreements and are not subject to any significant degree of interest rate risk.

Foreign Currency Risk
For **investments, foreign currency risk** is the risk that changes in the value of foreign currency will adversely affect the fair value of an investment.

All Housing Authority funds invested in LAIF and in Trustee Indenture Funds are subject to the California Government Code and to written debt agreements, respectively, and are not subject to any significant degree of foreign currency risk.

3. ACCOUNTS RECEIVABLE

Accounts receivable (net) includes tenant receivables (less allowance for bad debt), interest receivable, miscellaneous receivables, and other receivables which include due from other funds (internal) and due from other governments, as following:

Accounts receivable (net)			
Tenant receivables			
	Current tenants	$ 26	
	Noncurrent tenants	112	
	Gross tenant receivable	138	
	Less: allowance for bad debt	(112)	
	Net tenant receivables	26	
Interest receivable		3	
Miscellaneous receivables		125	
	Total accounts receivable (net)		**154**
Other receivables			
	Due from other governments		2,352
	Long term receivables		73,981
Grand Total Receivables (net)			**$ 76,487**

4. CAPITAL ASSETS

A summary of the land, structures and equipment for the year ended June 30, 2014 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable Capital Assets:				
Land	$ 3,631	$ 4,419	$ -	$ 8,050
Development work-in-progress	1,672	1,142	(1,504)	1,310
Subtotal	5,303	5,561	(1,504)	9,360
Depreciable Capital Assets:				
Buildings and improvements	40,152	1,012	-	41,164
Equipment	1,386	-	-	1,386
Subtotal	41,538	1,012	-	42,550
Total Capital Assets	**46,841**	**6,573**	**(1,504)**	**51,910**
Accumulated depreciation				
Buildings	(31,137)	(1,292)	-	(32,429)
Equipment	(972)	(134)	-	(1,106)
Subtotal	(32,109)	(1,426)	-	(33,535)
Total	**$ 14,732**	**$ 5,147**	**$ (1,504)**	**$ 18,375**

Depreciation expense for the year ended June 30, 2014 was $1,425.

Implementation of Governmental Accounting Standards Board (GASB) Pronouncements:
Governmental Accounting Standards Board No. 51 Accounting and Financial Reporting for Intangible Assets. This Statement requires the inclusion of intangible assets as capital assets for accounting and financial reporting purposes.

The Housing Authority does not possess any assets that may be considered intangible assets, whether purchased or internally-generated. Therefore, this GASB Statement has no financial impact to the Housing Authority's financial statements.

In Fiscal Year 2010, the Housing Authority purchased for $1 a bank-owned property located in Geordie Way, in the City of Riverside. Site planning has started and is set to take place in Fiscal Year 2013. The Housing Authority plans to either sell the home to first time homebuyers or rent it to low or moderate-income families.

In Fiscal Year 2011, the Housing Authority purchased three (3) homes using its Unrestricted Net Position of the Section 8 Program to increase affordable housing stock for the benefit of the Section 8 participants. All of the homes were completely rehabilitated and are currently occupied as single-family rental units by income-eligible participants of the Section 8 Program.

In FY 2013, the Board of Commissioners accepted and designated the Housing Authority as Successor Agency for the housing functions of the former Redevelopment Agency of the County of Riverside. Consequently, the title transfer of 57 land parcels was completed pursuant to Health and Safety Code Sections 34177 and 34181.

At the end of FY 2013, the Board of Commissioners accepted and designated the Housing Authority as Successor Agency for the housing functions of the former Redevelopment Agency of the City of Coachella. The transfer of the loans and land parcels was completed in FY 2014.

5. REVENUE BONDS PAYABLE

Refunding Revenue Bonds 1998 Series A

On January 27, 1998, the Authority issued $2,405 of Refunding Revenue Bonds, 1998 Series A (Corona Project). The bonds were issued to provide a portion of the funds needed to advance refund $52,270 of outstanding Revenue Bonds, Issue A of 1988. The net proceeds of this bond issue were used, together with $45,675 received from the sale of certain property plus certain reserve and sinking fund monies, to purchase U.S. Government Securities. These securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt services payments on the Revenue Bonds, Issue A of 1988. As a result, the Revenue Bonds, Issue A of 1988, are considered to be defeased and the liability for those bonds has been removed from the Authority Project's statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the net carrying amount of the old debt of $1,389. This difference, reported in the accompanying financial statements as a deferred outflow of resources, is being charged to operations through the year 2018 using the straight-line method. The economic gain or loss that resulted from this advance refunding is not available.

The 1998 bonds consist entirely of term bonds of which $780 of the term bonds matured on December 1, 2007 and accrued interest at 6.25%. The remaining $1,625 of term bonds mature on December 1, 2018 and accrue interest at 6.85%. Interest on the bonds is payable semiannually on June 1 and December 1 of each year, commencing June 1, 1998. The bonds maturing December 1, 2007 and December 1, 2018 are subject to mandatory sinking fund redemption beginning on December 1, 1998 in amounts ranging from $80 to $200. The redemption price is equal to the principal amount thereof to be redeemed, without premium, plus accrued interest thereon to the date of redemption.

Regarding "GASB 48: Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues".

The bonds are secured by an agreement with the City of Corona, which has pledged to pay $218 to the Housing Authority each year until the bonds are redeemed in their entirety on December 1, 2018. The bond indenture requires the Housing Authority to remit the entire $218 received each year to the bond trustee to pay for the bond's annual debt service payments, which in Fiscal year 2013 were $135 (Principal) and $83 (Interest). The Housing Authority reports the $218 received each year as revenue. In Fiscal Year 2014, the $218 represented about .06% of the total expenses of the Housing Authority. MBIA Insurance Corporation has issued a surety bond in lieu of a cash funded reserve. The outstanding balance as of June 30, 2014 before applying the deferred charge was $885.

6. DEBT SERVICE REQUIREMENTS TO MATURITY

The annual requirements to amortize outstanding long-term bonds payable of the Authority as of June 30, 2014 are as follows:

Year ending June 30	1998 Series A
2015	$ 210
2016	209
2017	208
2018	210
2019	207
2019-2020	-
Total Debt Service	1,044
Less: Interest payments	(159)
Outstanding Principal	885
Less: Current portion	(155)
Balance Long Term	$ 730

7. INTEREST PAYABLE

The accrued interest payable consists of unpaid interest accrued on outstanding bonds and notes that are due and payable within one year of the balance sheet date. Below is a summary of the accrued interest payable balance at June 30, 2014:

Revenue Bonds – 1998 Series A	$ 5

8. LONG-TERM BONDS PAYABLE

The following is a schedule of changes in long-term bonds payable for the year ended June 30, 2014:

	Balance at June 30, 2013	Principal Additions	Principal Deletions	Balance at June 30, 2014
1998 Series A	$ 1,030	$ -	$ (145)	$ 885
Less current portion	(145)	(155)	145	(155)
Totals	$ 885	$ (155)	$ -	$ 730

9. ARBITRAGE REBATE TO FEDERAL AGENCY

The Internal Revenue Code of 1986, Sections 103 and 141 through 150, details the amount of interest earnings an issuer of tax-exempt bonds can earn on the proceeds. The interest earnings rate cannot exceed the yield on the tax-exempt revenue bonds. The issuer is required to rebate to the federal government any excess earnings.

Every fifth year, until the last revenue bond is paid or redeemed, an arbitrage calculation is required and an installment is due. At least ninety percent of the arbitrage calculation is required to be paid at the installment due date. As of June 30, 2014, no arbitrage payments were owed; therefore, none were paid.

10. NOTES PAYABLE

In Fiscal Year 2006, the ownership of the Ripley Migrant Center property was transferred from the State of California to the Housing Authority. Title of the property was granted to the Housing Authority in consideration of a Note Payable to the U.S. Department of Agriculture (USDA) for $3,795 and another Note Payable to the State Farmer Housing Grant Program for the award of $3,000. The total Notes Payable of $6,795, which was set as the value of the buildings, is not subject to any liens and encumbrances as long as the construction, development, rehabilitation and operation of the rental units are fulfilled for a period of 20 years.

USDA Rural Development	$	3,795
Farmworker Housing Grant		3,000
Total	$	6,795

In Fiscal Year 2007, the Housing Authority received a grant of $1,000 from the Riverside County Redevelopment Agency (RDA) as contribution to the rehabilitation cost of the Ripley Migrant Center.

In addition, the RDA agreed to loan $7,500 to the Housing Authority for the construction, rehabilitation and maintenance of the Ripley Migrant Center. In FY 2008, the Board of Commissioners approved the conversion of the RDA loan to a grant for the full amount.

As of June 30, 2009 the rehabilitation of the Ripley Migrant Center, renamed as Desert Rose Apartments, was 100% complete. In Fiscal Year 2014, the waiting list was kept open for lease-up.

11. BOND CONDUIT FINANCING

The Authority is associated with the issuance of the following tax exempt Mortgage Revenue Bonds (Bonds) that were issued for various development firms. The Bonds are not and will never become general obligations of the issuer but are limited obligations of the issuer and are payable solely from the sources set forth in the indenture. The Bonds and the premium, if any, and interest thereon do not and never shall constitute a debt or an indebtedness or an obligation of the issuer or the State of California (State) or any other political subdivision of the State or a loan of the faith or credit or the taxing power of any of them, within the meaning of any constitutional or statutory provisions, nor shall the Bonds be construed to create any moral obligation on the part of the issuer, the State or any other political subdivision of the State with respect to the payment of the Bonds. The Bonds shall not be payable from the general revenues of the issuer and in no event shall the Bonds be payable out of any funds or properties other than those specifically pledged therefor. The issuer has no taxing power. As of June 30, 2014, the outstanding balances of these Revenue Bonds are as follows:

Description	Issue Date	Final Maturity Date	Amount of Issue	Outstanding Balance June 30, 2014
Tyler Village, Series C	1999	2027	$ 9,000	$ 7,900
Victoria Springs, Issue C	1989	2019	9,600	9,000
Ridgecrest, Series B	1999	2032	5,865	5,160
Wildomar, Series A	1999	2029	6,700	4,800
Mission Village, Series A-1	2008	2040	3,020	2,847
Total Issuances			$ 34,185	$ 29,707

12. RETIREMENT PLANS

The Authority contributes through the County of Riverside to the California Public Employees Retirement System (PERS), an agent multiple-employer public employee **defined benefit pension plan**. PERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public agencies within the State of California.

All full-time, part-time and seasonal benefited County employees are eligible to participate in the system. Benefits are vested after five years of service. Eligible County employees who retire at or after fifty years of age with five years of credited service are entitled to an annual retirement benefit, payable monthly for life. The County makes the contribution required of County employees hired prior to January 9, 1992 on their behalf and for their account. Miscellaneous County employees hired after the above date make their own contributions for the first five years.

On May 22, 2001 the County Board of Supervisors approved and authorized action to transition employees of the Authority to become County employees retroactive to May 3, 2001. These employees became subject to the provisions of the PERS retirement plan with no carry over vesting in years of service from the prior retirement plan. On May 17, 2006, employees of the Housing Authority who were hired prior to May 3, 2001 were 100% vested in the PERS retirement plan after 5 years of uninterrupted service.

In Fiscal Year 2012, the County Board of Supervisors amended the PERS retirement plan contribution to require all employees to assume their share of PERS costs. Any employee not vested in PERS as of July 1, 2012 will pay the full employee portion of the PERS contribution for the term of their employment. New hires will be under a 2% at 60 formula with retirement based on the average of the employee's 3 highest paid years.

The following information summarizes plan activity for the fiscal year ending June 30, 2014:

Total Authority Gross Salaries:	$ 7,608
Total Authority Regular Salaries Subject to PERS:	$ 5,843
Total Authority Contributions Required and Paid:	$ 1,124

Before Authority employees became County employees, the Authority fully funded a **defined contribution pension plan** on behalf of qualified employees and for their account. During the current fiscal year, the Authority participated in the PERS plan through the County of Riverside and was not required and did not make any contributions to the prior plan. In August 2002 the prior pension plan was formally terminated and plan assets were distributed to the entitled employees in accordance with written instructions as specified by each current or former employee.

Implementation of Governmental Accounting Standards Board (GASB) Pronouncements:

Governmental Accounting Standards Board No. 45 Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This Statement requires that the state and local governmental employers recognize the annual cost of other nonpension benefits (OPEB) in the same manner they do for pensions. Disclosure requirements include funding policy followed, the actuarial valuation process and assumptions.

The Housing Authority does not offer postemployment healthcare to current staff. As employees of Riverside County, Housing Authority employees receive retirement benefits through PERS, as disclosed in the County of Riverside's Comprehensive Annual Financial Report (CAFR).

Governmental Accounting Standards Board No. 50 Pension Disclosures.

The County of Riverside has implemented GASB 50 and its effect is on the County's financial statements. The required disclosures are included in the County of Riverside's CAFR, since such information is unavailable to the Housing Authority.

13. OTHER LIABILITIES

Other liabilities activity is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Unearned revenue	$ 19	$ 703	$ -	$ 722
Due to HUD	14	30	-	44
Compensated absences	116	29	-	145
Interest payable	6	-	(1)	5
Accrued expenses and payroll	487	197	-	684
FSS Escrow	205	-	(113)	92
Total Other Current Liabilities	$ 847	$ 959	$ (114)	$ 1,692
Compensated absences	$ 1,042	$ 264	$ -	$ 1,306
FSS Escrow	889	28	-	917
Total Other Non- Current Liabilities	$ 1,931	$ 292	$ -	$ 2,223

Family Self-Sufficiency Program Escrow

With the consent of the U.S. Housing and Urban Development (HUD), the Housing Authority manages a Family Self-Sufficiency (FSS) Program that allows eligible low-income families who have Section 8 vouchers to join an employment and savings program. The program offers case management services that help participants pursue employment and other goals, and escrow accounts into which the Housing Authority deposits the increased rental charges that the families pay as their earnings rise. When families complete the program after five years (with an option of a 2 year extension), they can withdraw the funds from escrow for any purpose. As of June 30, 2014, there were 534 participants with escrow amounts totaling $917.

It is estimated that in the next fiscal year, about 10% of the escrowed savings accounts will be disbursed to families and individuals who have already met their objectives, or need a portion of the money during the term of the contract to enable them to complete an interim goal such as education or other employment related needs.

14. OTHER PROGRAM AWARDS

The Neighborhood Stabilization Program (NSP) was enacted under Title III of Division B of the Housing and Economic Recovery Act of 2008 (HERA) and appropriated under Community Development Block Grant (CDBG) funds for the purpose of assisting in the redevelopment of abandoned and foreclosed homes. The intent of NSP is to stabilize neighborhoods in areas with greatest need and to stem the decline of house values of neighborhood homes in the County of Riverside.

On November 25, 2008, the Board of Supervisors approved the activity of acquisition, rehabilitation, and resale of housing units as a component of NSP. The 2008-2009 One Year Action Plan of the 2004-2009 Five year Consolidated Plan calls for the County of Riverside to partner with eligible public and private non-profit organizations.

The County's Economic Development Agency (EDA), through its CDBG program, was awarded $48 million in NSP funding. EDA publicized a Notice of Funding Availability (NOFA) on March 17, 2009 for the purpose identified above.

The Housing Authority applied for and was awarded a total of $5.4 million of NSP funds. The total award consists of $2.4 million designated for Cathedral City, and $3 million for Target Areas within Lake Elsinore, Canyon Lake, Temecula, Beaumont, Rubidoux, Murrieta, San Jacinto, Home Gardens, and French Valley.

In Fiscal Year 2010, the Housing Authority purchased 26 homes for a total of $4.1 million, which were paid for directly by EDA to the escrow company. The Housing Authority received $433 thousand as reimbursement for planning and construction costs expended during the rehabilitation of some of the homes. As of Fiscal Year 2011, there were 16 homes sold, 3 homes pending close of escrow, 2 with purchase offers, and 5 homes undergoing negotiations.

In Fiscal Year 2011, the Housing Authority was awarded by the County to receive $1 million in NSP program income funds to continue to purchase foreclosed homes, rehabilitate, and resale to moderate first-time homebuyers. By the end of the fiscal year, the Housing Authority purchased 3 homes, with a 4th one pending close of escrow. The rehabilitation of the homes began in conjunction with the process of searching for qualified potential buyers.

In Fiscal Year 2012, of the 26 homes purchased in 2010, 1 remaining home was in escrow and scheduled to close early next fiscal year. In addition, of the 4 homes purchased in 2011, 3 were sold in 2012 to eligible households with 1 remaining property in escrow for sale as of June 30, 2012.

The Housing Authority was contracted by the EDA to administer Homelessness Prevention and Rapid Re-Housing Program (HPRP). The primary purpose of the HPRP is to provide homelessness prevention assistance and services to households that would otherwise become homeless, many due to economic circumstances, and to provide assistance to rapidly "re-house" and stabilize those that are homeless. In March 2009, the U.S. Department of Housing and Urban Development (HUD) awarded $4.3 million of HPRP funds from the American Recovery and Reinvestment Act of 2009 (ARRA). This program has serviced a total of 170 families. The grant funding for this program expired during the first quarter of FY 2013.

