FORM APPROVED COUNTY COUNSEL
BY: JHAILA R. BROWN 3-18-14 DATE

Departmental Concurrence

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

818A

FROM: Housing Authority

SUBMITTAL DATE:
March 20, 2014

SUBJECT: Approval of the Public Housing Authority Agency Plan and Supporting Documents, All Districts, [$0]

RECOMMENDED MOTION: That the Board of Commissioners:

1. Adopt Resolution 2014-05, approving the Housing Authority's Annual Plan and supporting documents for Fiscal Year 2014/15 and authorizing the Chairman of the Board to sign the PHA Certification of Compliance;

2. Approve and authorize the Chairman of the Board to sign the PHA Certification of Compliance (form HUD 50077); and

(Continued)

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: 2014/15

C.E.O. RECOMMENDATION:

APPROVE

BY: Imelda Delos Santos

County Executive Office Signature

MINUTES OF THE HOUSING AUTHORITY BOARD OF COMMISSIONERS

On motion of Supervisor Benoit, seconded by Supervisor Ashley and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes:	Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays:	None
Absent:	None
Date:	April 1, 2014
xc:	HA

Kecia Harper-Ihem
Clerk of the Board
By:
Deputy

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

Prev. Agn. Ref.: 3/11/2014 Public Hearing | **District:** ALL | **Agenda Number:** 10-1

RECOMMENDED MOTION: (Continued)

3. Authorize the Executive Director, or designee, to sign all remaining documents and certifications pertaining to the Housing Authority's housing assistance programs, including, but not limited to, the Housing Choice Voucher Program, Affordable Public Housing and Homeownership Program, and the Capital Fund Program.

BACKGROUND:

Summary

The Quality Housing and Work Responsibility Act of 1998 (Act) requires a Public Housing Agency (PHA) (as defined by HUD) to submit Annual Plans in accordance with the format outlined by the U.S. Department of Housing and Urban Development (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, 2014 through June 30, 2015. 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 Housing Choice Voucher, Affordable Public Housing and Homeownership Programs, as well as an Annual Statement/Performance & Evaluation Report for the Capital Fund Program. A public hearing was held before the PHA's governing body, the Board of Commissioners, on March 11, 2014, as required. Final versions of the annual plans are attached hereto.

A few salient provisions contained in the various annual plans include the following:

(A) For the <u>Housing Choice Voucher</u> (Section 8) program: (1) due to federal funding levels the <u>waiting list</u> will remain closed to all but veterans, seniors 75 years and older and those that meet the Extraordinary Local Preferences as defined in the Administrative Plan. New this year is the addition of homeless youth aging out of foster care who are between the ages of 18-22; families 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); and, participants that have utilized a special rental assistance program for a 3 year term and no longer require supportive services as set forth in the Annual Agency Plan and Administrative Plan; (2) a minimum monthly rent of $50 (less the utility deduction) was new last year and will continue this year and an exception was added for households newly admitted to the program who were homeless prior to admission, including veterans, as set forth in the Administrative Plan; (3) the Housing Authority may allocate project based vouchers to develop Housing Authority Successor Agency properties and those that exclusively assist veterans as set forth in the proposed Annual Agency Plan and Administrative Plan; and, (4) under selection of families from the waiting list, three <u>local preferences</u> under Level 1 were added: homeless foster youth, ages 18-22, who have aged out of foster care; families 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); and, participants who have utilized a special rental assistance program for a 3 year term that no longer require supportive services;

(Continued)

BACKGROUND:

Summary (continued)

(B) For the Affordable Public Housing (PH) program: (1) the waiting list will remain open; (2) under selection of families from the waiting list, one local preference under Level 1 was added to include homeless youth aging out of foster care who are between the ages of 18-22 as set forth in the Annual Agency Plan and Statement of Policies; and,

(C) For both the Housing Choice Voucher and Affordable Public Housing programs: (1) the policy on zero tolerance of criminal activity will extend the evidence of crime-free living period from the current five years to seven years, excluding the Veteran's Affairs Supportive Housing (VASH) voucher program that exclusively assists veterans. as set forth in the proposed Annual Plan, Administrative Plan and Statement of Policies.

Pursuant to Title 24 CFR Section 903.5, the Housing Authority must submit annual plans no later than 75 days before the commencement of the fiscal year on July 1, 2014. In addition, the PHA must submit a completed and signed form HUD 50077, PHA Certifications of Compliance with the PHA Plans and Related Regulations, signed by the Chairperson, acting on behalf of the Board of Commissioners of the PHA.

County Counsel has reviewed the attachments and approved them as to form. Staff recommends that the Board formally approve and adopt the Agency Plans and supporting documents for FY 2014-15.

Impact on Residents and Businesses

Riverside County residents are positively impacted by the rental assistance the PHA provides. The only negative impact is that HUD funding is limited and does not cover the significant need for affordable housing throughout Riverside County.

SUPPLEMENTAL:

Additional Fiscal Information

It is anticipated that HUD will fund the PHA rental assistance programs at 99% of the 2013 funding levels. No budget adjustment is required.

Contract History and Price Reasonableness

There is no contract or General Fund cost associated with this agenda item.

Attachments:

- Attachment A – Form HUD 50077 Certification of Compliance and Resolution 2014-05
- Attachment B – Final Annual Agency Plan, Financial Resources, Fiscal Single Audit and Fiscal Proprietary Audit
- Attachment C – Final Administrative Plan for the Housing Choice Voucher Program
- Attachment D – Final Statement of Policies for the Affordable Public Housing Program
- Attachment E – Final Homeownership Plan
- Attachment F – Final Capital Fund Program Annual Statement/Performance & Evaluation Report (form HUD 50075.1) and 5 year action plan (form HUD 50075.2)

BOARD OF COMMISSIONERS **HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE**

RESOLUTION NO. 2014-05
APPROVING THE ANNUAL PLAN AND SUPPORTING DOCUMENTS FOR THE HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE AND AUTHORIZING THE CHAIRMAN OF THE BOARD OF COMMISSIONERS TO SIGN THE PHA CERTIFICATION OF COMPLIANCE

WHEREAS, The Housing Authority of the County of Riverside ("Authority") is authorized by the U.S. Department of Housing And Urban Development to administer the Housing Choice Voucher and Affordable Public Housing programs (collectively the, "Authority's Affordable Housing Programs") throughout Riverside County;

WHEREAS, Chapter 24 of the Code of Federal Regulations, Part 903, requires the Authority to submit an Annual Plan relating to the Authority's Affordable Housing Programs at least 75 days prior to the beginning of the Authority's fiscal year;

WHEREAS, the Authority's fiscal year begins on July 1, 2014;

WHEREAS, the Annual Plan submittal must include a U.S. Department of Housing and Urban Development (HUD) Public Housing Agency (PHA) Certifications of Compliance with PHA Plans and Related Regulations (Form HUD-50077) ("PHA Certification of Compliance") certifying the Authority's compliance with the Annual Plan, Consolidated Plan, Civil Rights certifications and related regulations;

WHEREAS, the Authority is in compliance with the Annual Plan, Consolidated Plan, Civil Rights certifications and related regulations, and related regulations;

WHEREAS, the Board of Commissioners desires to approve the Annual Plan and supporting documents for the Authority; and

WHEREAS, the Board of Commissioners desires to authorize the Chairman of the Board to sign the HUD PHA Certification of Compliance.

//

//

NOW THEREFORE, BE IT RESOLVED, DETERMINED, AND ORDERED by the Board of Commissioners of the Housing Authority of the County of Riverside, State of California, in regular session assembled on April 1, 2014, as follows:

1. That the Board of Commissioners hereby finds and declares that the above Recitals are true, correct and incorporated herein.
2. That the Board of Commissioners hereby approves the Authority's Annual Plan and supporting documents.
3. That the Board of Commissioners hereby authorizes the Chairman of the Board of Commissioners to sign the HUD PHA Certification of Compliance.

FORM APPROVED COUNTY COUNSEL
BY: [signature] 3.19.14
JHAILA R. BROWN DATE

ROLL CALL:

Ayes:	Jeffries, Tavaglione, Stone, Benoit and Ashley
Nays:	None
Absent:	None

The foregoing is certified to be a true copy of a resolution duly adopted by said Board of Supervisors on the date therein set forth.

KECIA HARPER-IHEM, Clerk of said Board
By [signature]
Deputy

Z:\Midmanagement\Agency Plan 2011\Resolution 2011-01-Approve HA Annual Plan and supporting documents.doc

04.01.14 10-1

ATTACHMENT

A

- **Form HUD 50077—Certification of Compliance**
- **Resolution 2014-05**

PHA Certifications of Compliance with PHA Plans and Related Regulations

U.S. Department of Housing and Urban Development
Office of Public and Indian Housing
OMB No. 2577-0226
Expires 08/30/2011

PHA Certifications of Compliance with the PHA Plans and Related Regulations: Board Resolution to Accompany the PHA 5-*Year and Annual* PHA Plan

Acting on behalf of the Board of Commissioners of the Public Housing Agency (PHA) listed below, as its Chairman or other authorized PHA official if there is no Board of Commissioners, I approve the submission of the___ 5-Year and/or **X** *Annual PHA Plan for the PHA fiscal year beginning, hereinafter referred to as " the Plan", of which this document is a part and make the following certifications and agreements with the Department of Housing and Urban Development (HUD) in connection with the submission of the Plan and implementation thereof:*

1. The Plan is consistent with the applicable comprehensive housing affordability strategy (or any plan incorporating such strategy) for the jurisdiction in which the PHA is located.
2. The Plan contains a certification by the appropriate State or local officials that the Plan is consistent with the applicable Consolidated Plan, which includes a certification that requires the preparation of an Analysis of Impediments to Fair Housing Choice, for the PHA's jurisdiction and a description of the manner in which the PHA Plan is consistent with the applicable Consolidated Plan.
3. The PHA certifies that there has been no change, significant or otherwise, to the Capital Fund Program (and Capital Fund Program/Replacement Housing Factor) Annual Statement(s), since submission of its last approved Annual Plan. The Capital Fund Program Annual Statement/Annual Statement/Performance and Evaluation Report must be submitted annually even if there is no change.
4. The PHA has established a Resident Advisory Board or Boards, the membership of which represents the residents assisted by the PHA, consulted with this Board or Boards in developing the Plan, and considered the recommendations of the Board or Boards (24 CFR 903.13). The PHA has included in the Plan submission a copy of the recommendations made by the Resident Advisory Board or Boards and a description of the manner in which the Plan addresses these recommendations.
5. The PHA made the proposed Plan and all information relevant to the public hearing available for public inspection at least 45 days before the hearing, published a notice that a hearing would be held and conducted a hearing to discuss the Plan and invited public comment.
6. The PHA certifies that it will carry out the Plan in conformity with Title VI of the Civil Rights Act of 1964, the Fair Housing Act, section 504 of the Rehabilitation Act of 1973, and title II of the Americans with Disabilities Act of 1990.
7. The PHA will affirmatively further fair housing by examining their programs or proposed programs, identify any impediments to fair housing choice within those programs, address those impediments in a reasonable fashion in view of the resources available and work with local jurisdictions to implement any of the jurisdiction's initiatives to affirmatively further fair housing that require the PHA's involvement and maintain records reflecting these analyses and actions.
8. For PHA Plan that includes a policy for site based waiting lists:
   - The PHA regularly submits required data to HUD's 50058 PIC/IMS Module in an accurate, complete and timely manner (as specified in PIH Notice 2006-24);
   - The system of site-based waiting lists provides for full disclosure to each applicant in the selection of the development in which to reside, including basic information about available sites; and an estimate of the period of time the applicant would likely have to wait to be admitted to units of different sizes and types at each site;
   - Adoption of site-based waiting list would not violate any court order or settlement agreement or be inconsistent with a pending complaint brought by HUD;
   - The PHA shall take reasonable measures to assure that such waiting list is consistent with affirmatively furthering fair housing;
   - The PHA provides for review of its site-based waiting list policy to determine if it is consistent with civil rights laws and certifications, as specified in 24 CFR part 903.7(c)(1).
9. The PHA will comply with the prohibitions against discrimination on the basis of age pursuant to the Age Discrimination Act of 1975.
10. The PHA will comply with the Architectural Barriers Act of 1968 and 24 CFR Part 41, Policies and Procedures for the Enforcement of Standards and Requirements for Accessibility by the Physically Handicapped.
11. The PHA will comply with the requirements of section 3 of the Housing and Urban Development Act of 1968, Employment Opportunities for Low-or Very-Low Income Persons, and with its implementing regulation at 24 CFR Part 135.
12. The PHA will comply with acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 and implementing regulations at 49 CFR Part 24 as applicable.