15. IMPLEMENTATION OF OTHER GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) PRONOUNCEMENTS

GASB Board No. 60 Accounting and Financial Reporting for Service Concession Arrangements.
This statement addresses how to account for and report service concession arrangements (SCAs), a type of public-private or public-public partnership that state and local governments are increasingly entering into. The Housing Authority does not have any long-term arrangements to operate major capital assets. Therefore, this Statement does not apply to the Housing Authority.

GASB Board No. 61 The Financial Reporting Entity: Omnibus and Amendment of GASB Statements No. 14 and No. 34.
This Statement is designed to improve financial reporting for governmental entities by amending the requirements of Statement No. 14, The Financial Reporting Entity, and No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments, to better meet user needs and address reporting entity issues that have come to light since those Statements were issued in 1991 and 1999, respectively.

GASB Board No. 62 Codification of Accounting and Financial Reporting Guidance.
This Statement is intended to enhance the usefulness of its Codification by incorporating guidance that previously could only be found in certain Financial Accounting Standards Board (FASB) and American Institute of Certified Public Accountants (AICPA) pronouncements.

GASB Board No. 63 Deferred Outflows and Inflows of Resources.
This Statement requires that certain defined transactions that do not qualify for treatment as either assets or liabilities be accounted for and reported as either deferred outflows of resources (a separate subheading following asset but before liabilities) or deferred inflows of resources (a separate subheading following liabilities but before equity). The Housing Authority has updated its financial reports to adhere to the requirements of this pronouncement.

GASB Board No. 65 Other Deferred Outflows and Inflows of Resources.
This Statement revises the treatment of a variety of transactions previously reported as either assets or liabilities on the statement of financial position to classification as either deferred outflows/inflows of resources or recognition as revenue or expense. The Housing Authority has updated its financial reports to adhere to the requirements of this pronouncement. The Housing Authority continues to adhere to GASB Standards in its operations, reporting, and internal controls. The Housing Authority is also subject to review by its auditors in accordance with Government Auditing Standards.

GASB 66 Technical Corrections
This Statement was issued to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements 54 and 62. The Housing Authority continues to adhere to GASB Standards in its operations, reporting, and internal controls. The Housing Authority is also subject to review by its auditors in accordance with Government Auditing Standards.

GASB 67/68 Financial Reporting for Pension Plans - Amendment of GASB 25
This Statement was issued to improve accounting and financial reporting for a governmental financial reporting entity

GASB 70 Accounting and Financial Reporting For Nonexchange Financial Guarantees
The Housing Authority did not extend financial guarantees for obligations of another government, a no-profit agency, or a private entity. Therefore, this Statement does not apply.

16. LONG-TERM LOANS RECEIVABLES

The former Redevelopment Agency for the County of Riverside (RDA) made numerous loans as part of the **Redevelopment Housing Program (RHP)** and for various Infill Programs. The interest rates vary from 0% to 3% and the terms vary as well. The funds for this program were used for down payment assistance to low- and moderate-income households that have not owned homes within a three year period. RHP was available for households with an annual income that were not greater than 120% of the area median income as published by the CA Department of Housing and Community Development (HCD); and provided up to 20% of the purchase price with a 45 year affordability period as a "silent second" loan. The balance of these loans as of June 30, 2014 was $1,590.

The First Time Home Buyer Program (FTHB) provided HOME funds for down-payment assistance to low- and very low-income households that have not owned homes within a three-year period. The program was available for households with an annual income that were no greater than 80% of the area median income as published by HUD. The FTHB Program provided up to 20% of the purchase price with a 15-year affordability period as a "silent second" loan. A variety of media were used to inform the public and potential homebuyers of the homebuyer assistance program. At June 30, 2014, the balance of these loans was $340.

The RDA awarded a developer a grant to carry out its obligation to help eliminate blight and provide safe and decent affordable housing to its residents. The developer acquired 4 bank owned single family homes at a 1% discount, rehabilitated, and rented them to very low-income residents. All four homes were restricted to low-income households for a period of 55 years. The project was named the **Inland Empire Rescue Mission**. At June 30, 2014, the balance of these loans was $996.

The **Manufactured Replacement Home Program (MHRP)** provided financial assistance to manufactured home owners for substandard dwelling units. The funds were disbursed to low-, very low-, and extremely low-income households for replacement and ancillary infrastructure improvements. The units were restricted by a 45 affordability covenant. At June 30, 2014, the balance of these loans was $455.

The RDA entered into a Disposition and Development Agreement (DDA) with the Housing Authority of the County of Riverside to acquire 2 parcels located in the unincorporated community of **Home Gardens on Neece Street** for the purpose of constructing 2 single family homes. These homeownership opportunities were made available to low-income, first-time home buyers, and were occupancy-restricted for a minimum period of 45 years. The development loans were each secured by a Subordinate Deed of Trust. All accrued and unpaid interest and principal shall be forgiven, discharged and excused after the end of the Affordability Period ending on the 45th anniversary from the recordation of the Notice of Completion dated May 29, 2008. At June 30, 2014 the balance on the loan **for Anjana Kanda** was $105; and the balance of the loan for **Francisco Beltran** was $85.

In September 2002, the RDA entered into a loan agreement with **Mission Larue Limited** for a project known as **Mission Palms Senior Housing Project**, which provided construction and permanent financing of a 109-unit rental housing complex for independent living seniors in the Jurupa Valley. The loan is to be amortized over 55 years at 1% per annum. All outstanding principal along with accrued interest shall be due and payable on March 31, 2034. 29 equal payments shall be due each year until the term date. Annual payments are to be paid from available cash flow. Should there be insufficient cash flow within a given annual period, said annual payment is to be deferred and the annual interest will be added to the principal balance. At June 30, 2014 the balance of the loan was $651.

In 2006-07, the RDA entered into a loan agreement for $560 with the **Angel View Crippled Children's Foundation** for the development and construction of a single-family group home near Desert Hot Springs. The home was licensed by the California Department of Developmental Services as an Intermediate Care Facility/Developmentally Disabled -Nursing Facility that provides 24-hour personal care, developmental services, and nursing supervision for zero to three year old infants with disabilities who have been removed from their homes by court order. The loan shall accrue simple interest at 3% per annum on December 30, 2063. It is intended that the full amount of the loan will be forgiven at 55 years from the Certificate of Occupancy. At June 30, 2014, the balance of the loan was $560.

In 2006-07, the RDA loaned $1,500 to Coachella Valley Housing Coalition to assist in the development of 275 single family units of **Nuestro Orgullo Homes** designated to low-income residents. The principal of the loan bears interest at zero percent per annum and will be transferred to individual homebuyers as mortgage assistance in the form of a silent deed of trust forgiven in 45 years. It is intended that the full amount of the loan will be reduced by the mortgage assistance subsidies given to the low-income buyers. At June 30, 2014, the balance of the loan was $1,500.

In 2007-08, the RDA loaned $1,500 in low- and moderate-income housing funds to MCFA Partners, a California Limited Partnership, to help finance the development and construction of a rental housing complex know as **Clinton Family Apartments**, in the community of Mecca. The principal is to be amortized over 50 years at an interest rate of 3%. At June 30, 2014, the balance of the loan was $1,500.

In November 2008, the RDA entered into a loan agreement with Paseo Housing Associates, L.P. to construct a 52-unit-for-rent mobile home park in the community of Mecca, known as **Paseo De Los Heroes II**. The principal of the loan is to be amortized over 55 years at 3% interest per annum, due and payable in full by December 31, 2065. At June 30, 2014 the balance of the loan was $1,525.

With an allocation of CalHFA HELP Funds, RDA entered into a revolving loan agreement with CVHC for a 45 single family home affordable housing project, known as **Valencia Homes**, located in the community of Mecca. The term of the loan shall accrue simple interest at 1.5% per annum. It is intended that the full amount of the loan be forgiven in 45 years. At June 30, 2014, the balance of the loan was $748.

In September 2009, the RDA entered into an agreement for the infill construction of a single family home in **North Shore**. The term of the loan is 55 years and shall be due in full on March 1, 2065. The principal of the loan is to be amortized at 1% per annum. At June 30, 2014 the balance of the loan was $184.

In September 2006, the RDA entered into a loan agreement with a non-profit affordable housing developer to construct 10 single-family homes, known as the **Ripley/Mesa Verde Infill Housing Project**. The loan was converted to down-payment assistance for low-income first-time homebuyers with an affordability restriction of 45 years. At June 30, 2014 the balance of the homes was $74.

In September 1999, the RDA entered into an agreement with a developer to improve and rehabilitate the **La Pena Mobile Home Park** in the community of Mecca. The debt obligation shall be fully amortized at an annual percentage rate of 3%. The term of the Promissory Note shall mature of December 1, 2030 and all of the then outstanding principal and interest shall be due and payable. At June 30, 2014 the balance on the loan was $504.

In March 2010, the RDA entered into an agreement with **Operation Safe House, Inc.** in the amount of $1,100. The loan bears no interest rate. The repayment of the loan shall be paid by the Borrower's annual payment of an amount equal to 50% of the residual receipts from operation of the Housing Project as determined by a residual receipts calculation from the operation of the Housing Project during the preceding calendar year and shall be paid within 90 days of each year-end. At June 30, 2014 the balance of the loan was $400.

In June 2010, the RDA approved funding assistance to acquire and develop a site for a gated 80-unit affordable, multi-family community, known as **Legacy Apartments**. In February 2011, the funding allocation was memorialized through a loan agreement. The units serve low-income families with affordable rents for a period of 55 years. Funding included a conventional loan from Farmers & Merchant Bank; a loan from MHSA; a deferred developer fee; and Riverside County Transportation Uniform Mitigation Fee waiver; and the balance from tax credit equity financing. At June 30, 2014 the balance of the loan was $7,300.

The RDA purchased a 7.43 acre parcel located in the unincorporated community of **Highgrove** to carry out its obligation to help eliminate blight and provide a safe and decent affordable housing to its residents. A public library has since been built on a section of the parcel and a housing project is being proposed for the balance on the parcel. RDA approved a loan for pre-development expenses related to entitlements of an affordable housing project. At June 30, 2014 the balance on the loan was $398.

In February 2011, the RDA entered into an agreement with **Menifee Vineyards Limited Partnership** to acquire approximately 4.8 acres of land for the development and construction of an 81-unit apartment complex for low-income senior households in the City of Menifee. The term of the agreement is 55 years with an interest rate of 1% per annum. The principal and interest are due to be repaid in full force 55 years after the recordation of the first Certificate of Occupancy. At June 30, 2014 the balance on the loan was $3,600.

In 1998-99, the RDA entered into a loan agreement with Wildomar Senior Partner, LP. To help finance the development of a low-income senior apartment complex, known as **Amber Thralls Sr. Apartments**. The loan terms provide for an amortization of principal at 1% interest for 30 years with an initial 10-year deferral after which time payments are due from the project's residual receipts. During 2000-01, RDA agreed to pay the Elsinore Valley Municipal Water District for sewer connection fees. At June 30, 2014 the balance of the loan and reimbursement agreement was $3,068.

In 1996-97, the RDA sold the North Hemet parcel of land and received a note for Phase I and Phase II of the **Hemet Vistas project**. The note was amended to include the development portion of the note receivable. The principal is to be amortized over 55 years at an interest rate of 1%. Annual principal payments plus interest shall be paid from available net proceeds. In the event that there are insufficient net proceeds, the payment shall be deferred pursuant to the note. At June 30, 2014 the loan balance was $1,581.

In May 2006, the RDA provided a loan for the development and construction of **Phase II of the Mission Palms Senior Apartments**. Phase II is located at the corner of La Rue Street and Mission Boulevard and was completed in June 2007. It consisted of 91 affordable rental units plus one on-site manager unit. The principal of the loan is to be amortized over 55 years and bears simple interest of 1% per annum. All Project Residual Receipts shall be paid 50% to Borrower and 50% to the Lender until the Promissory Note is paid in full. All outstanding principal along with accrued interest shall be due and payable on July 1, 2063. At June 30, 2014 the balance of the loan was $394.

In September 2008, the RDA and **Mission Village Senior Apartments**, a California limited partnership entered into an Affordable Housing Agreement for a loan that bears simple interest at 3% per annum based on the amount advanced by RDA. The 102-unit affordable senior apartment complex was constructed in the unincorporated community of Glen Avon. The loan shall be paid annually equal to 50% of the residual receipts from the operation of issuance of a Certificate of Occupancy for all units. At June 30, 2014 the balance of the loan was $10,474.

In January 2009, the RDA entered into an agreement for a pre-development loan with a developer, Northtown Housing Development Corporation, to obtain entitlements to the property for the **Cottonwood Mobile Home Park** project. At June 30, 2014 the balance of the loans was $100.

In October 2009, the RDA entered into an agreement with **Inspire Life Skills Training, Inc**. for the use of low- and moderate-income housing set-aside funds to improve and increase the supply of affordable housing in the unincorporated area of Riverside County. The funds were also used to acquire and rehabilitate 1 single-family property and rent to a very low-income household. At June 30, 2014 the balance of the loan was $328.

In 2001-02, the RDA loaned $800 in low- and moderate-income housing funds to the **Mecca Family Housing Associates**, A California Limited Partnership, to assist in financing the Mecca Family Housing Development. The loan terms provide for payment on demand, or if no demand is made, the loan shall be deferred for a period of 660 months and shall have a maturity date of July 1, 2056. In 2006, an additional $70 was loaned by RDA. The loan carries a zero percent interest rate. At June 30, 2014 the balance on the loan was $870.

The RDA made numerous loans as part of the **Home Improvement Program (HIP)** and First Time Home Buyer's Program. Each loan is to be repaid in a single payment upon sale, conveyance, alienation or transfer of the property to other than the present owner of record or surviving joint tenant. The loans bear no interest and the payoff amount is equal to the principal amount plus the proportionate share of the equity in the property. June 30, 2014 the total balance for these loans was $260.

The RDA purchased the **Date Palm Mobile Home Park** located outside the city limits of Indio in the unincorporated area of the County for the purpose of carrying out its obligation to help eliminate blight and provide safe and decent affordable housing to its residents. RDA relocated the residents that were living in the park and demolished all structures on site. The RDA then provided a pre-development loan for expenses related to entitlements for a new 80-unit affordable housing complex with numerous amenities. On June 29, 2010, RDA approved a loan to fill the financing gap related to construction. Other funding sources include a loan from the State of California Department of Housing and Community Development Multifamily Housing Program, and a tax credit equity contribution. A total of 68-assisted units were reserved for low-income households for an affordability period of at least 55 years. At June 30, 2014 the balance of the loan was $7,698.

The **Mobile Home Tenant Loan (MHTL) Program** was established to improve substandard living conditions of mobile home owners living in un-permitted mobile home parks. This program provided financial assistance to mobile home owners with a 0% interest loan. The funds were used to purchase a unit that replaced the existing substandard unit, which were installed in a permitted site. As supplement to the MHTL loan, HCD's Joe Serna Jr. Farm Worker Housing Grant Program was utilized to provide a matching source of funds. It is intended that the properties would remain as affordable for a prescribed length of time, and in the event that a property was sold during this time, the Housing Authority has a right of first refusal to purchase the said property at a price agreed to between the parties. This requirement is in effect for 45 years from the date of close of escrow. At June 30, 2014 the total balance on the loans was $11,957.

The RDA made housing loans as part of the **Agricultural Housing Loan (AGHL) Program** for the Coachella Valley. The loans bear various interest rates ranging from 0% interest to a 3% fixed rate. Payments shall be deferred for the initial 10 years of the term. All outstanding principal along with accrued interest shall be due and payable with a single and final payment due and payable in 40 years. At maturity if it is determined that the borrower is not currently in default nor has been in default at any time prior to the review then a prorated amount shall be forgiven and reduced from the total principal and all interest through the date of the review shall also be forgiven. At June 30, 2014 the total balance of the loans was $1,141.

In April 2008, the RDA provided Desert Empire Homes funding to develop a 398-space mobile home park, **Mountain View Estates**, situated on approximately 50 acres. The project received RDA set-aside funds and private financing. The project received US Department of Agriculture Rural Business Enterprise Grant and the US Department of Agriculture Water and Waste Disposal Loan and Grant Funds Program. The project was planned for two phases. The first phase consisted of 180 spaces plus one manager's unit and a community center. The second phase to be built in the future would include the remaining mobile home spaces. A minimum of 90 mobile home park spaces in the development were set aside for very low-income households for a period of at least 55 years. The MHTL program provided financial assistance to mobile home owners with a 0% interest loan. The funds were used to purchase a unit that replaced the existing substandard unit, which were installed in a permitted site. As supplement to the MHTL loan, HCD's Joe Serna Jr. Farm Worker Housing Grant Program was utilized to provide a matching source of funds. It is intended that the properties would remain as affordable for a prescribed length of time, and in the event that a property was sold during this time, the Housing Authority has a right of first refusal to purchase the said property at a price agreed to between the parties. This requirement is in effect for 45 years from the date of close of escrow. At June 30, 2014 the total balance of the loans was $9,395.

In July 2009, the RDA entered into an agreement with **SL-Imperial, LLC**. The purpose of the loan agreement was to fund a pilot program, whereby SL-Imperial would acquire foreclosed homes, repair and rehabilitate the homes, then sell them to first-time home buyers whose income was less than 120% of the county are median income. Upon sale of the homes, the pre-development and construction loans were converted to a grant and the proceeds were used for the down payment assistance to eligible home buyers. At June 30, 2014 the total balance of the loans was $1,557.

The former Coachella RDA, whose loans the Housing Authority of the County of Riverside now services, made a number of **Affordable Housing Loans**. These loans were made between 2002 and 2007 and have a 1% to 3% annual interest rate. The loans all have 30 year terms and no payment due until the maturity date. As of June 30, 2014, the total balance of the loans was $47.

The former Coachella RDA also made a number of **First Time Homebuyer Down Payment Assistance Program** loans**.** These loans were made between 2008 and 2009 and all have a 1% annual interest rate. The loans all have 30 year terms and no payment due until the maturity date. As of June 30, 2014, the balance of the loans was $788.

The former Coachella RDA also made a number of **First Time Homebuyer** loans. These loans were made between 1997 and 1998 and all have a 7% annual interest rate. These loans all have 30 year terms and monthly payments are currently due. As of June 30, 2014, the balance of the loans was $28.

The former Coachella RDA also entered a loan agreement in 2009 with **Coachella Leased Housing Association** to help build the **Desert Palms Apartments**. This is a 111 unit low income apartment project. The loan amount was $500 and has a 55 year term. The interest rate is 0% per year. There is no payment due until the end of the term at which time the entire principal is due. As of June 30, 2014, the balance of the loan was $500.

The former Coachella RDA also entered a loan agreement in 2001 with **Simpson Housing Investors, Inc**. to help build the **El Jardin Apartments**. This is an 81 unit low income apartment project. The loan amount was $906 and has a 30 year term. The interest rate is 3% per year for the first 15 years and prime plus 2% per year for the second 15 years. Payments are due annually per available cash flow analysis per loan requirements. As of June 30, 2014, the balance of the loan was $1,280.

17. SUBSEQUENT

The Housing Authority expects to fully engage its mission of providing transitional rental subsidies through its non-profit arm, the Riverside Housing Corporation (RCHC), which received a grant of $135 from the California Endowment. The focus of this endeavor will be to serve residents of the eastern Coachella Valley who need affordable, safe, decent, and sanitary housing opportunities, and supportive programs that foster economic opportunities. Another grant for $50 is expected to be received from the Coachella Valley Air Quality Enhancement (CVAQ) Project, which would support RCHC's housing objective.

Further, through the RCHC, funds for the Emergency Solutions Grant (ESG) will be directed towards the expansion of eligible activities for emergency shelter and homelessness prevention activities, which include short-term and medium-term rental assistance and services to stabilize and rapidly re-house individuals and households who are homeless or at risk of becoming homeless. ESG funds are provided by the Department of Housing and Urban Development through the Riverside County's Economic Development Agency and the City of Riverside.

18. DWELLING RENT

A major portion of the Authorities revenues are generated by renting property to tenants. The gross rent and the bad debt of those rental activates have been netted on the basic financial statements.

Gross dwelling rental	$	1,717
less: bad debt		(13)
Dwelling rental (net)	$	1,704

19. LOSS CONTINGENCIES

A joint claim of Mohamed E. Gaffour; Max Jasmin Properties, LLC; and French Quarter, LLC was filed, arising out of alleged damages for failure to record covenant. The County of Riverside's Office of the County Counsel represented the Housing Authority with the denial of the claim as management intends to vigorously defend these allegations and believes any payment of penalty is not probable.

20. COACHELLA SUCCESSOR AGENCY

On June 28, 2011, Governor Brown signed AB 1 x 26, the Assembly Bill to dissolve redevelopment agencies throughout the State of California, and AB 1 x 27, the companion bill to allow redevelopment agencies to continue activities after making payment to the state. On December 29, 2011, the California Supreme Court announced its decision to uphold AB 1 x 26 and strike down AB 1 x 27, which eliminated redevelopment agencies.

Pursuant to Part 1.85, Chapter 2, Section 34716(b)(2) of the Health and Safety Code as enacted by AB 26, if a city, county, or city and county does not elect to retain the responsibility for performing housing functions previously performed by a redevelopment agency, all rights, powers, assets, liabilities, duties and obligations associated with the housing activities of the agency shall be transferred to the local housing authority in the territorial jurisdiction of the former redevelopment agency when there is one local housing authority.

On January 25, 2011, pursuant to Health and Safety Code 34176(b) (2), the City of Coachella (City) elected not to retain responsibility for the housing assets and functions of the former Coachella Redevelopment Agency, thus transferring these assets and functions to the Housing Authority of the County of Riverside (Housing Authority).

The Housing Authority and City have been working to reach a consensus on whether, and how to transfer the housing activities of the former RDA. On June 6, 2013, the Board of Commissioners approved a Memorandum of Understanding (MOU) between the HACR and the City that transfers the housing assets and functions to the Housing Authority.

In Fiscal Year 2014, the Housing Authority continued to work with the City to accept the transfer of all the files and documents associated with the housing loan portfolio of the former RDA, which includes the following:

- Various Affordable Housing Loans
- First-Time Home Buyer Down Payment Assistance Loan and Grant Program;
- Coachella Leased Housing Association Loan for the Desert Palms Apartments;
- Simpson Housing Investors, Inc. loan for the El Jardin Apartments.

The Housing Authority accepted the transfer of the following real property in the City of Coachella:

- Tierra Bonita Subdivision: 40 single family lots North of Avenue 53, East of Frederick Street;
- 5th Street property west of Palm Avenue: 7,813 square feet of land area;
- Calle Verde: 5 acres of land area;
- Calle Verde: 4.44 acres of land area.

The Housing Authority accepted the transfer of the lawsuits between the City of Coachella and Rancho Housing Alliance, et al, which culminated with the discharge or housing debts.

Out of the combined transfer of assets, the Coachella Successor Agency ended the fiscal year with land of $4,419, assets held for sale of $12, loans receivable of $2,269, and an extraordinary gain of $6,700.

SUPPLEMENTARY FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

COMBINING STATEMENT OF NET POSITION- ALL PROGRAMS

JUNE 30, 2014

ASSETS	Public Housing Program	Section 8 Program	Authority Program	Inter-Program Eliminating Entries	Totals
Cash	$ 1,083,558	$ 1,030,860	$ 22,754,405	$ -	$ 24,868,823
Restricted cash	-	3,369,053	20,412,540	-	23,781,593
Accounts receivable (Net)	20,818	118,774	15,016	-	154,608
Due from other funds	346,040	-	1,093,383	(1,439,423)	-
Due from other governments	75,879	1,141,414	1,134,441	-	2,351,734
Prepaid expenses	-	-	-	-	-
Restricted investments	-	-	202,187	-	202,187
Notes receivable	-	-	73,981,402	-	73,981,402
Land available for sale	-	-	34,379,805	-	34,379,805
Capital assets	35,709,406	487,922	15,713,071	-	51,910,399
Accumulated Depreciation	(27,474,961)	(476,720)	(5,583,552)	-	(33,535,233)
TOTAL ASSETS	**9,760,740**	**5,671,303**	**164,102,698**	**(1,439,423)**	**178,095,318**
DEFERRED OUTFLOWS OF RESOURCES	-	-	277,751	-	**277,751**
LIABILITIES					
Accounts payable	-	-	8,872	-	8,872
Unearned income	-	-	-	-	-
Due to other funds	346,042	-	1,093,381	(1,439,423)	-
Due to HUD	-	43,995	-	-	43,995
Other liabilities	110,308	1,217,908	288,173	-	1,616,389
Tenants security deposits	181,092	-	23,826	-	204,918
Accrued interest payable	-	-	5,052	-	5,052
Compensated absenses payable	244,720	476,217	730,844	-	1,451,781
Bonds payable	-	-	885,000	-	885,000
Notes payable	-	-	6,795,110	-	6,795,110
TOTAL LIABILITIES	**882,162**	**1,738,120**	**9,830,258**	**(1,439,423)**	**11,011,117**
DEFERRED INFLOWS OF RESOURCES	-	-	721,636	-	**721,636**
NET POSITION					
Net investment in capital assets	8,234,494	11,202	(1,072,213)	-	7,173,483
Restricted	-	2,453,165	20,614,727	-	23,067,892
Unrestricted	644,084	1,468,816	134,286,041	-	136,398,941
TOTAL NET POSITION	**$ 8,878,578**	**$ 3,933,183**	**$ 153,828,555**	**$ -**	**$ 166,640,316**

See auditors' report on supplementary financial information

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION-ALL PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2014

REVENUES	Public Housing Program	Section 8 Program	Authority Program	Inter-Program Eliminating Entries	Totals
Operating Revenues					
Dwelling rental (net)	$ 1,428,696	$ -	$ 275,141	$ -	$ 1,703,837
Grants	1,629,192	73,723,469	3,457,724	-	78,810,385
Management fees	-	-	1,731,072	(1,731,072)	-
Other revenue	146,046	1,004,988	2,949,786	-	4,100,820
Total Operating Revenues	3,203,934	74,728,457	8,413,723	(1,731,072)	84,615,042
EXPENSES					
Operating Expenses					
Administrative expenses	847,206	6,702,083	5,033,990	(1,731,072)	10,852,207
Utilities	484,066	-	80,941	-	565,007
Maintenance & operation	1,470,871	95,004	9,488,156	-	11,054,031
General expenses	17,645	175,716	1,207,828	-	1,401,189
Insurance expenses	197,348	2,783	43,957	-	244,088
Housing assistance payments	-	68,216,901	1,489,331	-	69,706,232
Depreciation	924,633	36,594	464,202	-	1,425,429
Total Operating Expenses	3,941,769	75,229,081	17,808,405	(1,731,072)	95,248,183
Operating Income (Loss)	(737,835)	(500,624)	(9,394,682)	-	(10,633,141)
Nonoperating Revenues (Expenses)					
Investment income	1,287	3,908	556,700	-	561,895
Interest expense on notes and bonds	-	-	(134,198)	-	(134,198)
Extraordinary items, net gain	-	-	6,699,620	-	6,699,620
Transfers	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	1,287	3,908	7,122,122	-	7,127,317
Capital Contribution	474,860	-	-	-	474,860
Change in net position	(261,688)	(496,716)	(2,272,560)	-	(3,030,964)
Net Position - Beginning	9,140,266	4,429,899	156,101,115	-	169,671,280
Transfers	-	-	-	-	-
Net Position - Ending	$ 8,878,578	$ 3,933,183	$ 153,828,555	$ -	$ 166,640,316

See auditors' report on supplementary financial information

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

SINGLE AUDIT REPORT

FOR THE YEAR ENDED JUNE 30, 2014

SM&Co
Smith Marion
& Company, LLP
Certified Public Accountants

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SM&Co
Smith Marion & Company, LLP · Certified Public Accountants
Grand Terrace Office · 22365 Barton Road, Suite 108 · Grand Terrace, CA 92313 · (909) 825-6600

Board of Supervisors
Housing Authority of the County of Riverside
Riverside, CA

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITORS' REPORT

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Riverside, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Housing Authority of the County of Riverside's basic financial statements, and have issued our report thereon dated October 21, 2014.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Housing Authority of the County of Riverside's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Housing Authority of the County of Riverside's internal control. Accordingly, we do not express an opinion on the effectiveness of the Housing Authority of the County of Riverside's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing the assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a significant deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency is* a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies given these limitations, during our audit we have not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Housing Authority of the County of Riverside's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Housing Authority of the County of Riverside's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Smith Marion & Co

October 21, 2014

Smith Marion & Company, LLP · Certified Public Accountants
Grand Terrace Office · 22365 Barton Road, Suite 108 · Grand Terrace, CA 92313 · (909) 825-6600

Board of Supervisors
Housing Authority of the County of Riverside
Riverside, CA

REPORT ON COMPLIANCE ON EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133

INDEPENDENT AUDITORS' REPORT

Report on Compliance for Each Major Federal Program
We have audited Housing Authority of the County of Riverside's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Housing Authority of the County of Riverside's major federal programs for the year ended June 30, 2014. Housing Authority of the County of Riverside's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility
Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs.

Auditor's Responsibility
Our responsibility is to express an opinion on compliance for each of Housing Authority of the County of Riverside's major federal programs based on our audit of the type of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations.* Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Housing Authority of the County of Riverside's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Housing Authority of the County of Riverside's compliance.

Opinion on Each Major Federal Program
In our opinion, Housing Authority of the County of Riverside complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Housing Authority of the County of Riverside is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Housing Authority of the County of Riverside's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Housing Authority of the County of Riverside's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal controls over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards by OMB Circular A-133

We have audited the financial statements of the Housing Authority of the County of Riverside as of and for the year ended June 30, 2014, and have issued our report thereon dated October 21, 2014, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedure in accordance with auditing standards generally accepted in the United Sates of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Smith Marino & Co

October 21, 2014

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

FEDERAL PROGRAM	CFDA Number	Program Number	Program Expenditures
U S Department of Housing and Urban Development (HUD)			
Public Housing Assistance:			
Public and Indian Housing		CA02700105J	1,423,332
Subtotal	14.850		1,423,332
Public Housing Capital Fund		CA16P027 50111	155,284
Public Housing Capital Fund		CA16P027 50112	449,557
Public Housing Capital Fund		CA16P027 50113	75,879
Subtotal	14.872		680,720
Total Public Housing Programs			**2,104,052**
Section 8 Housing Assistance:			
Section 8 Moderate Rehabilitation		CA027MR 0004	463,357
Section 8 Moderate Rehabilitation		CA027MR 0010	135,697
Subtotal	14.856		599,054
Supportive Housing for Persons with Diabilities	14.181	CA027DV	293,458
Section 8 Housing Choice Voucher	14.871	CA027VO	72,830,957
Total Section 8 Housing Programs			**73,723,469**
Desert Hot Springs/Cathedral City		CA027RPS093A008	66,845
Resident Opportunity and Supportive Services	14.870		**66,845**
Total HUD Direct Funding			**75,894,366**
Passthrough Awards:			
Housing Opportunities for Persons With AIDS [1]	14.241	CA027 HOPWA	911,557
Emergancy Solutions Grant [1] [2]	14.257		125,427
Shelter Plus Care [3]	14.238	CA027 SPC	995,172
Total Passthrough Award			2,032,156
Total Federal Expenditures and Awards			**$ 77,926,522**

Passthrough from the City of Riverside. [1]
Passthrough from the Riverside County EDA. [2]
Passthrough from the Riverside County DPSS. [3]

See accompanying notes to schedule
of expenditures of federal awards

(1) Summary of Significant Accounting Policies Applicable to the Schedule of Expenditures of Federal Awards

Scope of Presentation

The accompanying schedule presents the expenditures incurred (and related awards received) by the Housing Authority of the County of Riverside (Authority) that are reimbursable under federal programs of federal agencies providing financial assistance and state awards. For the purposes of this schedule, only the portion of program expenditures reimbursable with such federal or state funds are reported in the accompanying schedule. Program expenditures in excess of the maximum federal or state reimbursement authorized or the portion of the program expenditures that were funded with local or other nonfederal funds are excluded from the accompanying schedule.

Basis of Accounting

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Housing Authority of the County of Riverside and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Subrecipients

During the fiscal year ended June 30, 2014, the Authority disbursed a portion of the HOPWA funds to subrecipients. Below is a schedule of subrecipients for the fiscal year ended June 30, 2014.

Agency Name	Award Amount
Desert AIDS Project	$ 177,294
Catholic Charities	35,323
Foothill AIDS Project	29,705
	$ 242,322

SECTION I - Summary of Auditors' Results

Financial Statements

1. Type of Auditor Report on the financial statements: Unmodified.

2. Internal control over financial reporting:
   a. Material weakness identified _____ yes __X__ no
   b. Significant deficiency identified that are not considered to be material weaknesses? _____ yes __X__ none reported

3. Noncompliance material to financial statements? _____ yes __X__ no

Federal Awards

4. Internal control over major programs:
   a. Material weakness identified _____ yes __X__ no
   b. Significant deficiency identified that are not considered to be material weaknesses? _____ yes __X__ none reported

5. Type of auditors' report on compliance for major programs: Unmodified.

6. Audit findings noted which are required to be reported under paragraph __ .510(a) of Circular A-133? _____ yes __X__ no

7. Identification of Major Programs:

CFDA Number	Name of Federal Program
14.871	U.S. Department of Housing and Urban Development – Housing Choice Voucher Program
14.856	U.S. Department of Housing and Urban Development – Section 8 Moderate Rehabilitation

8. The Dollar Threshold Used To Distinguish Between Type A and Type B Programs: $2,337,775.

9. Auditee qualified as a low-risk auditee? __X__ yes _____ no

SECTION II – Financial Statement Findings

1. There are no auditor findings to be reported in accordance with GAS.

SECTION III – Federal Award Findings and Questioned Costs

1. There are no auditor findings to be reported in accordance with paragraph .510(a) of OMB Circular A-133.

There were no findings noted in the prior Single Audit Report (for the year ended June 30, 2013).