APR 01 2014 ID-1

13. The PHA will take appropriate affirmative action to award contracts to minority and women's business enterprises under 24 CFR 5.105(a).
14. The PHA will provide the responsible entity or HUD any documentation that the responsible entity or HUD needs to carry out its review under the National Environmental Policy Act and other related authorities in accordance with 24 CFR Part 58 or Part 50, respectively.
15. With respect to public housing the PHA will comply with Davis-Bacon or HUD determined wage rate requirements under Section 12 of the United States Housing Act of 1937 and the Contract Work Hours and Safety Standards Act.
16. The PHA will keep records in accordance with 24 CFR 85.20 and facilitate an effective audit to determine compliance with program requirements.
17. The PHA will comply with the Lead-Based Paint Poisoning Prevention Act, the Residential Lead-Based Paint Hazard Reduction Act of 1992, and 24 CFR Part 35.
18. The PHA will comply with the policies, guidelines, and requirements of OMB Circular No. A-87 (Cost Principles for State, Local and Indian Tribal Governments), 2 CFR Part 225, and 24 CFR Part 85 (Administrative Requirements for Grants and Cooperative Agreements to State, Local and Federally Recognized Indian Tribal Governments).
19. The PHA will undertake only activities and programs covered by the Plan in a manner consistent with its Plan and will utilize covered grant funds only for activities that are approvable under the regulations and included in its Plan.
20. All attachments to the Plan have been and will continue to be available at all times and all locations that the PHA Plan is available for public inspection. All required supporting documents have been made available for public inspection along with the Plan and additional requirements at the primary business office of the PHA and at all other times and locations identified by the PHA in its PHA Plan and will continue to be made available at least at the primary business office of the PHA.
21. The PHA provides assurance as part of this certification that:
    (i) The Resident Advisory Board had an opportunity to review and comment on the changes to the policies and programs before implementation by the PHA;
    (ii) The changes were duly approved by the PHA Board of Directors (or similar governing body); and
    (iii) The revised policies and programs are available for review and inspection, at the principal office of the PHA during normal business hours.
22. The PHA certifies that it is in compliance with all applicable Federal statutory and regulatory requirements.

Housing Authority of the County of Riverside
PHA Name

CA027
PHA Number/HA Code

Annual PHA Plan for Fiscal Years 2014- 2015

I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. **Warning:** HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

Name of Authorized Official: Jeff Stone	Title: Chairman, Board of Commissioners
Signature Jeff Stone	Date APR 01 2014

ATTEST:
KECIA HARPER-IHEM, Clerk
By [signature]
DEPUTY

ATTACHMENTS

B

- FINAL ANNUAL AGENCY PLAN
- FINANCIAL RESOURCES
- FISCAL SINGLE AUDIT
- FISCAL PROPRIETARY AUDIT

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): 07/01/2014
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: 8828
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. *****Not applicable-complete only for Annual Plan submitted with the 5-Year Plan**
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: *****Not applicable-complete only for Annual Plan submitted with the 5-Year Plan**
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. *****Not applicable-complete only for Annual Plan submitted with the 5-Year Plan**

PHA Plan Update

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

Updated PHA Plan Elements

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

For the Housing Choice Voucher (Section 8) program, due to the reduction of federal funding, the waiting list will remain closed to all except veterans or widow/ers of a veteran; families whose head of household or spouse is 75 years of age or older; homeless foster youth, ages 18-22, who have aged out of foster care; families 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); participants that have utilized a special rental assistance program for a 3 year term that no longer require supportive services; and, families referred to the Housing Authority via an extraordinary local preference. Under selection of families from the waiting list, three (3) local preferences under Level 1 were added: homeless foster youth, ages 18-22, who have aged out of foster care; families 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); and, participants who have utilized a special rental assistance program for a 3 year term that no longer require supportive services. If the temporary cost-saving provisions outlined in HUD PIH Notice 2013-03 continue, they may be adopted and the details are specified in the Administrative Plan. A Minimum Rent of $50 was new last year and will continue. 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 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 to develop Housing Authority Successor Agency (HASA) properties and those that exclusively assist veterans.

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 youth aging out of foster care who are between the ages of 18-22.

For both the Housing Choice Voucher and Affordable Public Housing programs, the policy on zero tolerance of criminal activity will extend the evidence of crime-free living period from the current five years to seven years, excluding the Veteran's Affairs Supportive Housing (VASH) voucher program that exclusively assists veterans. There are no other changes to eligibility, selection, and admission policies for 2014.

2. Financial Resources

Please see attached **Statement of Financial Resources**, which includes listings by general categories, of the Agency's anticipated resources for FY 2014, such as PHA Operating, Capital and other anticipated Federal resources, as well as tenant rents and other income available to support public housing and tenant-based assistance. The statement also includes the non-Federal sources of funds supporting each Federal program, and the planned use for the resources.

3. Rent Determination.

For 2014, the Agency has made no changes to the policies governing rent determination. If the cost savings measures outlined in PIH Notice 2013-03 and the Administrative Plan are implemented, rent determination will be adjusted to comply with the notice. HUD funding and any continued sequestration cuts will determine whether this will occur. 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 have been updated
6.0 based on the current fair market value for each area.

4. Operation and Management.

For 2014, the Agency has made no changes to Operations or Management.

5. Grievance Procedures.

For 2014, there are no changes to the grievance procedure policies.

6. Designated Housing for Elderly and Disabled Families.

For 2014, there are no changes to housing designated for elderly and disabled families.

7. Community Service and Self-Sufficiency.

The Housing Authority will participate in a new 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 will use a random assignment model to determine whether FSS program features, rather than the characteristics of the participating families, cause participant incomes to increase. We continue to administer the regular (non-demonstration) Family Self-Sufficiency program for HCV participants. The Resident Opportunity and Self Sufficiency (ROSS) program changed locations and is now assisting residents at the Gloria Street Apartments and at the Dracaea Townhomes in the Public Housing communities in Moreno Valley.

8. Safety and Crime Prevention.

For 2014, there are no changes to the PHA plan regarding Safety and Crime Prevention.

9. Pets.

For 2014, there is no change to our pet policy.

10. Civil Rights Certification.

The Administrative Plan includes a detailed description of the Agency's steps to affirmatively further fair housing. Additionally, the Agency works closely with the Fair Housing Council of Riverside County to address any identifiable impediments to fair housing within the jurisdiction. Fair housing impediments are evaluated annually as part of the County's Consolidated Planning process.

11. Fiscal Year Audit.

For Fiscal Year Ending June 30, 2013, 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 described below 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. To facilitate the autonomy of each site, the building of offices and workshops for the Public Housing Property Managers to conduct normal daily duties and the Maintenance Workers to perform their daily work has been completed in Desert Hot Springs, Lake Elsinore, and Thermal. Plans are underway to build a Maintenance Shop in Jurupa Valley. Services by the Public Housing Property Manager and the Maintenance Worker are site specific. The agency continues to monitor each property based on financial, physical and management performance. If a property is identified as non-performing, staff then proceed to make recommendations that address the areas of non-performance. The HACR Fiscal department has been monitoring all fiscal and budget performances via monthly budgets vs. actual reports and financial statements. The Public Housing Property Managers are active participants in developing and monitoring their site specific budgets. The HACR will continue to utilize the Capital Fund Program to modernize our units. The AMPs will be monitored to ensure they are not operating at a loss. Any that are will be considered for disposition in the future.