PHA 5-Year and Annual Plan	U.S. Department of Housing and Urban Development Office of Public and Indian Housing	OMB No. 2577-0226 Expires 8/30/2011

1.0 **PHA Information**
PHA Name: Housing Authority of the County of Riverside PHA Code: CA027
PHA Type: ☐ Small ☒ High Performing ☐ Standard ☐ HCV (Section 8)
PHA Fiscal Year Beginning: (MM/YYYY): 07/01/2015

2.0 **Inventory** (based on ACC units at time of FY beginning in 1.0 above)
Number of PH units: 469 Number of HCV units: 9062

3.0 **Submission Type**
☒ 5-Year and Annual Plan ☐ Annual Plan Only ☐ 5-Year Plan Only

4.0 **PHA Consortia** ☐ PHA Consortia: (Check box if submitting a joint Plan and complete table below.)

Participating PHAs	PHA Code	Program(s) Included in the Consortia	Programs Not in the Consortia	No. of Units in Each Program	
				PH	HCV
PHA 1:					
PHA 2:					
PHA 3:					

5.0 **5-Year Plan.** Complete items 5.1 and 5.2 only at 5-Year Plan update.

5.1 **Mission.** State the PHA's Mission for serving the needs of low-income, very low-income, and extremely low income families in the PHA's jurisdiction for the next five years:

To transform and promote healthy, thriving communities, re-ignite hope and restore human dignity through the creation and preservation of high quality and innovative housing and community development programs which enhance the quality of life and revitalize neighborhoods to foster self-sufficiency.

5.2 **Goals and Objectives.** Identify the PHA's quantifiable goals and objectives that will enable the PHA to serve the needs of low-income and very low-income, and extremely low-income families for the next five years. Include a report on the progress the PHA has made in meeting the goals and objectives described in the previous 5-Year Plan.

See Attached **Goals and Objectives**

6.0 PHA Plan Update

(a) Identify all PHA Plan elements that have been revised by the PHA since its last Annual Plan submission:

PHA Plan Elements:

1) Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.

For the Housing Choice Voucher (Section 8) program, the waiting list will re-open effective July 1, 2015. Under selection of families from the waiting list, one (1) local preference under Level 1 was added: homeless families with children residing in shelters.

For the Affordable Public Housing (PH) program, the waiting list will remain open. Under selection of families from the waiting list is the addition of a first level preference for homeless families with children residing in shelters. Once the Rental Assistance Demonstration (RAD) conversion from Affordable Public Housing to Project Based Vouchers is approved by the Department of Housing and Urban Development (HUD) and the conversion is complete, there will no longer be a community wide Affordable Public Housing waiting list and instead there will be Project Based Voucher regional waiting lists created.

If the Housing Authority is designated as a shortfall agency, subsidy standards may be adjusted to two per bedroom, regardless of familial status, age and gender, and outgoing portability may only be permitted in cases where the receiving agency, if not absorbing, is an equal or lower cost area.

The PHA may allocate project-based vouchers (PBV) to develop Housing Authority or Successor Agency (HASA) owned properties, those that exclusively assist veterans or farmworker families or development projects to support applications for state and federal funding opportunities up to the regulatory maximum of 20% of the Authority's Budget Authority.

The Housing Authority of the County of Riverside (HACR) is amending its Annual Plan for 2015 because the Department of Housing and Urban Development (HUD) has conditionally approved three (3) Commitments to Enter into a Housing Assistance Payment (CHAPs) under the Rental Assistance Demonstration (RAD) program for its public housing properties which will result in the full conversion of HACR's public housing portfolio to units assisted with Project Based Vouchers, which are commonly referred to as "Section 8" units.

Conversion to Project Based Vouchers

Any public housing units converting to assistance under RAD long-term Project Based Voucher contracts shall no longer be subject to the program rules applicable to public housing. The formerly public housing units which become Section 8 units will be subject to the rules of the applicable Section 8 program, as modified by a few rules specific to RAD converted units. These specific RAD-related rules are intended to apply a few important provisions of the public housing rules to the RAD converted units, even though they would not normally be applicable in the Section 8 context.

In connection with the RAD conversions, HACR anticipates converting the public housing units to Project Based Vouchers under the guidelines of PIH Notice 2012-32, REV-1 and any successor Notices. Upon conversion to Project Based Vouchers, the HACR will adopt the resident rights, participation, waiting list and grievance procedures listed in Section 1.6.C & 1.6.D of PIH Notice 2012-32, REV-1 to be applicable to the Project Based Voucher units. These resident rights, participation, waiting list and grievance procedures are appended to this amendment at Attachment 1. The units converted to Project Based Vouchers under the RAD program will be operated consistent with HACR's Project Based Voucher program rules referenced in this annual plan to the extent not specifically required to operate in a different manner by the regulatory and statutory requirements of the RAD Project Based Voucher program referenced above.
A summary of RAD Program Elements Affecting Resident Rights and Participation Waiting List and Grievance Procedures for PBV is appended to this amendment at Attachment 2.

Compliance with Fair Housing and Civil Rights Requirements

HACR is currently compliant with all fair housing and civil rights requirements and is not under a Voluntary Compliance Agreement.

Implications of RAD Conversion on the Capital Fund Budget

RAD was designed by HUD to assist in addressing the capital needs of public housing by providing HACR with access to private sources of capital to repair and preserve its affordable housing assets. Please be aware that upon conversion, the Authority's Capital Fund Budget will be reduced by the pro rata share of Public Housing Developments converted as part of the Demonstration, and that HACR may also borrow funds to address their capital needs. HACR anticipates the conversion of all of its inventory of public housing units under RAD over the course of the next few years, in which event the Capital Fund Program will be reduced to zero. Regardless of any funding changes that may occur as a result of conversion under RAD, HACR certifies that it will maintain its continued service level. Please find specific information related to the Public Housing Development(s) selected for RAD appended to this amendment at Attachment 3.

Resident Rights, Participation, Waiting List and Grievance Procedures

Additional detail regarding resident rights, participation, waiting list and grievance procedures in connection with the post-conversion Project Based Voucher units is appended to this amendment at Attachment 1.

Relocation Plans

The HACR does not anticipate having to relocate residents as a result of the RAD conversion. All current public housing residents will have the right to return to a RAD assisted unit after RAD conversion in the event that relocation is required.

Significant Amendment Definition

As part of the Rental Assistance Demonstration (RAD), HACR is redefining the definition of a substantial deviation from the agency's annual plan to exclude the following RAD-specific items, provided that the adjustments to the RAD plans are authorized by the Board of Commissioners in the normal course of business:

- Changes to the Capital Fund Budget produced as a result of each approved RAD conversion, regardless of whether the proposed conversion will include use of additional Capital Funds;
- Changes to the construction and rehabilitation plan for each approved RAD conversion;
- Changes to the financing structure for each approved RAD conversion;
- The date the significant amendment is submitted to the PHA Plan website;
- Changes in the number of de minimis units up to the 5% figure permitted by the RAD program rules;
- Decisions to dedicate a portion of the agency's existing capital funds budget and/or public housing reserves as a source of funds for

purposes of a RAD conversion and recapitalization transaction; and

- Detailed development of the plans for the transfer of waiting lists to post-RAD conversion waiting lists.

See RAD Conversion Attachments 1, 2, and 3 for more details.

2) Financial Resources

Please see attached **Statement of Financial Resources**, which includes listings by general categories, of the Agency's anticipated resources for FY 2015, such as PHA Section 8 HAP subsidy and administrative fees, subsidy/grants revenue, bond revenue, fraud recovery, rental income, interest revenue and other income available to support public housing and tenant-based assistance. The statement also includes non-federal sources of funds supporting each federal program, and the planned use for the resources.

3) Rent Determination

For 2015, the Agency plans to implement the cost savings measures outlined in PIH Notice 2013-03 and extended through PIH Notice 2013-26 which are included in the Administrative Plan. Rent determination will be adjusted to comply with the notice and the plan. Streamlined annuals are expected to be conducted for families with fixed incomes. The established payment standard amounts are in accordance with federal regulations and are within 90-110% of HUD Fair Market Rents published annually. Flat rent rates for the Affordable Public Housing program are set at amounts for each public housing unit that complies with the requirement that all flat rents be set at no less than 80 percent of the applicable Fair Market Rent (FMR) adjusted, if necessary, to account for reasonable utilities costs. The new flat rental amount applies to all new program admissions effective 10/31/14. For current program participants that pay the flat rental amount, the new flat rental amount will be offered, as well as the income-based rental amount, at the next annual rental option. A cap is placed on any increase in a family's rental payment that exceeds 35 percent, and is a result of changes to the flat rental amount as follows: Multiply the existing flat rental payment by 1.35 and compare that to the updated flat rental amount.

4) Operation and Management

For 2015, the Agency has made no changes to Operations or Management.

5) Grievance Procedures

For 2015, there are no changes to the grievance procedure policies

6) Designated housing for Elderly and Disabled Families

For 2015, there are no changes to housing designated for elderly and disabled families.

7) Community Service and Self-Sufficiency

The Housing Authority (HA) has completed Year 1 of the Family Self-Sufficiency Demonstration program. The Family Self-Sufficiency (FSS) Program Demonstration is a random assignment study conducted under contract by MDRC and its subcontractors to evaluate the effectiveness of the FSS program, as part of the Transformation Initiative. The FSS program has operated since 1992 and its objective is to enable participating low-income families to increase their earned income and reduce their dependency on welfare assistance and rental subsidies. FSS program coordinators create plans with participating families to achieve goals and connect them with services that will enhance their employment opportunities. As the family's earnings increase, money is credited to an escrow account on behalf of the family. This study used a random assignment model to determine whether FSS program features, rather than the characteristics of the participating families, cause participant incomes to increase. At the conclusion of Year 1, 200 participants have been randomly assigned and over the next 5 years the HA will work with MDRC to gather the data that will be used in the final report that will be published after the 5 year research study. We continue to administer the regular (non-demonstration) Family Self-Sufficiency program for HCV participants and it is expected that after Year 2 of the FSS Demonstration program, the HA will resume enrollment in the regular FSS Program. The Resident Opportunity and Self Sufficiency (ROSS) program changed locations and is completing the final year of program operations assisting residents at the Gloria Street Apartments and at the Dracaea Townhomes in the Public Housing communities in Moreno Valley. A new application has been submitted to funding consideration to continue the program for another 3 years. The waivers outlined in Federal Register Vol. 79, No. 248, published on December 29, 2014, will be implemented.

8) Safety and Crime Prevention

For 2015, there are no changes to the PHA plan regarding Safety and Crime Prevention.

9) Pets.

For 2015, there is no change to our pet policy.

10) Civil Rights Certification.

The agency examines it programs to identify any impediments to fair housing choice and addresses any impediments in a reasonable fashion. Additionally, the agency works closely with the Fair Housing Council of Riverside County to address any identifiable impediments to fair housing within the jurisdiction. The agency assures that the annual plan is consistent with the 12 city and county consolidated plans within its jurisdiction and has each entity certify this via for HUD 50077-SL.

11) Fiscal Year Audit

For Fiscal Year Ending June 30, 2014, the Housing Authority received an Unqualified auditor's opinion on compliance for major programs; and there were no material weaknesses or significant deficiencies identified in its financial statements. Please see attached **Fiscal Year End Audits.**

12) Asset Management

The agency continues to employ the Asset Management Plan and monitor the operational performance of each AMP.
The Housing Authority of the County of Riverside's (HACR) asset management model eliminated the centralized functions and incorporated a property specific focus. The Department of Housing and Urban Development (HUD) has conditionally approved three (3) Commitments to Enter into a Housing Assistance Payment (CHAPs) under the Rental Assistance Demonstration (RAD) program for its public housing properties which will result in the full conversion of HACR's public housing portfolio to units assisted with Project Based Vouchers, which are commonly referred to as "Section 8" units.

13) Violence Against Women Act (VAWA)

For 2015, there have been no implementation changes with regard to the Violence Against Women Act (VAWA). If any VAWA requirements change, the agency will comply as needed.

(b) Identify the specific location(s) where the public may obtain copies of the 5-Year and Annual PHA Plan. For a complete list of PHA Plan elements, see Section 6.0 of the instructions.

Electronic copies of the 5-Year and Annual PHA Plan can be found on the Housing Authority's website at www.harivco.org and print copies are available by request at the main administrative office located at 5555 Arlington Avenue, Riverside, CA, 92504 and at the eastern county office located at 44-199 Monroe, Suite B, Indio, CA, 92201.

Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers. *Include statements related to these programs as applicable.*

(a) Hope VI or Mixed Finance Modernization or Development.
Not applicable.
(b) Demolition and/or Disposition
Not applicable.
(c) Conversion of Public Housing.
A Rental Assistance Demonstration (RAD) application has been submitted. If approved, public housing developments will be replaced with long term, project-based Section 8 Rental Assistance contracts.
(d) Homeownership.
HACR has a comprehensive HUD approved Homeownership program that consists of a HCV Mortgage Voucher program, a locally funded infill housing program, and homeownership counseling for any interested participant with an emphasis on FSS families.
(e) Project-based Vouchers.
HACR currently has 48 project-based vouchers at two developments; 10 units in Blythe and 38 units in Cathedral City. The agency proposes to expand the use of project based vouchers for FY2015-16 to further facilitate the development of affordable housing within Riverside County by developing Housing Authority or Successor Agency (HASA) owned properties, those that exclusively assist veterans or farmworker families or development projects to support applications for state and federal funding opportunities. To support this expansion, the maximum allotment allowed under regulations (20% of total allocation) will be reserved.

The Housing Authority of the County of Riverside (HACR) currently owns and operates 469 units of affordable housing within the County of Riverside. Funding to maintain these units is derived from the Public Housing Program. The Public Housing Program has continued to be underfunded through the years, with additional budget cuts to the Capital Fund Program that provides the income source for the modernization of public housing units. This dilemma has forced the HACR to make tough choices between maximizing the funding for repairs or focusing on preventive maintenance. The current available funding has failed to keep up with the renovation needs to enhance the living conditions of residents. Further, through the Public Housing Program, residents do not have flexibility to choose where they prefer to live without losing housing assistance.

The Rental Assistance Demonstration (RAD) Program is a voluntary program of the Department of Housing And Urban Development (HUD). RAD seeks to preserve public housing by providing Public Housing Agencies (PHA), such as the HACR, with access to more stable funding to make needed improvements to properties. RAD provides PHAs a way to rehabilitate, or repair, units without depending on additional money from the public sector. The Department of Housing and Urban Development (HUD) has conditionally approved three (3) Commitments to Enter into a Housing Assistance Payment (CHAPs) under the Rental Assistance Demonstration (RAD) program for its public housing properties which will result in the full conversion of HACR's public housing portfolio to units assisted with Project Based Vouchers, which are commonly referred to as "Section 8" units.

7.0

Conversion to Project Based Vouchers
Any public housing units converting to assistance under RAD long-term Project Based Voucher contracts shall no longer be subject to the program rules applicable to public housing. The formerly public housing units which become Section 8 units will be subject to the rules of the applicable Section 8 program, as modified by a few rules specific to RAD converted units. These specific RAD-related rules are intended to apply a few important provisions of the public housing rules to the RAD converted units, even though they would not normally be applicable in the Section 8 context.

In connection with the RAD conversions, HACR anticipates converting the public housing units to Project Based Vouchers under the guidelines of PIH Notice 2012-32, REV-1 and any successor Notices. Upon conversion to Project Based Vouchers, the HACR will adopt the resident rights, participation, waiting list and grievance procedures listed in Section 1.6.C & 1.6.D of PIH Notice 2012-32, REV-1 to be applicable to the Project Based Voucher units. These resident rights, participation, waiting list and grievance procedures are appended to this amendment at Attachment 1. The units converted to Project Based Vouchers under the RAD program will be operated consistent with HACR's Project Based Voucher program rules referenced in this annual plan to the extent not specifically required to operate in a different manner by the regulatory and statutory requirements of the RAD Project Based Voucher program referenced above.
A summary of RAD Program Elements Affecting Resident Rights and Participation Waiting List and Grievance Procedures for PBV is appended to this amendment at Attachment 2.

Compliance with Fair Housing and Civil Rights Requirements
HACR is currently compliant with all fair housing and civil rights requirements and is not under a Voluntary Compliance Agreement.

Implications of RAD Conversion on the Capital Fund Budget
RAD was designed by HUD to assist in addressing the capital needs of public housing by providing HACR with access to private sources of capital to repair and preserve its affordable housing assets. Please be aware that upon conversion, the Authority's Capital Fund Budget will be reduced by the pro rata share of Public Housing Developments converted as part of the Demonstration, and that HACR may also borrow funds to address their capital needs. HACR anticipates the conversion of all of its inventory of public housing units under RAD over the course of the next few years, in which event the Capital Fund Program will be reduced to zero. Regardless of any funding changes that may occur as a result of conversion under RAD, HACR certifies that it will maintain its continued service level. Please find specific information related to the Public Housing Development(s) selected for RAD appended to this amendment at Attachment 3.

Resident Rights, Participation, Waiting List and Grievance Procedures
Additional detail regarding resident rights, participation, waiting list and grievance procedures in connection with the post-conversion Project Based Voucher units is appended to this amendment at Attachment 1.

Relocation Plans
The HACR does not anticipate having to relocate residents as a result of the RAD conversion. All current public housing residents will have the right to return to a RAD assisted unit after RAD conversion in the event that relocation is required.

Significant Amendment Definition
As part of the Rental Assistance Demonstration (RAD), HACR is redefining the definition of a substantial deviation from the agency's annual plan to exclude the following RAD-specific items, provided that the adjustments to the RAD plans are authorized by the Board of Commissioners in the

	normal course of business: • Changes to the Capital Fund Budget produced as a result of each approved RAD conversion, regardless of whether the proposed conversion will include use of additional Capital Funds; • Changes to the construction and rehabilitation plan for each approved RAD conversion; • Changes to the financing structure for each approved RAD conversion; • The date the significant amendment is submitted to the PHA Plan website; • Changes in the number of de minimis units up to the 5% figure permitted by the RAD program rules; • Decisions to dedicate a portion of the agency's existing capital funds budget and/or public housing reserves as a source of funds for purposes of a RAD conversion and recapitalization transaction; and • Detailed development of the plans for the transfer of waiting lists to post-RAD conversion waiting lists. The Housing Authority of the County of Riverside ("HACR") hereby declares that the Desert Hot Springs (CA027000210) site, which will be converting from the Public Housing program to a RAD PBV contract, complies with the Site selection requirements set forth at 24 CFR § 983.57, the Fair Housing Act, Title VI of the Civil Rights Act of 1964 including implementing regulations at 24 CFR § 1.4(b)(3), Section 504 of the Rehabilitation Act of 1973 including implementing regulations at 24 CFR § 8.4(b)(5), and the Americans with Disabilities Act. The Housing Authority of the County of Riverside ("HACR") hereby declares that the Capri Midway (CA027000220) site, which will be converting from the Public Housing program to a RAD PBV contract, complies with the Site selection requirements set forth at 24 CFR § 983.57, the Fair Housing Act, Title VI of the Civil Rights Act of 1964 including implementing regulations at 24 CFR § 1.4(b)(3), Section 504 of the Rehabilitation Act of 1973 including implementing regulations at 24 CFR § 8.4(b)(5), and the Americans with Disabilities Act. The Housing Authority of the County of Riverside ("HACR") hereby declares that the Desert Hot Springs (CA027000230) site, which will be converting from the Public Housing program to a RAD PBV contract, complies with the Site selection requirements set forth at 24 CFR § 983.57, the Fair Housing Act, Title VI of the Civil Rights Act of 1964 including implementing regulations at 24 CFR § 1.4(b)(3), Section 504 of the Rehabilitation Act of 1973 including implementing regulations at 24 CFR § 8.4(b)(5), and the Americans with Disabilities Act. See RAD Conversion Attachments 1, 2, and 3 for more details.
8.0	**Capital Improvements.** Please complete Parts 8.1 through 8.3, as applicable.
8.1	**Capital Fund Program Annual Statement/Performance and Evaluation Report.** As part of the PHA 5-Year and Annual Plan, annually complete and submit **t**he *Capital Fund Program Annual Statement/Performance and Evaluation Report*, form HUD-50075.1, for each current and open CFP grant and CFFP financing. The Housing Authority anticipates transferring approximately $570,000.00 of existing Capital Fund funds to be utilized for improvements at the properties that will be converted in the Rental Assistance Demonstration. Upon RAD Closing and conversion of units to PBV subsidies, the Capital Fund Program will be defunct and reporting no longer required.
8.2	**Capital Fund Program Five-Year Action Plan.** As part of the submission of the Annual Plan, PHAs must complete and submit the *Capital Fund Program Five-Year Action Plan*, form HUD-50075.2, and subsequent annual updates (on a rolling basis, e.g., drop current year, and add latest year for a five year period). Large capital items must be included in the Five-Year Action Plan. The Housing Authority anticipates transferring approximately $570,000.00 of existing Capital Fund funds to be utilized for improvements at the properties that will be converted in the Rental Assistance Demonstration. Upon RAD Closing and conversion of units to PBV subsidies, the Capital Fund Program will be defunct and reporting no longer required.
8.3	**Capital Fund Financing Program (CFFP).** ☐ Check if the PHA proposes to use any portion of its Capital Fund Program (CFP)/Replacement Housing Factor (RHF) to repay debt incurred to finance capital improvements.
9.0	**Housing Needs**. Based on information provided by the applicable Consolidated Plan, information provided by HUD, and other generally available data, make a reasonable effort to identify the housing needs of the low-income, very low-income, and extremely low-income families who reside in the jurisdiction served by the PHA, including elderly families, families with disabilities, and households of various races and ethnic groups, and other families who are on the public housing and Section 8 tenant-based assistance waiting lists. The identification of housing needs must address issues of affordability, supply, quality, accessibility, size of units, and location.

9.1	**Strategy for Addressing Housing Needs**. Provide a brief description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **Note: Small, Section 8 only, and High Performing PHAs complete only for Annual Plan submission with the 5-Year Plan.** **See Attached Identification of Housing Needs and Strategy for Addressing Housing Needs**

10.0	**Additional Information**. Describe the following, as well as any additional information HUD has requested. (a) Progress in Meeting Mission and Goals. Provide a brief statement of the PHA's progress in meeting the mission and goals described in the 5-Year Plan. HACR continues to make progress in meeting the mission and goals described in the 5-Year Plan. Toward this end, the Agency made a concerted effort to increase the availability of decent, safe, and affordable housing by: expanding the supply of assisted housing; improving the quality of assisted housing; and increasing assisted housing choices. Significant achievements during the five year plan period include: expansion of the Family Self-Sufficiency and ROSS Programs. The HACR continues to receive renewal funding to employ 7 full time FSS Coordinators. In 2013, the HACR FSS Program was one out of 17 other FSS Programs selected by MDRC (the firm contracted by HUD) to be a part the National FSS Evaluation Study. The HACR continues to apply for additional ROSS funding and currently has an application pending to continue the current ROSS Program at the Moreno Valley properties for another 3 years; continuation of the current 15 Mortgage Voucher Program participants and the continuation of the Infill Housing Program which both constructs and sells single family homes; securing 539 vouchers through the Veterans Affairs Supportive Housing (VASH) program to provide housing for homeless veterans; expanding the Security Deposit Assistance program to support housing mobility and assist HCV households impacted by the foreclosure crisis and those new from the waiting list that have as a barrier the lack of funds for a security deposit which otherwise prevents equal access to the HCV program and providing supportive housing opportunities for homeless individuals and families through various grant funded programs in an effort to support the goals and work of the local Continuum of Care; the continuation of the Asset Management within the Public Housing program; and attaining High Performer status for the Agency's management of the HCV program. (b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA's definition of "significant amendment" and "substantial deviation/modification" For purposes of the 5-Year Plan, the Agency defines a **"substantial deviation/modification" or "significant amendment"** as: 1. Changes to admissions policies, organization of the rental assistance waiting lists, or rent determination 2. As part of the Rental Assistance Demonstration (RAD), HACR is redefining the definition of a substantial deviation from the agency's annual plan to exclude the following RAD-specific items, provided that the adjustments to the RAD plans are authorized by the Board of Commissioners in the normal course of business: • Changes to the Capital Fund Budget produced as a result of each approved RAD conversion, regardless of whether the proposed conversion will include use of additional Capital Funds; • Changes to the construction and rehabilitation plan for each approved RAD conversion; • Changes to the financing structure for each approved RAD conversion; • The date the significant amendment is submitted to the PHA Plan website; • Changes in the number of de minimis units up to the 5% figure permitted by the RAD program rules; • Decisions to dedicate a portion of the agency's existing capital funds budget and/or public housing reserves as a source of funds for purposes of a RAD conversion and recapitalization transaction; and • Detailed development of the plans for the transfer of waiting lists to post-RAD conversion waiting lists. When significant changes are proposed the Agency will adhere to a forty-five day Notice of Public Comment; solicit public comment and feedback; ensure that proposed changes are consistent with the Consolidated Plan, and submit the proposed change to the Board of Commissioners for formal approval.
11.0	**Required Submission for HUD Field Office Review**. In addition to the PHA Plan template (HUD-50075), PHAs must submit the following documents. Items (a) through (g) may be submitted with signature by mail or electronically with scanned signatures, but electronic submission is encouraged. Items (h) through (i) must be attached electronically with the PHA Plan. **Note:** Faxed copies of these documents will not be accepted by the Field Office. (a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations* (which includes all certifications relating to Civil Rights) (b) Form HUD-50070, *Certification for a Drug-Free Workplace* (PHAs receiving CFP grants only) (c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* (PHAs receiving CFP grants only) (d) Form SF-LLL, *Disclosure of Lobbying Activities* (PHAs receiving CFP grants only) (e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* (PHAs receiving CFP grants only) (f) Resident Advisory Board (RAB) comments. Comments received from the RAB must be submitted by the PHA as an attachment to the PHA Plan. PHAs must also include a narrative describing their analysis of the recommendations and the decisions made on these recommendations. (g) Challenged Elements (h) Form HUD-50075.1, *Capital Fund Program Annual Statement/Performance and Evaluation Report* (PHAs receiving CFP grants only) (i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* (PHAs receiving CFP grants only)

This information collection is authorized by Section 511 of the Quality Housing and Work Responsibility Act, which added a new section 5A to the U.S. Housing Act of 1937, as amended, which introduced 5-Year and Annual PHA Plans. The 5-Year and Annual PHA plans provide a ready source for interested parties to locate basic PHA policies, rules, and requirements concerning the PHA's operations, programs, and services, and informs HUD, families served by the PHA, and members of the public of the PHA's mission and strategies for serving the needs of low-income and very low-income families. This form is to be used by all PHA types for submission of the 5-Year and Annual Plans to HUD. Public reporting burden for this information collection is estimated to average 12.68 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. HUD may not collect this information, and respondents are not required to complete this form, unless it displays a currently valid OMB Control Number.

Privacy Act Notice. The United States Department of Housing and Urban Development is authorized to solicit the information requested in this form by virtue of Title 12, U.S. Code, Section 1701 et seq., and regulations promulgated thereunder at Title 12, Code of Federal Regulations. Responses to the collection of information are required to obtain a benefit or to retain a benefit. The information requested does not lend itself to confidentiality

Instructions form HUD-50075

Applicability. This form is to be used by all Public Housing Agencies (PHAs) with Fiscal Year beginning April 1, 2008 for the submission of their 5-Year and Annual Plan in accordance with 24 CFR Part 903. The previous version may be used only through April 30, 2008.

1.0 PHA Information
Include the full PHA name, PHA code, PHA type, and PHA Fiscal Year Beginning (MM/YYYY).

2.0 Inventory
Under each program, enter the number of Annual Contributions Contract (ACC) Public Housing (PH) and Section 8 units (HCV).

3.0 Submission Type
Indicate whether this submission is for an Annual and Five Year Plan, Annual Plan only, or 5-Year Plan only.

4.0 PHA Consortia
Check box if submitting a Joint PHA Plan and complete the table.

5.0 Five-Year Plan
Identify the PHA's Mission, Goals and/or Objectives (24 CFR 903.6). Complete only at 5-Year update.

5.1 Mission. A statement of the mission of the public housing agency for serving the needs of low-income, very low-income, and extremely low-income families in the jurisdiction of the PHA during the years covered under the plan**.**

5.2 Goals and Objectives. Identify quantifiable goals and objectives that will enable the PHA to serve the needs of low income, very low-income, and extremely low-income families.

6.0 PHA Plan Update. In addition to the items captured in the Plan template, PHAs must have the elements listed below readily available to the public. Additionally, a PHA must:

(a) Identify specifically which plan elements have been revised since the PHA's prior plan submission.

(b) Identify where the 5-Year and Annual Plan may be obtained by the public. At a minimum, PHAs must post PHA Plans, including updates, at each Asset Management Project (AMP) and main office or central off ice of the PHA. PHAs are strongly encouraged to post complete PHA Plans on its official website. PHAs are also encouraged to provide each resident council a copy of its 5-Year and Annual Plan.

PHA Plan Elements. (24 CFR 903.7)

1. **Eligibility, Selection and Admissions Policies, including Deconcentration and Wait List Procedures.** Describe the PHA's policies that govern resident or tenant eligibility, selection and admission including admission preferences for both public housing and HCV and unit assignment policies for public housing; and procedures for maintaining waiting lists for admission to public housing and address any site-based waiting lists.

2. **Financial Resources.** A statement of financial resources, including a listing by general categories, of the PHA's anticipated resources, such as PHA Operating, Capital and other anticipated Federal resources available to the PHA, as well as tenant rents and other income available to support public housing or tenant-based assistance. The statement also should include the non-Federal sources of funds supporting each Federal program, and state the planned use for the resources.

3. **Rent Determination.** A statement of the policies of the PHA governing rents charged for public housing and HCV dwelling units.

4. **Operation and Management.** A statement of the rules, standards, and policies of the PHA governing maintenance management of housing owned, assisted, or operated by the public housing agency (which shall include measures necessary for the prevention or eradication of pest infestation, including cockroaches), and management of the PHA and programs of the PHA.

5. **Grievance Procedures.** A description of the grievance and informal hearing and review procedures that the PHA makes available to its residents and applicants.

6. **Designated Housing for Elderly and Disabled Families.** With respect to public housing projects owned, assisted, or operated by the PHA, describe any projects (or portions thereof), in the upcoming fiscal year, that the PHA has designated or will apply for designation for occupancy by elderly and disabled families. The description shall include the following information: **1**) development name and number; **2**) designation type; **3**) application status; **4**) date the designation was approved, submitted, or planned for submission, and; **5**) the number of units affected.

7. **Community Service and Self-Sufficiency.** A description of: (**1**) Any programs relating to services and amenities provided or offered to assisted families; (**2**) Any policies or programs of the PHA for the enhancement of the economic and social self-sufficiency of assisted families, including programs under Section 3 and FSS; **(3)** How the PHA will comply with the requirements of community service and treatment of income changes resulting from welfare program requirements. **(Note: applies to only public housing).**

8. **Safety and Crime Prevention.** For public housing only, describe the PHA's plan for safety and crime prevention to ensure the safety of the public housing residents. The statement must include: (i) A description of the need for measures to ensure the safety of public housing residents; (ii) A description of any crime prevention activities conducted or to be conducted by the PHA; and (iii) A description of the coordination between the PHA and the appropriate police precincts for carrying out crime prevention measures and activities.

9. **Pets.** A statement describing the PHAs policies and requirements pertaining to the ownership of pets in public housing.

10. **Civil Rights Certification.** A PHA will be considered in compliance with the Civil Rights and AFFH Certification if: it can document that it examines its programs and proposed programs to identify any impediments to fair housing choice within those programs; addresses those impediments in a reasonable fashion in view of the resources available; works with the local jurisdiction to implement any of the jurisdiction's initiatives to affirmatively further fair housing; and assures that the annual plan is consistent with any applicable Consolidated Plan for its jurisdiction.

11. **Fiscal Year Audit.** The results of the most recent fiscal year audit for the PHA.

12. **Asset Management.** A statement of how the agency will carry out its asset management functions with respect to the public housing inventory of the agency, including how the agency will plan for the long-term operating, capital investment, rehabilitation, modernization, disposition, and other needs for such inventory.

13. **Violence Against Women Act (VAWA).** A description of: **1)** Any activities, services, or programs provided or offered by an agency, either directly or in partnership with other service providers, to child or adult victims of domestic violence, dating violence, sexual assault, or stalking; **2)** Any activities, services, or programs provided or offered by a PHA that helps child and adult victims of domestic violence, dating violence, sexual assault, or stalking, to obtain or maintain housing; and **3)** Any activities, services, or programs provided or offered by a public housing agency to prevent domestic violence, dating violence, sexual assault, and stalking, or to enhance victim safety in assisted families.

7.0 Hope VI, Mixed Finance Modernization or Development, Demolition and/or Disposition, Conversion of Public Housing, Homeownership Programs, and Project-based Vouchers

(a) Hope VI or Mixed Finance Modernization or Development. **1)** A description of any housing (including project number (if known) and unit count) for which the PHA will apply for HOPE VI or Mixed Finance Modernization or Development; and **2)** A timetable for the submission of applications or proposals. The application and approval process for Hope VI, Mixed Finance Modernization or Development, is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/programs/ph/hope6/index.cfm

(b) Demolition and/or Disposition. With respect to public housing projects owned by the PHA and subject to ACCs under the Act: **(1)** A description of any housing (including project number and unit numbers [or addresses]), and the number of affected units along with their sizes and accessibility features) for which the PHA will apply or is currently pending for demolition or disposition; and **(2)** A timetable for the demolition or disposition. The application and approval process for demolition and/or disposition is a separate process. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/demo_dispo/index.cfm
Note: This statement must be submitted to the extent **that approved and/or pending** demolition and/or disposition has changed.

(c) Conversion of Public Housing. With respect to public housing owned by a PHA: **1)** A description of any building or buildings (including project number and unit count) that the PHA is required to convert to tenant-based assistance or that the public housing agency plans to voluntarily convert; **2)** An analysis of the projects or buildings required to be converted; and **3)** A statement of the amount of assistance received under this chapter to be used for rental assistance or other housing assistance in connection with such conversion. See guidance on HUD's website at: http://www.hud.gov/offices/pih/centers/sac/conversion.cfm

(d) Homeownership. A description of any homeownership (including project number and unit count) administered by the agency or for which the PHA has applied or will apply for approval.