6.0	**13. Violence Against Women Act (VAWA).** For 2014, there have been no implementation changes with regard to the Violence Against Women Act (VAWA). It is anticipated that HUD may make changes during the 2014-15 fiscal year. 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 at the main administrative office located at 5555 Arlington Avenue, Riverside, CA, 92504, the eastern county office located at 44-199 Monroe, Suite B, Indio, CA, 92201, and at all Public Housing sites (located in the managers' offices).
7.0	**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.** The AMPs will be monitored to ensure they are not operating at a loss. Any that are will be considered for conversion. **(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 FY2014-15 to further facilitate the development of affordable housing within Riverside County by developing Housing Authority Successor Agency (HASA) properties and those that specifically benefit Veterans. To support this expansion, the maximum allotment allowed under regulations (20% of total allocation) will be reserved.
8.0	**Capital Improvements.** Please complete Parts 8.1 through 8.3, as applicable. **See HUD Form 50075.2 approved by HUD on 05/29/2013.**
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 the *Capital Fund Program Annual Statement/Performance and Evaluation Report,* form HUD-50075.1, for each current and open CFP grant and CFFP financing.
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.
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	**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. **(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 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.**
10.0	**Additional Information**. Describe the following, as well as any additional information HUD has requested. **(Note: Standard and Troubled PHAs complete annually; Small and High Performers complete only for Annual Plan submitted with the 5-Year Plan).** (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. (b) Significant Amendment and Substantial Deviation/Modification. Provide the PHA's definition of "significant amendment" and "substantial deviation/modification."

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).

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	TOTAL ESTIMATED RESOURCES
Rental Income	$ 256,059	$ 1,416,707	$ -	$ 1,672,766
Subsidy/Grants Revenue	4,058,914	2,524,568	31,741	6,615,223
Bond Pledges Revenue	218,000	-	-	218,000
Sec 8 Fraud Recovery Revenue	-	-	39,389	39,389
Interest Revenue	6,885	4,219	23,421	34,525
Miscellaneous/Tenant Charges	3,635,257	175,184	-	3,810,441
Administrative Fees (Admin. Bonds)	117,173	-	-	117,173
HUD Section 8 Earned HAP Subsidy	-	-	72,246,483	72,246,483
HUD Section 8 Earned Administrative Fees	-	-	6,325,198	6,325,198
HUD Section 8 Earned Other Subsidy	-	-	586,500	586,500
TOTAL	**$ 8,292,288**	**$ 4,120,678**	**$ 79,252,732**	**$ 91,665,698**

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. Neighborhood Stabilization Program (NSP) - The Housing Authority was awarded a grant by the Riverside Economic Development Agency for a portion of the federal funds under the Housing and Economic Recovery Act (HERA), and designated for the Emergency Assistance for Redevelopment of Abandoned and Foreclosed Homes, or specifically known as NSP. The goal of this program is to rehabilitate singe-family properties to make a positive impact in the neighborhood and thereby stabilize home values.

10. 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.

11. Desert Rose Apartments - This 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.

12. 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.

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	TOTAL ESTIMATED RESOURCES
Rental Income	$ 254,847	$ 1,382,649	$ -	$ 102,400	$ 1,739,896
Subsidy/Grants Revenue	3,783,460	2,327,947	31,741		$ 6,143,148
Bond Pledges Revenue	218,000	-	-		$ 218,000
Sec 8 Fraud Recovery Revenue	-	-	45,684		$ 45,684
Low Income Housing Fund				39,995	$ 39,995
Interest Revenue	10,353	2,432	14,732	12,650,470	$ 12,677,987
Miscellaneous/Tenant Charges	2,130,783	102,369		4,400	$ 2,237,552
Administrative Fees (Admin. Bonds)	74,138				$ 74,138
HUD Section 8 Earned HAP Subsidy			68,989,370		$ 68,989,370
HUD Section 8 Earned Administrative Fees			5,957,196		$ 5,957,196
HUD Section 8 Earned Other Subsidy			483,000		$ 483,000
TOTAL	$ 6,471,581	$ 3,815,397	$ 75,521,723	$ 12,797,265	$ 98,605,966

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.

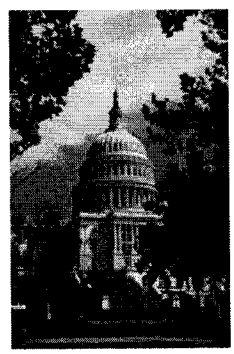
8. Emergency Housing Response (EHR) - The Housing Authority contracted with RDA to implement a tenant-based rental assistance program for low-income families that have been displaced by circumstances beyond their control.

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.

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE



SINGLE AUDIT REPORT

YEAR ENDED JUNE 30, 2013

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

TABLE OF CONTENTS

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*

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to audits contained in financial audits *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Housing Authority of the County of Riverside (Authority), as of and for the year ended June 30, 2013, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated October 23, 2013.

Internal Control Over Financial Reporting
In planning and performing our audit of the financial statements, we considered the Authority'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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant awards, 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 Authority'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 23, 2013

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 COMPLIANCE ON EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDEAL 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, 2013. 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 each of 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, 2013.

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 Authority as of and for the year ended June 30, 2013, and have issued our report thereon dated October 23, 2013,which contained an unmodified opinion on those financial statements .October 23, 2013 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 Marion & Co

October 23, 2013

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2013

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	$ 1,345,808
	Subtotal	14.850		1,345,808
Public Housing Capital Fund			CA16P027 50109	20,485
Public Housing Capital Fund			CA16P027 50110	498,434
Public Housing Capital Fund			CA16P027 50111	449,823
Public Housing Capital Fund			CA16P027 50112	90,304
	Subtotal	14.872		1,059,046
Total Public Housing Programs				**2,404,854**
Section 8 Housing Assistance:				
Section 8 Moderate Rehabilitation			CA027MR 0004	424,642
Section 8 Moderate Rehabilitation			CA027MR 0010	189,196
	Subtotal	14.856		613,838
Supportive Housing for Persons with Diabilities		14.181	CA027DV	274,121
Section 8 Housing Choice Voucher		14.871	CA027VO	76,487,619
Total Section 8 Housing Programs				**77,375,578**
Desert Hot Springs/Cathedral City			CA027RPS093A008	51,028
Resident Opportunity and Supportive Services		14.870		**51,028**
Total HUD Direct Funding				**79,831,460**
Passthrough Awards:				
Housing Opportunities for Persons With AIDS [1]		14.241	CA027 HOPWA	1,129,509
HOME Investment Partnerships Program (HIPP) [1]		14.239	CA027 TBRA	34,949
Homelss Prevention and Rapid Re-Housing Program [1] [2]		14.257	CA027 HPRP	145,796
Shelter Plus Care [3]		14.238	CA027 SPC	981,689
Total Passthrough Award				2,291,943
Total Federal Expenditures and Awards				**$ 82,123,403**

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, 2013, the Authority disbursed a portion of the HOPWA funds to subrecipients. Below is a schedule of subrecipients for the fiscal year ended June 30, 2013.

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: Unqualified.

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: Unqualified.