(e) Project-based Vouchers. If the PHA wishes to use the project-based voucher program, a statement of the projected number of project-based units and general locations and how project basing would be consistent with its PHA Plan.

8.0 Capital Improvements. This section provides information on a PHA's Capital Fund Program. With respect to public housing projects owned, assisted, or operated by the public housing agency, a plan describing the capital improvements necessary to ensure long-term physical and social viability of the projects must be completed along with the required forms. Items identified in 8.1 through 8.3, must be signed where directed and transmitted electronically along with the PHA's Annual Plan submission.

8.1 Capital Fund Program Annual Statement/Performance and Evaluation Report. PHAs must complete the *Capital Fund Program Annual Statement/Performance and Evaluation Report* (form HUD-50075.1), for each Capital Fund Program (CFP) to be undertaken with the current year's CFP funds or with CFFP proceeds. Additionally, the form shall be used for the following purposes:

(a) To submit the initial budget for a new grant or CFFP;

(b) To report on the Performance and Evaluation Report progress on any open grants previously funded or CFFP; and

(c) To record a budget revision on a previously approved open grant or CFFP, e.g., additions or deletions of work items, modification of budgeted amounts that have been undertaken since the submission of the last Annual Plan. The Capital Fund Program Annual Statement/Performance and Evaluation Report must be submitted annually.

Additionally, PHAs shall complete the Performance and Evaluation Report section (see footnote 2) of the *Capital Fund Program Annual Statement/Performance and Evaluation* (form HUD-50075.1), at the following times:

1. At the end of the program year; until the program is completed or all funds are expended;

2. When revisions to the Annual Statement are made, which do not require prior HUD approval, (e.g., expenditures for emergency work, revisions resulting from the PHAs application of fungibility); and

3. Upon completion or termination of the activities funded in a specific capital fund program year.

8.2 Capital Fund Program Five-Year Action Plan

PHAs must submit the *Capital Fund Program Five-Year Action Plan* (form HUD-50075.2) for the entire PHA portfolio for the first year of participation in the CFP and annual update thereafter to eliminate the previous year and to add a new fifth year (rolling basis) so that the form always covers the present five-year period beginning with the current year.

8.3 Capital Fund Financing Program (CFFP). Separate, written HUD approval is required if the PHA proposes to pledge any

portion of its CFP/RHF funds to repay debt incurred to finance capital improvements. The PHA must identify in its Annual and 5-year capital plans the amount of the annual payments required to service the debt. The PHA must also submit an annual statement detailing the use of the CFFP proceeds. See guidance on HUD's website at: http://www.hud.gov/offices/pih/programs/ph/capfund/cffp.cfm

9.0 Housing Needs. Provide a statement of the housing needs of families residing in the jurisdiction served by the PHA and the means by which the PHA intends, to the maximum extent practicable, to address those needs. **(Note:** Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

9.1 Strategy for Addressing Housing Needs. Provide a description of the PHA's strategy for addressing the housing needs of families in the jurisdiction and on the waiting list in the upcoming year. **(Note:** Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).

10.0 Additional Information. Describe the following, as well as any additional information requested by HUD:

(a) Progress in Meeting Mission and Goals. PHAs must include (i) a statement of the PHAs progress in meeting the mission and goals described in the 5-Year Plan; (ii) the basic criteria the PHA will use for determining a significant amendment from its 5-year Plan; and a significant amendment or modification to its 5-Year Plan and Annual Plan**. (Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).**

(b) Significant Amendment and Substantial Deviation/Modification. PHA must provide the definition of "significant amendment" and "substantial deviation/modification". **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan.)**

(c) PHAs must include or reference any applicable memorandum of agreement with HUD or any plan to improve performance. **(Note: Standard and Troubled PHAs complete annually).**

11.0 Required Submission for HUD Field Office Review. In order to be a complete package, PHAs must submit items (a) through (g), with signature by mail or electronically with scanned signatures. Items (h) and (i) shall be submitted electronically as an attachment to the PHA Plan.

(a) Form HUD-50077, *PHA Certifications of Compliance with the PHA Plans and Related Regulations*

(b) Form HUD-50070, *Certification for a Drug-Free Workplace* **(PHAs receiving CFP grants only)**

(c) Form HUD-50071, *Certification of Payments to Influence Federal Transactions* **(PHAs receiving CFP grants only)**

(d) Form SF-LLL, *Disclosure of Lobbying Activities* **(PHAs receiving CFP grants only)**

(e) Form SF-LLL-A, *Disclosure of Lobbying Activities Continuation Sheet* **(PHAs receiving CFP grants only)**

(f) Resident Advisory Board (RAB) comments.

(g) Challenged Elements. Include any element(s) of the PHA Plan that is challenged.

(h) Form HUD-50075.1**, *Capital Fund Program Annual Statement/Performance and Evaluation Report* (Must be attached electronically for PHAs receiving CFP grants only).** See instructions in 8.1.

(i) Form HUD-50075.2, *Capital Fund Program Five-Year Action Plan* **(Must be attached electronically for PHAs receiving CFP grants only).** See instructions in 8.2.

Housing Authority of the County of Riverside (HACR)
PHA 5-Year and Annual Plan Goals and Objectives
July 1, 2015

PHA Goal: **Expand the supply of assisted housing.**
Objective: Increase housing choices for families and individuals.

- Apply for additional vouchers
- Leverage private or other public funds
- Acquire, construct, or rehabilitate housing units and developments to expand affordable housing opportunities and promote homeownership for low-income households

PHA Goal: Improve the quality of assisted housing.
Objective: Maintain safe, decent, sanitary units and improve quality of life for residents living in assisted housing.

- Obtain and maintain High Performer status for HCV voucher management (SEMAP Score)
- Obtain and maintain High Performer status for Public Housing management (PHAS Score)
- Provide excellent customer service
- Renovate or modernize public housing units
- Annually inspect units to meet Housing Quality Standards with the option to bi-annually inspect units that regularly pass inspection.
- Allocate project-based vouchers for qualified housing projects

PHA Goal: Increase assisted housing choices.
Objective: Encourage resident choice in rental selection

- Conduct outreach efforts to potential landlords
- Provide replacement vouchers
- Expand self-sufficiency programs for participant households
- Allocate project-based vouchers for qualified housing projects

PHA Goal: Promote self-sufficiency within assisted housing programs
Objective: Promote economic independence for families and individuals.

- Connect working-able and work-ready households to employment opportunities
- Provide or attract supportive services to improve assisted members' employability
- Expand self-sufficiency programs for residents in the assisted housing programs
- Partner with local workforce development centers to positively further self-sufficiency within assisted housing households.

PHA Goal: Ensure equal opportunity and affirmatively further fair housing.
Objective: Promote equal housing opportunities.

- Facilitate affirmative measures to ensure access to assisted housing regardless of race, color, religion, national origin, sex, familial status, and disability
- Carry out affirmative measures to provide a suitable living environment for families living in assisted housing, regardless of race, color, religion, national origin, sex, familial status, and disability
- Promote equal housing opportunities

Other PHA Goal and Objective: Implement the requirements of the Violence Against Women Act (VAWA)

- Protect certain victims of criminal domestic violence, dating violence, sexual assault, or stalking (as well as members of the victims' immediate families) from losing their HUD assisted housing as a consequence of abuse of which they were the victim
- Undertake affirmative measures to make tenants participating in the HCV and Public Housing programs aware of VAWA requirements.
- Undertake affirmative measure to make Owners participating in the HCV program aware of VAWA requirements.

Housing Authority of the County of Riverside
5-Year Plan and Annual Plan
Identification of Housing Needs and Strategy for Addressing Housing Needs
July 1, 2015

Identification of Housing Needs:

WAIT LIST STATISTICS	S8	PH
Total on Wait List as of **12/22/2014**	13464	36225
Income at or below 30% of Area Median Income (AMI)	10098	28147
Homeless	1602	5795
Elderly	1773	6179
Extreme Elderly (75 years and older)	403	2244
Disabled	3558	10043
Families w/minor children	9057	21105
Working families (families with minor children working 32 hours/week or more)	4419	8411
Veterans	595	1553

Need: Meeting Waiting List Housing Needs

Strategy 1: Maximize the number of affordable units available to the PHA within its current resources by:

- Maintain or increase section 8 lease-up rates by establishing payment standards that will enable families to rent throughout the jurisdiction
- Undertake measures to ensure access to affordable housing among families assisted by the PHA
- Maintain or increase section 8 lease-up rates by marketing the program to owners, particularly those outside of areas of minority and poverty concentration
- Employ effective maintenance and management policies to minimize the number of public housing units off-line
- Reduce turnover time for vacated public housing units
- Reduce time to renovate public housing units
- Participate in the Consolidated Plan development process to ensure coordination with broader community strategies

Strategy 2: Increase the number of affordable housing units by:

- Apply for additional section 8 units should they become available
- Pursue housing resources other than public housing or Section 8 tenant-based assistance

Need: Families at or below 30% of median

Strategy 1: Target available assistance to families at or below 30 % of AMI

- Employ admissions preferences aimed at families with economic hardships
- Adopt rent policies to support and encourage work

Need: Homeless families with children residing in shelters

Strategy 1: Conduct activities to house homeless families with children living in shelters

- Partner with local shelters to identify homeless households and register them on the waiting list
- Establish waiting list preference to assist the homeless families with children residing in shelters

Need: Elderly (62 and older) and Extreme Elderly (75 and older)

Strategy 1: Target available assistance to elderly (62 and older) and Extreme Elderly (75 years of age and older):

- Apply for special-purpose vouchers targeted to the elderly, should they become available
- Establish waiting list preferences to assist the extreme elderly and elderly

Need: Families with Disabilities

Strategy 1: Target available assistance to Families with Disabilities:

- Apply for special-purpose vouchers targeted to families with disabilities, should they become available
- Affirmatively market to local non-profit agencies that assist families with disabilities
- Establish waiting list preference to assist the disabled
- Educate families and owners on Reasonable Accommodation policies and procedures

ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER PROGRAM

Housing Authority of the County of Riverside

Effective July 1, 2015

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Chapter 1

STATEMENT OF POLICIES AND OBJECTIVES

INTRODUCTION

The Housing Choice Voucher (Section 8) Program was enacted as part of the Housing and Community Development Act of 1974, which re-codified the U.S. Housing Act of 1937. The Act has been amended from time to time, and its requirements are described in, and implemented through this Administrative Plan.

Administration of the Housing Choice Voucher Program and the functions and responsibilities of the Housing Authority of the County of Riverside (HA) staff shall be in compliance with the United States Department of Housing and Urban Development's (HUD) Housing Choice Voucher Program Regulations as well as federal, state and local fair housing laws and regulations.

The HA is committed to the goals and policies contained in the Housing Element of the General Plan for the County of Riverside and the County of Riverside Consolidated Plan.

A. PURPOSE OF THE PLAN

The purpose of the Administrative Plan is to establish policies for carrying out the programs in a manner consistent with HUD requirements and local objectives. The Plan covers both admission and continued participation in these programs.

The HA is responsible for complying with all changes in HUD regulations pertaining to these programs. If such changes conflict with this Plan, HUD regulations will have precedence.

B. SERVICE POLICY/ACCOMMODATIONS

This policy is applicable to all situations described in this Administrative Plan when a family initiates contact with the HA, when the HA initiates contact with a family including when a family applies, and when the HA schedules or reschedules appointments of any kind.

It is the policy of this HA to be customer service oriented in the administration of our housing programs, and to exercise and demonstrate a high level of professionalism while providing housing services to the families within our jurisdiction.

The HA's policies and practices are designed to provide assurances that all persons with disabilities will be provided accommodations, whenever reasonable, so that they may have equal access to the housing programs and related services. Persons requiring special accommodations due to a disability must notify the HA of their needs.

In matters where the HA has discretion, waivers to existing policy shall be determined by the Director or designee.

C. TRANSLATION OF DOCUMENTS

The Housing Authority will provide verbal translation of documents into Spanish, as well as other languages when feasible.

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D. FAMILY OUTREACH

It is the goal of the HA to assure that participating families in the program are representative of the County's targeted population groups, as identified in the Consolidated Plan of its area of operation. The HA will publicize and disseminate information to make known the availability of housing assistance and related services for low income families on an as needed basis. The HA will publicize the availability and nature of housing assistance for low income families in a newspaper of general circulation, minority media, through the agency's website at www.harivco.org and by other suitable means (such as distributing information to non-profit agencies within the county).

E. PRIVACY RIGHTS AND PROVIDING INFORMATION TO OWNERS

The HA's policy regarding release of information is in accordance with state and local laws which restricts the release of family information.

The HA's practices and procedures are designed to safeguard the privacy of applicants, program participants, and participating owners or property managers. All applicant and participant hard files and imaged files will be stored in a secure location that is only accessible by authorized staff. Owner records will be filed and/or imaged with the participant's file.

In accordance with HUD requirements, the HA will furnish prospective owners with the names and addresses of current and prior landlords of applicants and participants for tenant screening purposes.

F. EQUAL OPPORTUNITY

The HA practices equal opportunity in hiring, promotion and conditions of employment. The HA will comply with the equal opportunity housing requirements in regard to non-discrimination in housing.

G. SPECIAL HOUSING TYPES

The HA routinely provides Manufactured home space rental assistance and will provide Shared Housing, and Single Room Occupancy (SRO), as a reasonable accommodation to applicants and participants who request it in order to make the program more accessible. All units must pass Housing Quality Standards as outlined in the Code of Federal Regulations. Except where specifically regulated, all HA policies in this Administrative Plan also apply to the special housing types.

H. RULES AND REGULATIONS

This Administrative Plan is set forth to define the HA's local policies for operation of the housing programs in the context of federal laws and regulations. All issues related to Housing Choice Voucher Program not addressed in this document are governed by such federal regulations, HUD memos, notices and guidelines, or other applicable law.

I. JURISDICTION

The HA's area of operation is all of the incorporated and unincorporated cities and areas in Riverside County.

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J. MONITORING PROGRAM PERFORMANCE

The HA will monitor program performance in compliance with the Annual Contributions Contract and other applicable laws, regulations and guidelines. It is the agency's objective to receive the highest rating from HUD using the Section 8 Management Assessment Program (SEMAP).

The HA will monitor Housing Quality Standards (HQS) in accordance with the Code of Federal Regulations 24 CFR Part 982, by conducting quality control inspections in an amount necessary to meet HUD requirements.

K. PROGRAM INTEGRITY MONITORING (PIM)

The Housing Authority of the County of Riverside administers Program Integrity Monitoring (PIM). The purpose of the program is to ensure that public funds are paid only on behalf of qualified and eligible participants, and to landlords and owners who comply with all contract provisions in accordance with federal regulations. (Refer to Appendix E)

PIM also staffs a toll-free fraud hotline [(800) 300-0439]. Through this hotline, the public can anonymously report any suspected participant/owner/employee fraud. The fraud hotline number is available through the internet web site, and Housing Authority newsletters.

L. REQUESTS FOR INFORMATION FROM FILES

The HA will make public records available to all persons, unless otherwise exempted from disclosure by applicable law. Copies of disclosable public records may be purchased from the HA or they can be viewed at no charge at the HA offices during normal business hours. The HA charges $0.50 for the first page copied and $0.10 for each additional page thereafter. To the extent permitted by law, under certain circumstances the HA may recover additional costs in connection with retrieving electronic data.

M. USE OF ADMINISTRATIVE FEE RESERVE

The HA Board of Commissioners must authorize any withdrawal from administrative fee reserves proposed through the annual budget approval process. The Board of Commissioners must authorize any amount in excess of $75,000 per occurrence that is used during the fiscal year in addition to the previously approved amount.

N. CODE OF CONDUCT

All employees are expected to abide by the Code of Conduct for the Housing Authority, which is included as Appendix B of this document.

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Chapter 2

ELIGIBILITY FOR ADMISSION

INTRODUCTION

This chapter defines the HUD and HA criteria for admission and denial of admission to the program. The policy of the HA is to strive for objectivity and consistency in applying these criteria to evaluate the eligibility of families who apply. The HA staff will review all information provided by the family carefully and without regard to factors other than those defined in this chapter. Families will be provided the opportunity to explain their circumstances, to furnish additional information, if needed, and to receive an explanation of the basis for any decision made by the HA pertaining to their eligibility.

To be eligible for participation, an applicant must meet HUD criteria, as well as any permissible additional criteria established by the HA, i.e., Policy on Zero Tolerance of Criminal Activity (see Appendix C), and established local preferences (see Chapter 4).

The family's placement on the waiting list will be made in accordance with their registration date, and self-disclosed preferences.

A. QUALIFICATION AS A FAMILY (24 CFR 5.403)

The applicant must qualify as a family. A family includes but is not limited to, regardless of marital status, actual or perceived sexual orientation, or gender identity, the following:

A single (one) person, who may be an elderly person, a displaced person, disabled person, near-elderly person, or any other single person; or

A group of persons residing together and such group includes, but is not limited to:
A family with or without minor(s) (a minor who is temporarily away, 182 days or less, from the home because of placement in foster care is considered a member of the family)
An elderly family
A near-elderly family
A disabled family
A displaced family; and
The remaining member of a tenant family

Head of Household

The head of household is the adult member of the household who is designated by the family, is wholly or partly responsible for paying the rent, and has the legal capacity to enter into a lease under state/local law. Emancipated minors who qualify under state law may be recognized as the head of household.