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
14.241	U.S. Department of Housing and Urban Development – Housing Opportunities for Persons with Aides

8. The Dollar Threshold Used To Distinguish Between Type A and Type B Programs: $2,463,702.

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, 2012).

HOUSING AUTHORITY of the COUNTY of RIVERSIDE

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

FOR THE YEAR ENDED JUNE 30, 2013

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

TABLE OF CONTENTS

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, 2013, 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, 2013, 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 23, 2013, 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 23, 2013

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 2013, which started July 1, 2012 and ended June 30, 2013.

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 $181 million; deferred outflows of resources of $.3 million; liabilities of $10.9 million; deferred inflows of resources of $.7 million; and net position of $169.7 million, which consisted of $7.9 million invested in land, buildings and equipment; $30.5 million in restricted assets; and $131.3 million in unrestricted assets.

The ending net position of $169.7 million represents an increase in assets of $153.7 million from the prior fiscal year, which resulted from operating revenues of $90 million, operating expenses of $91 million, and Capital Contribution of $.6 million, along with a net gain from non-operating revenues and expenses of $154.1 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 2013, the Housing Authority's financial statements reflected the fund assets for the Low and Moderate Income Housing Funds and Housing Bond Proceeds that will 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 include long-term loans receivables worth $72 million and other annual revenues.

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 14-31 of this report.

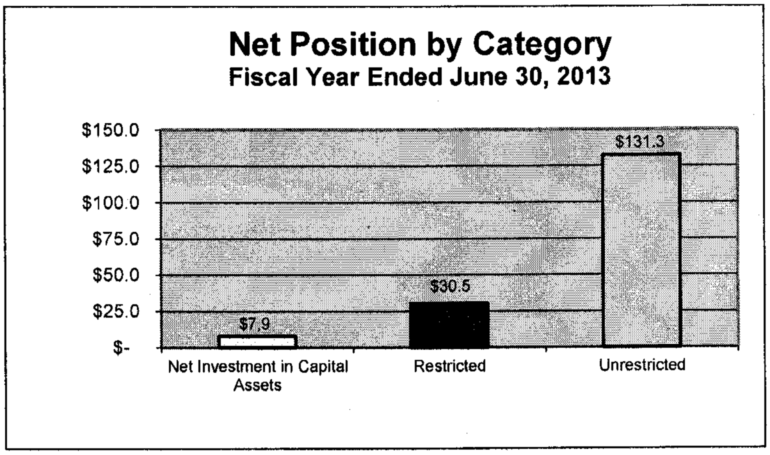
PRESENTATION OF CONDENSED FINANCIAL INFORMATION WITH ANALYSIS OF OVERALL FINANCIAL POSITION

Statement of Net Position

Financial statements, presented as follows, are shown in a condensed format to compare amounts from the current fiscal year (2013) to amounts from the prior fiscal year (2012). 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)

	2013	2012
ASSETS		
Current Assets:		
Cash	$ 54,151	$ 10,885
Accounts Receivable	180	104
Due From Other Governments	2,165	855
Land Held For Sale	34,368	-
Prepaid Expenses	4	2
Total Current Assets	90,868	11,846
Noncurrent Assets:		
Restricted Investments	3,334	193
Long-Term Receivables:	72,037	-
Capital Assets:		
Land, Structures, and Equipment	46,842	45,638
Less Accumulated Depreciation	(32,110)	(30,843)
Capital Assets, net	14,732	14,795
Total Assets	**180,971**	**26,834**
Total Deferred Outflows of Resources	**347**	**417**
LIABILITIES		
Current Liabilities:		
Accounts Payable	135	-
Other Liabilities	847	775
Tenants Security Deposits	187	173
Bonds Payable - Current Portion	145	135
Total Current Liabilities	1,314	1,083
Noncurrent Liabilities:		
Other Liabilities	1,931	1,768
Notes Payable	6,795	6,795
Bonds Payable	885	1,030
Total Noncurrent Liabilities	9,611	9,593
Total Liabilities	**10,925**	**10,676**
Total Deferred Inflows of Resources	**722**	**586**
NET POSITION		
Net Investment In Capital Assets	7,936	7,999
Restricted	30,463	2,984
Unrestricted	131,272	5,006
Total Net Position	**$ 169,671**	**$ 15,989**



(in thousands)

As previously illustrated by the Statement of Net Position, the Housing Authority ended the fiscal year of operations with assets of $181million; deferred outflows of resources of $.3 million; liabilities of $10.9 million; and inflows of resources of $.7 million resulting in a net position of $169.7 million. This net position consisted of $7.9 million (5%) a net investment in capital assets such as land, buildings and equipment, net of related debt; $30.5 million (18%) in restricted assets; and $131.3 million (77%) in unrestricted assets.

The ending net position of $169.7 million represents an increase in net position of $153.7 million from the prior fiscal year's ending net position of $16 million.

Total net investment in capital assets ($7.9 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 ($30.5 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.

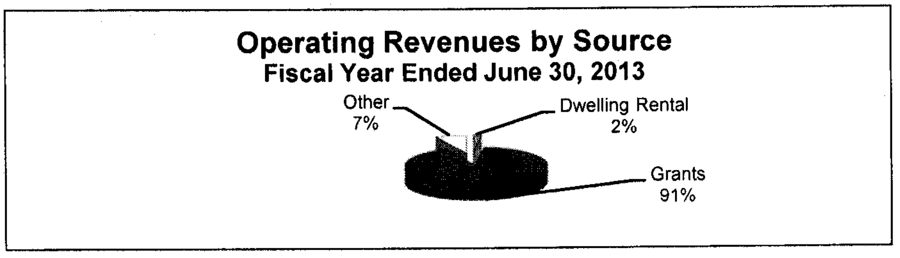
The unrestricted net position ($131.3 million) while designated as not having legal or program restrictions include $34.4 million in land assets that would either be sold or developed to meet the Housing Authority's mission to increase affordable housing projects within Riverside County; $15 million of funds owed back to HUD; and $72 million of Notes Receivables that are deferred for as long as 20-50 years or converted into grants pending completion of project developments. Therefore, $9.9 million (8%) of unrestricted net position is available for use as working capital in day-to-day operations.

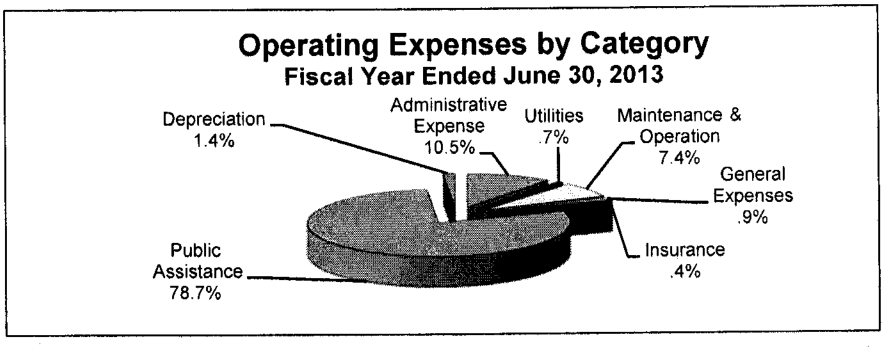
Statement of Revenues, Expenses and Changes in Fund Net Position

Financial statements, presented as follows, are shown in a condensed format to compare amounts from the current fiscal year (2013) to amounts from the prior fiscal year (2012). 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)

	2013	2012
Operating Revenues:		
Dwelling Rental	$ 1,669	$ 1,695
Grants	82,389	83,197
Other	5,957	749
Total Operating Revenues	**90,015**	**85,641**
Operating Expenses:		
Administrative Expense	9,701	9,459
Utilities	612	618
Maintenance & Operation	6,679	2,557
General Expenses	827	1,402
Insurance	366	374
Public Assistance	71,614	75,735
Depreciation	1,306	1,316
Total Operating Expenses	**91,105**	**91,461**
Operating Income (Loss)	**(1,090)**	**(5,820)**
Nonoperating Revenues (Expenses)		
Investment Income	(87)	34
Interest On Notes And Bonds	(368)	(153)
Extraordinary Item, Net Gain	154,589	11
Total Nonoperating Revenue (Expenses)	154,134	(108)
Capital Contribution	638	559
Change In Net Position	153,682	(5,369)
Net Position-Beginning	15,989	21,358
Adjustment To Net Position		
Restated Net Position - Beginning	15,989	21,358
Net Position - Ending	**$ 169,671**	**$ 15,989**





As shown by the Statement of Revenues, Expenses and Changes in Fund Net Position, the Housing Authority's net position increased by $153.6 million from the prior fiscal year, which is attributed to the following:

- Increase in Total Operating Revenues due to the additional income received from the Housing Successor Agency leases and short-term loans.

- Gain On Sale of Property that resulted from the transfer of land parcels, loans receivables, and cash to the Housing Authority as Successor Agency for the housing functions of the former Redevelopment Agency of the County of Riverside.

- Increase in Capital Contribution, which is primarily related to the site improvements and modernization projects that were completed this fiscal year.

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 $93 million remained the same from the Original Budget to the Final Budget, as illustrated below.

Operating Revenues:			
Dwelling Rental	$ 1,673	$ 1,673	0.00%
Grants	85,991	85,991	0.00%
Other	5,350	5,350	0.00%
Total Operating Revenues	**93,014**	**93,014**	0.00%
Operating Expenses:			
Administrative Expense	13,119	13,119	0.00%
Utilities	620	620	0.00%
Maintenance & Operation	2,663	2,663	0.00%
General Expenses	1,056	1,056	0.00%
Public Assistance	74,433	74,433	0.00%
Asset Purchase	1,082	1,082	0.00%
Depreciation	-	-	0.00%
Total Operating Expenses	**92,973**	**92,973**	0.00%
Operating Income (Loss)	**41**	**41**	0.00%
Nonoperating Revenues (Expenses)			
Investment Income	34	34	0.00%
Interest On Notes And Bonds	(75)	(75)	0.00%
Total Nonoperating Revenue (Expenses)	**(41)**	**(41)**	0.00%
Change In Net Position	**$ -**	**$ -**	

Comparison of Actual Operating Results and Final Budget

Overall, the actual operating expenses of $91 million (including depreciation of $1.3 million not required to be budgeted) were lower than the final budgeted expenses of $93 million by about 2%.

Housing Authority of the County of Riverside
Actuals vs. Budget
For the Year Ended June 30, 2013
(in thousands)

	Actuals	Final Budget
Operating Revenues:		
Dwelling Rental	$ 1,669	$ 1,673
Grants	82,389	85,991
Other	5,957	5,350
Total Operating Revenues	**90,015**	**93,014**
Operating Expenses:		
Administrative Expense	9,701	13,119
Utilities	612	620
Maintenance & Operation	6,679	2,663
General Expenses	827	684
Insurance	366	372
Public Assistance	71,614	74,433
Asset Purchase	-	1,082
Depreciation	1,306	-
Total Operating Expenses	91,105	92,973
Operating Income (Loss)	(1,090)	41
Nonoperating Revenues (Expenses)		
Investment Income	(87)	34
Interest On Notes And Bonds	(368)	(75)
Gain (Loss) On Sale Of Property	154,589	
Total Nonoperating Revenue (Expenses)	**154,134**	**(41)**
Capital Contribution	638	
Change In Net Position	**$ 153,682**	**$ -**

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

- The decrease in Grants was primarily due to unrealized budgeted funds for the following programs:
  - <u>Housing Opportunities for Persons With Aids (HOPWA):</u> Due to the delay in approval of the contract with the City of Riverside, the funds were not realized during the fiscal year.
  - <u>Section 8 and Public Housing:</u> Due to sequestration, HUD reduced the budget for public assistance and administrative fees.

- 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. Further, a hiring freeze was imposed during the fiscal year due to County wide layoffs, so not all budgeted positions were filled and vacated positions were not back filled.

- The increase in Maintenance & Operation occurred as planned capital fund projects progressed throughout the year. Two Capital Grant allocations were closed out by the end of the fiscal year.

- The decrease in Public Assistance occurred as lease-ups were placed on hold 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 for the housing functions of the former Redevelopment Agency of the County of Riverside.

- Extraordinary Gain materialized from the additional land assets, loans receivables, and cash for the Housing Authority Successor Agency.

- 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, 2013, the Housing Authority's investment in capital assets, consisting of land, buildings, furniture, and equipment is reported at its net value of $14.7 million, which is the acquisition cost of $46.8 million less accumulated depreciation of $32.1 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 new software system.

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

The Housing Authority is primarily dependent upon HUD for the funding of operations. Sequestration in the Federal level has slowly depleted the Housing Authority's reserves and posed a hardship to continue leasing up at 100%. The 31% budget cut to the Section 8 Program's Administrative Revenue has created challenges to operate at maximum efficiency; and reductions of Operating Subsidies for the Public Housing Program and budget cuts for the Capital Fund Program have limited resources to modernize the assisted units and provide more efficient and timely repairs and maintenance services.

On the other hand, the dissolution of Redevelopment Agencies (RDA) in California provided the Housing Authority with land, loans receivables, and cash to continue its mission of providing more affordable housing projects in Riverside County by the Board of Commissioners' acceptance of the housing functions of the former RDA of the County of Riverside. The next challenges would be to take over the wind down activities of the RDAs of the City of Coachella and Norco.