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Live-In Aide **(24 CFR 982.316)**

A family that consists of one or more elderly, near-elderly or disabled persons may request that the HA approve a live-in aide to reside in the unit and provide necessary supportive services for a family member who is a person with disabilities. The HA must approve a live-in aide if needed as a reasonable accommodation in accordance with 24 CFR Part 8 to make the program accessible to and usable by the family member with a disability. A statement from a licensed professional supporting the need for a Live-In Aide will be required. This statement must be renewed every year at the annual recertification. For relocations the verification must be current within the last 120 days.

Live-in aide means a person who resides with one or more elderly persons, near-elderly or disabled persons, and who:

1. Is determined by the HA to be essential to the care and wellbeing of an elderly person or a person with disabilities,
2. Is not obligated for the support of the person(s),
3. Would not be living in the unit except to provide the necessary supportive services.

Occasional, intermittent, multiple or rotating care givers do not meet the definition of a live-in aide since 24CFR Section 982.402(b)(7) implies live-in-aides must reside with a family permanently for the family unit size to be adjusted in accordance with the subsidy standards established by the PHA. Therefore, regardless of whether these caregivers spend the night, an additional bedroom should not be approved (PIH 2009-22).

A PHA may only approve one additional bedroom for a live- in aide. Although a live-in aide may have PHA-approved family member/s live with him/her in the assisted unit, no additional bedrooms will be provided for the family members of the live-in aide. The PHA must ensure that housing quality standards (HQS) will not be violated and that there will be no more than two people per bedroom or living/sleeping space in the unit in accordance with 24 CFR § 982.401(d)(2)(ii). If the approval of additional family members of a live- in aide would result in the violation of HQS, the additional family members of the live- in aide may not be approved. PIH 2010-51 (HA)

A live-in aide is treated differently than family members:

1. Income of the live-in aide will not be counted for purposes of determining eligibility or level of benefits.
2. Live-in aides will not be considered as a remaining household member of the tenant family or be entitled to any housing assistance independent of the participant and will sign a certification to that effect.

At any time, the HA may refuse to approve a particular person as a live-in aide, or may withdraw such approval, if:

1. The person commits fraud, bribery or any other corrupt or criminal act in connection with any federal housing program;
2. The person violates the Policy on Zero Tolerance of Criminal Activity; or
3. The person currently owes rent or other amounts to the HA or to another HA in connection with Housing Choice Voucher Program or Public Housing Assistance under the 1937 Act;
4. The live-in aide requires a live-in aide or care provider for themselves;
5. The HOH requires a live-in aide, the HOH may not be a live-in aide/caretaker for someone else.

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6. The live-in aide would not be living in the unit except to provide the necessary supportive services (i.e. spouse/co-head or parent of a child).
7. The person is already living in the unit as a household member

Multiple Families in the Same Household - Joint Custody of Minor(s)
When two families living together apply for assistance, (such as a mother and father and a daughter with her own husband or minor(s), they will be treated as a single family unit.

Minors who are subject to a joint custody agreement, but live with one parent at least 51 percent of the time will be considered members of the household. "51 percent of the time" is defined as 183 days of the year, which do not have to run consecutively.

When both parents are trying to claim the minor, the HA will consider court records as the authority for custody. In the absence of court records, the parent whose address is listed in the school records will be allowed to claim the school-age minor as a dependent and as a member of that household.

B. INCOME LIMITS [24 CFR 982.201 (b) (1)]
HUD determines income limits for admission to the Housing Choice Voucher Program. To be eligible, the applicant must be a family in any of the following categories:

- A ''very low income'' family;
- A low-income family that is ''continuously assisted'' under the 1937 Housing Act;
- A low-income family that meets additional eligibility criteria specified in the PHA administrative plan. Such additional PHA criteria must be consistent with the PHA plan and with the consolidated plans for local governments in the PHA jurisdiction;
- A low-income family that qualifies for voucher assistance as a non-purchasing family residing in a HOPE 1 (HOPE for public housing homeownership) or HOPE 2 (HOPE for homeownership of multifamily units) project. (Section 8(o)(4)(D) of the 1937 Act (42 U.S.C. 1437f(o)(4)(D));
- A low-income or moderate-income family that is displaced as a result of the prepayment of the mortgage or voluntary termination of an insurance contract on eligible low-income housing as defined in § 248.101 of this title;
- A low-income family that qualifies for voucher assistance as a non-purchasing family residing in a project subject to a resident homeownership program under § 248.173 of this title.

A family who is determined to be over the Very Low (50% of median) Income Limits at time of release will be withdrawn from the waiting list and sent a denial letter.

C. DISCLOSURE OF SOCIAL SECURITY NUMBERS- PIH 2010-3 and 24 CFR 5.216
All applicants and participants are required to disclose a social security number. PHAs will not need to re-verify previously disclosed valid SSNs. PHAs may rely on documentation of the SSN provided by another government agency (federal or state). Addition of new household members at least 6 years of age or under the age of 6 and who **has an assigned SSN**, the participant must disclose the SSN and provide documentation of the SSN to the PHA at the time of request to add new household member or during interim re-exam. The new household member **cannot** be added to the family composition until the family has complied with SSN disclosure and verification

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requirements. Addition of new household members under the age of 6 **without an assigned SSN**, are included as household members and entitled to benefits and the Head of Household is given 90 days to provide documentation of the SSN (with the potential for an extension of an additional 90 days) if the HA determines that the failure to provide proof of the SSN was due to circumstances outside the family's control. Failure to furnish verification of social security numbers is grounds for denial or termination of assistance.

D. CITIZENSHIP/ELIGIBLE IMMIGRATION STATUS (24 CFR Part 5)

Mixed Families

An applicant family is eligible for assistance so long as at least one member is a citizen or eligible immigrant. Families that include eligible and ineligible individuals are called mixed households. Such applicant families will be given notice that their assistance will be prorated and that they may request a hearing if they contest this determination.

No eligible members

Applicant families that include no eligible members will be ineligible for assistance. Such families will be denied admission and offered an opportunity for a hearing.

Non-citizen students

Non-citizen students as defined by HUD in the non-citizen regulations are not eligible for assistance.

Appeals

For this eligibility requirement only, the applicant is entitled to a hearing exactly like those provided for participants.

E. SUITABILITY OF FAMILY

It is the responsibility of the owner to screen the applicants as to their suitability for tenancy.

F. CHANGES IN ELIGIBILITY PRIOR TO EFFECTIVE DATE OF THE CONTRACT

Changes that occur after the issuance of a Voucher, but before the execution of a lease and contract must be processed so that under no circumstance will a family be admitted if they are over the HUD published 50% Area Median Income Limit. For example, if a household goes over the income limit prior to lease up, the applicant is no longer eligible for the program [24 CFR 982.201(b)(4)]. They will be notified in writing of their ineligible status and their right to an informal review.

In order to be compliant with regulatory requirements, the Housing Authority will release families to result in a lease up of 75% of the families being at or below 30% of the median income (extremely low income). If a family has a change in income that results in the family exceeding the 30% income limits for the family size at the time of verification and up until voucher issuance and/or prior to lease up, the family's income will be updated and they will be returned to the waiting list and notified in writing. The family will be eligible for a future release between 30% and 50% of the income limits (very low income).

Non-income changes that are reported after voucher issuance will not affect the preference eligibility of the household once the preference criterion has been verified.

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G. INELIGIBLE FAMILIES

Families who are determined to be ineligible will be notified in writing of the reason for denial and given an opportunity to request an informal review, or an informal hearing if they were denied due to non-citizen status.

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Chapter 3

APPLYING FOR ADMISSION

INTRODUCTION

The HA Section 8 waiting list will open July 1, 2015 for new registrations. This chapter describes the policies and procedures for completing the waiting list registration, placement on the waiting list, and completion of the Section 8 Application, including verifications and other required documents. Registrants will be placed on the waiting list in accordance with this Plan.

EXTRAORDINARY LOCAL PREFERENCE

Up to a total of 15% of annual admissions will be targeted for an extraordinary local preference for the following registrants: Referrals by the Court Program (A program run by Riverside County Family and Dependency Drug Courts); and, registrants displaced by government action or emergency as certified by a city, county or state agency official (executive level or above), etc. The approval of the Director or designee is necessary for an extraordinary local preference. These admissions must meet the County of Riverside Residency Preference except for those who are displaced by government action. **24 CFR 982.204 (a) and 24 CFR 982.207 (a) (2) and (3).**

A. WAITING LIST REGISTRATION

At such time as the Housing Choice Voucher Program waiting list reopens, public notice will be issued and outreach will be conducted by distribution of waiting list registration forms to libraries, non-profit organizations and other public agencies. Advertisement of the housing programs is done on an as needed basis in the local paper of record, minority newspapers, other media and the agency's website at www.harivco.org. Outreach and advertisement notices include:

1. A brief description of the housing programs
2. Basic information on eligibility requirements
3. The HA's address, website and telephone number

When the Housing Choice Voucher Program waiting list reopens, any family asking to be placed on the waiting list for Housing Choice Voucher rental assistance must complete a registration form. Until registrants are able to register independently using the agency's new web-based waiting list portal, registrations will be taken on the Internet, by mail, or by personal delivery to the HA offices. Once the agency's web-based waiting list portal is fully operational, registrations must be completed online. Requests for reasonable accommodations for persons with disabilities will be reviewed on a case-by-case basis. Please note that in order to be placed on the waiting list, a valid address must be provided since the HA's primary form of communication is by mail. This is to avoid an applicant being withdrawn or removed from the waiting list for failure to respond to correspondence or returned mail. If an applicant has no valid address (homeless, etc.), it is suggested that they obtain a Post Office (PO) Box or provide a valid General Delivery Address. Upon request, reasonable accommodations will be made for persons with disabilities.

When the waiting list registration form is received by the HA, first time registrants will receive a letter that confirms placement on the waiting list. The person whose name is listed on the registration will be considered the Head of Household and will be the person entitled to the placement on our waiting list. The letter will include instructions to verify information and report changes as they occur. Registrants are required to inform the HA of changes in family composition,

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income, and address, as well as any changes in their preference status (See Chapter 4) using the Housing Authority's web-based portal.

In addition, between October 1st and December 31st of every year, registrants are required to update their waiting list registration once annually using the Housing Authority's web-based waiting list portal. An annual update is required, regardless of whether there are any changes to the household's registration information. Failure to do so will result in the withdrawal of all waiting list registrations. Reasonable Accommodation (RA) requests will be accommodated should a registrant who is a person with disabilities be unable to use the web-based portal. Reasonable Accommodation requests must be submitted in writing during the October-December update period. All other RA requests submitted by persons with disabilities will be reviewed and considered for approval based on verification and nexus. Failure of the household to update their registration during the annual 3 month update period will result in the registrant being removed from all waiting lists.

The purpose of the registration form is to permit the HA to determine placement on the waiting list based on the information provided by the applicant. Registrants are also required to respond to requests from the HA to update information on their registration, or to determine their continued interest in assistance. Failure to provide information or to respond to mailings will result in the registrant being removed from the waiting list.

B. HOUSING CHOICE VOUCHER PROGRAM APPLICATION

When funding is available, registrants will be sent a Housing Choice Voucher Program Application Eligibility Questionnaire (EQ) according to their preference-determined sequence by the date the registration was received by the HA. This process is followed regardless of family size. All adult members must complete and sign the Application Eligibility Questionnaire, as well as accompanying forms including the HUD Form 9886, Release of Information, HUD Form 52675, What You Should Know About EIV, What is Fraud Form, IRS Form 4506-01, HUD Form 92006 Supplemental and Optional Contact Information, and the Declaration of Citizenship. Failure to provide necessary certifications and release as required by the HA will be cause for denial of the application.

The Housing Choice Voucher Program Application Eligibility Questionnaire and related verifications determines the family's ability to claim a preference. The qualification for preference must exist at the time the preference is verified regardless of the length of time an applicant has been on the waiting list because the preference is based on current status. If the family does not meet the current preferences, they are returned to the Waiting List.

If the HA utilizes an interview at the time of the full application, it is the applicant's responsibility to reschedule the interview if she/he misses the appointment. Appointments are rescheduled only if missing the appointment is justifiable and the request is made no later than 10 calendar days from the original appointment date. Requests for rescheduled appointments must be submitted in writing with verification (doctor's note, etc.) as to the reason for the reschedule. If the applicant does not reschedule a missed meeting, the HA will deny the application. Upon request, reasonable accommodations will be made for persons with a disability.

If the HA determines at or after the interview that additional information or document(s) are needed, the HA will request the document(s) or information in writing. The family will be given 10

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calendar days to supply the information. If the information is not supplied in this time period, the HA will provide the family a notification of denial for assistance and their name will be withdrawn from the waiting list.

If an applicant is denied assistance and withdrawn from the waiting list, the applicant will be offered an opportunity to request an informal review.

The Eligibility Questionnaire is used to determine final eligibility for Voucher issuance and requires full verification. After the verification process is completed, the HA will make a final determination of eligibility. This decision is based upon information provided by the family, the verification completed by the HA, and the current eligibility criteria in effect. If the family meets the preferences and is determined eligible, a briefing will be scheduled to issue a Voucher and explain the family's obligations and the program requirements.

During the initial eligibility determination process and any subsequent eligibility reexaminations, all contact such as correspondence, telephone calls, interviews, or inspections will be documented by the Housing Specialist.

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Chapter 4

SELECTION OF FAMILIES FROM WAITING LIST

INTRODUCTION

It is the HA's objective to ensure that the families are placed in the proper order on the waiting list so that an offer of assistance is not delayed to any family, or made to any family prematurely. This chapter defines the eligibility criteria for the HA, and it explains the waiting list order which the HA has adopted to meet local housing needs.

By maintaining an accurate waiting list, the HA will be able to perform the activities which ensure that an adequate pool of qualified registrants will be available so that program funds are used in a timely manner.

A. WAITING LIST PREFERENCES

The HA has implemented the following preferences for drawing names from the waiting list. In accordance with California State Law [HSC 34322.2 (b)], at each level of preference, families meeting the definition of a veteran according to California Military and Veterans Code, Section 980, will have priority. In accordance with Federal Regulations [24 CFR 982.201 (b) (2)], at each level below, from the families that meet the preferences, the Housing Authority will release families to result in a lease up of: 75% of the families will be at or below 30% of the median income (extremely low income), and 25% of the families will be between 30% and 50% of the median income (very low income). Any Project-Based Voucher (PBV) development under HAP Contract will observe preferences outlined in the HAP Contract (i.e. veterans, elderly or families receiving supportive services). If the first level releases do not satisfy the regulations regarding extremely low income families, releases will be done at the second level of preferences until the 75% extremely low income requirement is met.

In order to be compliant with regulatory requirements, the Housing Authority will release families to result in a lease up of 75% of the families being at or below 30% of the median income (extremely low income). If a family has a change in income that results in the family exceeding the 30% income limits for the family size at the time of verification and up until voucher issuance and/or prior to lease up, the family's income will be updated and they will be returned to the waiting list and notified in writing. The family will be eligible for a future release between 30% and 50% of the income limits (very low income).

EXTRAORDINARY LOCAL PREFERENCE

Up to a total of 15% of annual admissions will be targeted for an extraordinary local preference for the following registrants: Referrals by the Court Program (A program run by Riverside County Family and Dependency Drug Courts); and, registrants displaced by government action or emergency as certified by a city, county or state agency official (executive level or above), etc. The approval of the Director or designee is necessary for an extraordinary local preference. These admissions must meet the County of Riverside Residency Preference except for those who are displaced by government action. **24 CFR 982.204 (a) and 24 CFR 982.207 (a) (2) and (3).**

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FIRST LEVEL
1) County of Riverside Residency Preference, **and**
2) Qualified veterans, **or**
3) Families whose head of household or co-head is 75 years of age and older, **or**
4) Families or Foster Care Youth referred to the HA by the Riverside County Public Child Welfare Agency (PCWA) for admission through the Family Unification Program (HUD designated special purpose vouchers), **or**
5) Participants who have utilized a special rental assistance program for a 3 year term and no longer require supportive services, or
6) Homeless families with minor children residing in shelters.

SECOND LEVEL
1) County of Riverside Residency Preference, and
2) Working Families (see Working Families definition) with minors or Elderly families or Disabled families

THIRD LEVEL
1) County of Riverside Residency Preference, and
2) Non-Working Families or minors

FOURTH LEVEL
1) County of Riverside Residency Preference, and
2) Working families (see Working Families definition) without minors

FIFTH LEVEL
1) County of Riverside Residency Preference, and
2) Non-working families without minors.

The Housing Authority will exhaust all families at each preference level before releasing from the next lower level except as noted above. Date of registration for registrants with equal preferences will determine order of release.

Change in Circumstances
Changes in a registrant's circumstances while on the waiting list may affect the family's entitlement to a preference. Registrants are required to notify the HA when circumstances change.