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, 2013

(dollars are in thousands)

ASSETS		
Current Assets		
Cash	$	29,113
Cash (restricted)		25,038
Subtotal Cash		54,151
Accounts receivable (Net)		180
Due from other governments		2,165
Land held for sale		34,368
Prepaid expenses		4
Total Current Assets		90,868
Restricted investments		3,334
Long term receivables		72,037
Capital assets (net)		14,732
TOTAL ASSETS		**180,971**
TOTAL DEFERRED OUTFLOWS OF RESOURCES		**347**
LIABILITIES		
Current Liabilities		
Accounts payable		135
Other liabilities		847
Tenants security deposits		187
Bonds payable-current portion		145
Total Current Liabilities		1,314
Noncurrent Liabilities		
Other liabilities		1,931
Notes payable		6,795
Bonds payable		885
Total Noncurrent Liabilities		9,611
TOTAL LIABILITIES		**10,925**
TOTAL DEFERRED INFLOWS OF RESOURCES		**722**
NET POSITION		
Net investment in capital assets		7,936
Restricted		30,463
Unrestricted		131,272
TOTAL NET POSITION	$	**169,671**

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, 2013

(dollars are in thousands)

REVENUES		
Operating Revenues		
Dwelling rental	$	1,669
Grants		82,389
Other revenue		5,957
Total Operating Revenues		90,015
EXPENSES		
Operating Expenses		
Administrative expense		9,701
Utilities		612
Maintenance & operation		6,679
General expenses		827
Insurance expenses		366
Housing assistance payments		71,614
Depreciation		1,306
Total Operating Expenses		91,105
Operating Income (Loss)		(1,090)
Nonoperating Revenues (Expenses)		
Investment income		(87)
Interest expense on notes and bonds		(368)
Extraordinary items, net gain		154,589
Total Nonoperating Revenues (Expenses)		154,134
Capital Contribution		638
Change in net position		153,682
Net Position - beginning		15,989
Net Position - ending	$	169,671

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE

Proprietary (Enterprise) Fund Type
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2013
(dollars are in thousands)

CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	$	7,584
Receipts from grants		81,212
Payments to suppliers		(8,678)
Payments to employees for services		(9,154)
Payments for housing assistance		(71,614)
Net Cash Provided (Used) By Operating Activities		(650)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of capital assets (net of soft costs)		(1,243)
Proceeds from capital contribution grant		638
Principal paid on debt		(135)
Interest paid on debt		(299)
Net Cash Provided (Used) By Financing Activities		(1,039)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of additional restricted investments		(3,141)
Proceeds from Redevelopment Agency Succesory Agency		48,184
Investment income		(87)
Net Cash Provided (Used) By Investing Activities		44,956
Net Increase (Decrease) In Cash		43,267
CASH AND CASH EQUIVALENTS - Beginning of Year		10,884
CASH AND CASH EQUIVALENTS - Ending of Year	$	54,151

Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating Income (Loss)	$	(1,090)
Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation		1,306
Changes in assets, liabilities, and deferred inflows of resources:		
(Increase) decrease accounts receivable		(75)
(Increase) decrease due from other governments		(1,310)
(Increase) decrease prepaid expenses		(2)
Increase (decrease) accounts payable		134
Increase (decrease) unearned income		19
Increase (decrease) deferred inflows of resources		136
Other		232
Total Adjustments		440,000
Net cash used by operating activitie:	$	(650)

Noncash Activities		
Long term notes receivable as sucessory agency	$	34,368
Land held for sale as sucessory agency		72,037
Total noncash activities	$	106,405

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 (8,908 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) 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.

(g) Fixed 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. Estimated useful lives range from 5-25 years. Fixed assets that cost $5 or more are capitalized.

(h) 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.

(i) 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.

(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.

(m) 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, 2013 was $347.

(n) Deferred inflows of resources
The deferred inflow of resources consist of grant funds received in advance. The balance as of June 30, 2013 was $722.

2. CASH AND INVESTMENTS

Cash and investments as of June 30, 2013 are classified in the accompanying financial statements as follows:

Combined Statement of Net Assets:		
Cash	$	29,113
Restricted cash		25,038
Restricted investments		3,334
Total cash and investments	**$**	**57,485**

Cash and investments consisted of the following:		
Deposits with financial institutions	$	29,330
Local Agency Investment Fund		1,474
Investment firms		26,681
Total cash and investments	**$**	**57,485**

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 2013 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, 2013 are identified below.

Deposits with Financial Institutions			
Insured Demand Deposit Accounts			
Bank of America	$	6,088	20.76%
Other Deposit Accounts			
County of Riverside		22,874	77.99%
Petty Cash		1	0.00%
Insured Money Market Deposit Accounts			
Bank of America		367	1.25%
Total Insured Deposits	**$**	**29,330**	**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)	$	1,474	5.2%
Trustee Indenture Funds			
US Bank Debt Service Funds		198	0.7%
Bank of New York Redevelopment Fund		26,483	94.1%
Total Investments	**$**	**28,155**	**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	$ 15	
	Noncurrent tenants	101	
	Gross tenant receivable	116	
	Less: allowance for bad debt	(99)	
	Net tenant receivables	17	
Interest receivable		24	
Miscellaneous receivables		139	
	Total accounts receivable (net)		**180**
Other receivables			
	Due from other governments		2,165
	Long term receivables		72,037
Grand Total Receivables (net)			**$ 74,382**

4. CAPITAL ASSETS

A summary of the land, structures and equipment for the year ended June 30, 2013 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-depreciable Capital Assets:				
Land	$ 3,631	$ -	$ -	$ 3,631
Development work-in-progress	693	1,529	(550)	1,672
Subtotal	4,324	1,529	(550)	5,303
Depreciable Capital Assets:				
Buildings and improvements	40,152	-	-	40,152
Equipment	1,162	264	(40)	1,386
Subtotal	41,314	264	(40)	41,538
Total Capital Assets	**45,638**	**1,793**	**(590)**	**46,841**
Accumulated depreciation				
Buildings	(29,941)	(1,196)	-	(31,137)
Equipment	(902)	(110)	40	(972)
Subtotal	(30,843)	(1,306)	40	(32,109)
Total	**$ 14,795**	**$ 487**	**$ (550)**	**$ 14,732**

Depreciation expense for the year ended June 30, 2013 was $1,306.

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 Assets 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.

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 assets.

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 $1,625 of the term bonds mature on December 1, 2018 and accrue interest at 6.25%. 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, 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.

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 2013, the $218 represented about .25% 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, 2013 before applying the deferred charge was $1,030.