When a registrant claims an additional preference, she/he will maintain the original date of registration and will be updated on the waiting list in the appropriate order determined by the newly claimed preference. The qualification for preference must exist at the time the preference is verified regardless of the length of time an applicant has been on the waiting list because the preference is based on current status. Preference eligibility is verified at the time of completion of the Housing Choice Voucher Program Application up until voucher issuance.

B. EXCEPTIONS FOR SPECIAL ADMISSIONS (24 CFR 982.203)

If HUD awards program funding that is targeted for a specific group, the HA will admit these families under a special admission procedure. The families will be selected in accordance with the Notice of Funding Availability and the HA's application for funding.

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Special admissions families will be admitted outside of the regular waiting list process. They do not have to qualify for any preferences, nor are they required to be on the program waiting list. The HA maintains separate records of these admissions.

C. TARGETED FUNDING

When HUD awards special funding for certain family types, families who qualify are placed on the regular waiting list. When a specific type of funding becomes available, the waiting list is searched for the first family meeting the targeted funding criteria, based on date of registration.

Examples of targeted programs are:

- Mainstream
- Family Unification

D. ORDER OF SELECTION

Families are selected from the waiting list and sent a Housing Choice Voucher Program Application based on the preferences listed above. The waiting list will be organized by date among registrants with equal preference status regardless of family size. Preference information will be verified when families complete a Housing Choice Voucher Program Application and the qualification for preference must exist at the time the preference is verified up until voucher issuance regardless of the length of time an applicant has been on the waiting list because the preference is based on current status.

E. IF PREFERENCES ARE NOT MET

If the applicant does not qualify for a preference, the HA will return the family to the waiting list. The HA will notify the applicant in writing of the reasons why the preference was denied and inform the applicant that they have been returned to the waiting list with their original registration date before they were selected. If the applicant falsifies documents or makes false statements in order to qualify for any preference they will be denied assistance (lifetime ineligible) and offered an opportunity to request an informal review in writing within 10 days. Applicants may exercise other rights if they believe they have been discriminated against.

F. REMOVAL FROM WAITING LIST AND PURGING

If a registrant fails to respond within 30 calendar days to a mailing from the HA, the registrant will be removed from the waiting list. If a letter is returned by the Post Office without a forwarding address, the registrant will be removed from all waiting lists without further notice, and a record will be maintained on the computer. Reasonable accommodations will be made for persons with disabilities.

Between October 1st and December 31st of every year, registrants are required to update their waiting list registration once annually using the Housing Authority's web-based portal. An annual update is required, regardless of whether there are any changes to their registration. Failure to do so will result in the withdrawal of all waiting list registrations. Reasonable Accommodation (RA) requests will be accommodated should a registrant who is a person with disabilities be unable to use the web-based portal but RA requests must be made during the October-December update period. Failure to update their registration during the annual update period will result in the registrant being removed from all waiting lists.

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Chapter 5

SUBSIDY STANDARDS

INTRODUCTION

HUD guidelines require that HA's establish subsidy standards for the determination of the Voucher bedroom size, and that such standards provide for a minimum commitment of subsidy while avoiding overcrowding. The standards used for the Voucher size also must be within the minimum unit size requirements of HUD's Housing Quality Standards. This chapter explains the subsidy standards which will be used to determine the Voucher size for various sized families when they are selected from the waiting list, as well as the HA's procedures when a family's size changes, or a family selects a unit size that is different from the Voucher.

A. DETERMINING VOUCHER SIZE

The HA does not determine who shares a bedroom/sleeping room, but there must be at least one person per subsidized bedroom. A living room may be used as a bedroom/sleeping space for up to two persons. The HA's subsidy standards for determining Voucher size shall be applied in a manner consistent with Fair Housing guidelines. All standards in this section relate to the number of bedrooms on the Voucher, not the family's actual living arrangements.

The unit size on the Voucher remains the same as long as the family composition remains the same, regardless of the actual unit size rented. During the HAP contract term, the unit size on the Voucher (subsidy) may only change at the first full recertification after the change in family unit size. [24 CFR 982.505 (c) (5)]

One bedroom shall be assigned for the Head of Household and spouse/co-head, and one bedroom shall be assigned for every two nucleus household members. A living room may be used as a bedroom/sleeping space for up to two persons Non-nucleus members are not assigned a subsidy. If the Housing Authority is designated as a Shortfall Agency by HUD, or another HUD designation as a result of a funding shortfall, subsidy standards may decrease so that one bedroom will be assigned for every two nucleus household members, regardless of familial, age or gender. A family that consists of a pregnant woman (with no other persons) must be treated as a two-person family [CFR 982.402 (b) (5)].

The HA will not issue a larger bedroom size unless it is through birth of a newborn, adoption or court-awarded custody of a minor child (not emancipated) or marriage. Reasonable accommodation requests will be considered for the addition of a non-nucleus adult who is a person with disabilities and cannot live independently. A larger bedroom size will not be issued if a member of the nucleus family moves out and returns as an adult, unless it is to offer a reasonable accommodation for a disabled family member. If a member returns as an adult and brings additional non-nucleus members with them, the voucher size does not increase. Adding additional non-nucleus members will not be approved if it causes the family to be under-housed.

Exceptions will be made in the documented cases of a live-in aide or as a reasonable accommodation to make the program accessible to and usable by the nucleus family member with a disability. The family unit size for any family consisting of a single person must be either a zero or a one-bedroom unit. A PHA may only approve one additional bedroom for a live- in aide. Although a live-in aide may have PHA-approved family member/s live with him/her in the assisted unit, no

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additional bedrooms will be provided for the family members of the live-in aide. The PHA must ensure that housing quality standards (HQS) will not be violated and that there will be no more than two people per bedroom or living/sleeping space in the unit in accordance with 24 CFR § 982.401(d)(2)(ii). If the approval of additional family members of a live- in aide would result in the violation of HQS, the additional family members of the live- in aide may not be approved. PIH 2010-51 (HA)

Any foster members, who are minors, who are in the home at the time of initial voucher issuance, at the time of relocation or at an annual re-examination, and are determined to be long-term placement, will be considered as family members in the determination of subsidy size. For the purpose of determining subsidy size, long-term placement is defined as 12 or more months.

B. CHANGES IN VOUCHER SIZE

Changes for Applicants and Participants:
The Voucher size is determined at the time of Voucher issuance by comparing the family composition to the HA subsidy standards. If an applicant or participant requires a change in the Voucher size, the following guidelines will apply:

Requests for Exception to Subsidy Standard
Upon request by the participant, and if funding is available, the HA may approve a larger subsidy as a reasonable accommodation for a person with disabilities if the family demonstrates a nexus to the disability is present to make the program accessible to and usable by the family member with a disability. This will be verified through a third party licensed professional's verification. Verification of the need must be provided at least annually on a Housing Authority approved form. In addition, requests involving separate bedrooms for medical equipment will be verified at the time of a participant's annual inspection or a special inspection may be conducted after an initial lease up to ensure that program funds are being used for the purpose in which they were intended. A PHA may only approve one additional bedroom for a live- in aide. Although a live-in aide may have PHA-approved family member/s live with him/her in the assisted unit, no additional bedrooms will be provided for the family members of the live-in aide. If the live-in aide passes away, or no longer resides in the assisted unit, the family will be given a 60 day opportunity to locate a new live in aide in order to retain the already approved additional subsidy. Should the family fail to find a new, approvable live-in aide within 60 calendar days, an annual recertification will need to be conducted and the appropriate subsidy will be given. The PHA must ensure that housing quality standards (HQS) will not be violated and that there will be no more than two people per bedroom or living/sleeping space in the unit in accordance with 24 CFR § 982.401(d)(2)(ii). If the approval of additional family members of a live- in aide would result in the violation of HQS, the additional family members of the live- in aide may not be approved. **PIH 2010-51 (HA).**

Subsidy Standards Flexibility: The criteria and standards prescribed for the determination of an applicant's unit size to be listed on the Voucher should apply to the vast majority of families. In some cases, however, the relationship, age, sex, health, or handicap of the family members may warrant the assignment of a different unit size than that which would result from strict application of the criteria. Such flexibility is permissible to the extent the determinations are made on the basis of such factors. Any allowable determinations of this type, however, should be fully documented in the applicant's file.

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For example, an elderly, handicapped, or disabled person who requires a live-in aide may be assigned a Voucher to provide a private bedroom for the attendant in addition to the bedroom for the assisted household members who are not disabled or handicapped.

1. Smaller-Sized Units: The family may select a smaller-sized unit provided there is at least one sleeping room or living/sleeping room of appropriate size for each two persons in the household. (For example, a 3-bedroom Voucher Holder with 5 family members could select a 2-bedroom unit if there would be two bedrooms for four of the family and a living/sleeping room for the fifth member).

2. Larger-Sized Units: The unit size listed on a Voucher does not preclude the family from selecting a larger size unit provided the gross rent does not exceed the Rent Reasonableness limitation for the bedroom size listed on the Voucher (for example, a 2-bedroom Voucher Holder could select a 3-bedroom unit not to exceed the 2-bedroom Rent Reasonableness Limitation and the family's share of the rent and utilities does exceed 40% of their household's adjusted monthly income). A higher payment standard will not be approved in situations when a household has selected a larger unit size than the household's authorized subsidy size. Note: Effective 7/1/14, the utility allowance was modified pursuant to the Federal Register. Instead of applying the actual unit size, the utility allowance is now calculated using the "lower of" authorized subsidy size or unit size.

NOTE: At Initial Lease-Up for a unit, the Family Share of rent and utilities cannot exceed 40% of their Adjusted Monthly Income if the gross rent exceeds the applicable payment standard.
The unit size designated on the Voucher must remain unchanged, regardless of the actual unit size selected.

Under-housed (unit too small for size of family)
If a unit does not meet HQS space standards due to an increase in family size by birth, adoption, court awarded custody or marriage, the HA will issue a Voucher upon eligibility determination for relocation.

Over-housed (unit too large for size of family)
If a participant has a decrease in the family size, the family has the option to relocate or remain in the unit they are currently renting. If the family chooses to remain in the unit, the subsidy standard will be lowered at the next annual re-examination. If the family chooses to relocate, the HA will issue a Voucher upon eligibility determination with the correct subsidy standard. The amount the family pays for rent must be affordable and the participant portion of rent and the current utility allowance cannot exceed 40% of their adjusted income at the time of lease up. The approved rent will be based on the payment standard for the number of bedrooms the family is eligible for, or the actual number of bedrooms in the unit, whichever is less. In cases where the gross rent is less than the payment standard, it will be used as the payment standard.

C. UNIT SIZE SELECTED
The family may select a different size unit than that listed on the Voucher using the HUD criteria for Payment Standards provided the unit is rent reasonable and affordable. The amount of assistance is based on the authorized or actual bedroom size, whichever is less.

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Chapter 6

ELIGIBILITY FACTORS

INTRODUCTION

The accurate calculation of annual income and adjusted income will ensure that families are not paying more or less money for rent than their obligation under the regulations. This chapter defines the allowable deductions from annual income and how the presence or absence of household members may affect the Total Tenant Payment (TTP). Income and TTP are calculated in accordance with 24 CFR Part 5 and further instructions set forth in HUD Notices, Memoranda and Addenda. The formula for the calculation of TTP is specific and not subject to interpretation. The HA's policies in this chapter address those areas which allow the HA discretion to define terms and to develop standards in order to ensure consistent application of the various factors that relate to the determination of TTP.

A. HOUSEHOLD COMPOSITION

The HA must compute all applicable income of every family member, including those who are temporarily absent. In addition, the HA must count the income of the spouse/co-head or the head of the household if that person is temporarily absent, even if that person is not on the lease. If the spouse/co-head is temporarily absent and in the military, all military pay and allowances (except hazardous duty pay when exposed to hostile fire and any other exceptions to military pay that HUD may define) is counted as income.

Income of persons permanently absent will not be counted.

It is the responsibility of the head of household to report (in writing) changes in income and family composition within 10 calendar days.

The HA will evaluate absences from the unit using this policy.

Absence of Entire Family

These policy guidelines address situations when the family is absent from the unit, but has not moved out of the unit. In cases where the family has moved out of the unit, the HA will terminate the contract and/or the assistance in accordance with appropriate termination procedures contained in this Plan. Sole members may not be absent for more than three weeks, except as an approved reasonable accommodation for persons with a disability (see absence due to medical reasons).

- Families are required to notify the HA before they move out of a unit.
- Families must notify the HA if they are going to be absent from the unit for more than three weeks.
- If it is determined that the family is absent from the unit, the HA will not continue assistance payments. "Absent" means that no family member is residing in the unit. In order to determine if the family is absent from the unit, the HA may, but is not limited to:
  -Write letters to the family at the unit
  -Telephone the family at the unit
  -Interview neighbors

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-Verify if utilities are in service
-Contact the landlord
-Conduct special inspections

If the absence which resulted in termination of assistance was due to a person's disability, and the HA can verify that the person was unable to notify the HA in accordance with the family's responsibilities, and if funding is available, the HA may reinstate the family if an accommodation is requested by the family.

Absence of Any Member

Any member of the household will be considered permanently absent if she/he is away from the unit for 180 days in a 12 month period. If the person who is determined to be permanently absent is the sole member of the household, assistance will be terminated in accordance with the HA's "Absence of Entire family" policy.

Absence due to Medical Reasons

Housing Assistance Payments may continue up to 180 days when the subsidized unit is vacant due to hospitalization. However, hospitalization more than one month requires written medical verification that there is a reasonable expectation the person will be able to return to independent living within the six-month period. The participant's share of the rent must be paid during the hospitalization period.

Foster care and Absences of Minor(s)

If the family includes a minor(s) temporarily absent from the home due to placement in foster care, the HA will determine from the appropriate agency when the minor(s) will be returned to the home.

Any foster children or foster adults who are in the home at the time of initial voucher issuance, at the time of relocation or, at an annual re-examination, and are determined to be long term placement, will be considered as family members in the determination of subsidy size. For the purpose of determining subsidy size, long-term placement is defined as 12 or more months.

Temporary Caretaker for Minor(s)

If neither parent remains in the household and the appropriate agency has determined that another adult is to be brought into the assisted unit to care for the minor(s) for an indefinite period, the HA will treat that adult as a visitor for the first 180 days.

The PHA will only approve one additional bedroom for a Caretaker or Guardian. Although a Caretaker or Guardian may have PHA-approved family member/s live with him/her in the assisted unit, no additional bedrooms will be provided for the family members of the Caretaker or Guardian. The PHA must ensure that housing quality standards (HQS) will not be violated and that there will be no more than two people per bedroom or living/sleeping space in the unit in accordance with 24 CFR § 982.401(d)(2)(ii). If the approval of additional family members of a Caretaker or Guardian would result in the violation of HQS, the additional family members of the Caretaker or Guardian may not be approved.

If the appropriate agency cannot confirm the guardianship status of the caretaker, the HA will review the status at six month intervals. If custody or legal guardianship has not been awarded by the court, but the action is in process, the HA will secure verification from social services staff or

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the attorney as to the status.

After 180 days the HA will approve a person to reside in the unit as caretaker for the minor(s), and the income will be counted pending a final disposition. The HA will transfer the Voucher to the caretaker for as long as his/her services are required. The HA will work with the appropriate service agencies and the landlord to provide a smooth transition in these cases. When court-awarded custody or legal guardianship has been awarded to the caretaker, the Voucher will be transferred to the caretaker until the minor(s) become able to care for themselves. In no case will the caretaker be eligible to become the remaining member.

Absent Adult

If a member of the household is subject to a court order that restricts him/her from the home for more than six months then the person will be considered permanently absent.

The family will be required to notify the HA in writing within 10 calendar days when an adult family member moves out. The notice must contain a certification by the family as to whether the adult is temporarily or permanently absent.

If a nucleus member leaves the household, or moves out of the household, they will be considered permanently absent.

Visitors

Any person not included on the HUD 50058(except minors as noted below) who has been in the unit more than 14 consecutive days, or a total of 30 days in a 12-month period (unless the lease is more restrictive), will be considered to be living in the unit as an unauthorized household member.

Minors or full time students 18 or older who live away from the home and who visit up to 182 cumulative days per year will be considered eligible visitors (subject to the lease agreement), not family members, and will not be counted in determining the subsidy standard and deductions for the family. Eligible visitors must be reported to and approved by the HA prior to visiting the home.

Reporting Changes in Household Composition to Owner and HA

Reporting changes in household composition to the HA is both a HUD and a HA requirement. The family must submit a written request prior to adding household members. Any person who moves into the assisted unit without written approval from the Housing Authority will be considered an unauthorized household member. Additions to the household by birth, adoption or court-awarded custody must be reported in writing to the HA within 10 calendar days. In addition, the family must obtain prior written approval from the owner when adding members (including minors) and/or a live-in aide to the household.

If a family member leaves the household, the family must report this change to the HA, in writing, within 10 calendar days of the change and certify as to whether the member is temporarily absent or permanently absent. The HA will conduct an interim evaluation for changes in accordance with the interim policy. The HA will require verification of the family member's new address. If the head of household is unable to provide this information because the person's whereabouts are unknown, the head of household will be required to complete a Certified Statement to this effect.

B. INCOME, ALLOWANCES & MINIMUM FAMILY CONTRIBUTION 24 CFR 5.609

DRAFT SIGNIFICANT AMENDMENT