6. DEBT SERVICE REQUIREMENTS TO MATURITY

The annual requirements to amortize outstanding long-term bonds payable of the Authority as of June 30, 2013 are as follows:

Year ending June 30	1998 Series A
2014	$ 211
2015	210
2016	209
2017	208
2018	210
2019-2020	207
Total Debt Service	1,255
Less: Interest payments	(225)
Outstanding Principal	1,030
Less: Current portion	(145)
Balance Long Term	$ 885

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, 2013:

Revenue Bonds – 1998 Series A	$ 6

8. LONG-TERM BONDS PAYABLE

The following is a schedule of changes in long-term bonds payable for the year ended June 30, 2013:

	Balance at June 30, 2012	Principal Additions	Principal Deletions	Balance at June 30, 2013
1998 Series A	$ 1,165	$ -	$ (135)	$ 1,030
Less current portion	(135)	(145)	135	(145)
Totals	$ 1,030	$ (145)	$ -	$ 885

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, 2013, 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 2013, 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, 2013, the outstanding balances of these Revenue Bonds are as follows:

Description	Issue Date	Final Maturity Date	Amount of Issue	Outstanding Balance June 30, 2013
Tyler Village, Series C	1999	2027	$ 9,000	$ 8,200
Victoria Springs, Issue C	1989	2019	9,600	9,000
Ridgecrest, Series B	1999	2032	5,865	5,340
Wildomar, Series A	1999	2029	6,700	4,860
Mission Village, Series A-1	2008	2040	3,020	2,887
Total Issuances			$ 34,185	$ 30,287

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.

The following information summarizes plan activity for the fiscal year ending June 30, 2013:

Total Authority Gross Salaries:	$ 7,189
Total Authority Regular Salaries Subject to PERS:	5,403
Total Authority Contributions Required and Paid:	1,017

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	$ -	$ 19
Due to HUD	18	14	(18)	14
Compensated absences	116	110	(110)	116
Interest payable	7	6	(7)	6
Accrued expenses and payroll	441	510	(464)	487
FSS Escrow	193	12	-	205
Total Other Current Liabilities	$ 775	$ 671	$ (599)	$ 847
Compensated absences	$ 723	$ 178	$ (12)	$ 889
FSS Escrow	1,045	110	(113)	1,042
Total Other Non- Current Liabilities	$ 1,768	$ 288	$ (125)	$ 1,931

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.

16. SUBSEQUENT

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 (HACR).

The HACR 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 HACR.

In Fiscal Year 2013-2014, the HACR will continue 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, but not limited to the following:

- First-Time Home Buyer Down Payment Assistance Loan and Grant Program;
- Housing Rehabilitation Loan and Grant Program;
- Desert Palms Apartments Disposition and Development Agreement;
- Building Horizons Disposition and Development Agreement; and
- Rancho Housing Alliance Disposition and Development Agreement and Loan.

In addition, the HACR shall accept the transfer of the following housing lawsuits that the former RDA was involved in at the time of its dissolution:

- Redevelopment Agency of the City of Coachella vs. Rancho Housing Alliance, et al., Case No. INC 1102649;
- In re: Rancho Housing Alliance, Inc., Case No. 6:11-bk-27519-SC.

The City shall transfer to the HACR all beneficial interest in the remaining housing bonds proceeds in the approximate amount of $2.8 million dollars.

17. 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, 2013 was $1,663.

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, 2013, 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, 2013, 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, 2013, the balance of these loans was $464.

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, 2013the 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, 2013 the balance of the loan was $659.

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, 2013, the balance of the loan was $560.

In 2006-07, the RDA loaned $1,500,000 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, 2013, 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, 2013, 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, 2013 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, 2013, 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, 2013 the balance of the loan was $189.

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, 2013 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, 2013 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, 2013 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, 2013 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, 2013 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, 2013 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, 2013 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, 2013 the loan balance was $1,591.

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, 2013 the balance of the loan was $400.

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, 2013 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, 2013 the balance of the loans was $549.

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, 2013 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, 2013 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, 2013 the total balance for these loans was $262.

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, 2013 the balance of the loan was $7,900.

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, 2013 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, 2013 the total balance of the loans was $1,145.

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, 2013 the total balance of the loans was $9,327.

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, 2013 the total balance of the loans was 1,557.

SUPPLEMENTARY FINANCIAL INFORMATION

HOUSING AUTHORITY OF THE COUNTY OF RIVERSIDE
COMBINING STATEMENT OF NET POSITION- ALL PROGRAMS
JUNE 30, 2013

ASSETS	Public Housing Program	Section 8 Program	Authority Program	Inter-Program Eliminating Entries	Totals
Cash	$ 949,991	$ 4,324,666	$ 23,837,947	$ -	$ 29,112,604
Restricted cash	-	925,586	24,112,893	-	25,038,479
Accounts receivable (Net)	14,542	92,429	73,155	-	180,126
Due from other funds	99,355	-	1,144,511	(1,243,866)	-
Due from other governments	15,875	623,616	1,525,247	-	2,164,738
Prepaid expenses	-	-	3,950	-	3,950
Restricted investments	-	-	3,335,168	-	3,335,168
Notes receivable	-	-	72,036,989	-	72,036,989
Land available for sale	-	-	34,367,805	-	34,367,805
Capital assets	35,234,545	487,922	11,118,930	-	46,841,397
Accumulated Depreciation	(26,550,328)	(440,126)	(5,119,350)	-	(32,109,804)
TOTAL ASSETS	**9,763,980**	**6,014,093**	**166,437,245**	**(1,243,866)**	**180,971,452**
DEFERRED OUTFLOWS OF RESOURCES	-	-	**347,189**	-	**347,189**
LIABILITIES					
Accounts payable	-	634	134,395	-	135,029
Unearned income	16,200	-	3,016	-	19,216
Due to other funds	99,355	-	1,144,511	(1,243,866)	-
Due to HUD	-	14,687	-	-	14,687
Other liabilities	115,154	1,122,962	342,876	-	1,580,992
Tenants security deposits	161,543	-	24,974	-	186,517
Accrued interest payable	-	-	5,880	-	5,880
Compensated absenses payable	231,462	445,911	480,507	-	1,157,880
Bonds payable	-	-	1,030,000	-	1,030,000
Notes payable	-	-	6,795,110	-	6,795,110
TOTAL LIABILITIES	**623,714**	**1,584,194**	**9,961,269**	**(1,243,866)**	**10,925,311**
DEFERRED INFLOWS OF RESOURCES	-	-	**722,050**	-	**722,050**
NET POSITION					
Net investment in capital assets	8,684,217	47,796	(795,530)	-	7,936,483
Restricted	-	3,014,976	27,447,919	-	30,462,895
Unrestricted	456,049	1,367,127	129,448,726	-	131,271,902
TOTAL NET POSITION	**$ 9,140,266**	**$ 4,429,899**	**$ 156,101,115**	**$ -**	**$ 169,671,280**

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, 2013

REVENUES	Public Housing Program	Section 8 Program	Authority Program	Inter-Program Eliminating Entries	Totals
Operating Revenues					
Dwelling rental	$ 1,390,088	$ -	$ 278,938	$ -	$ 1,669,026
Grants	1,767,332	77,375,578	3,245,671	-	82,388,581
Management fees	-	-	2,302,594	(2,302,594)	-
Other revenue	109,520	438,345	5,409,059	-	5,956,924
Total Operating Revenues	3,266,940	77,813,923	11,236,262	(2,302,594)	90,014,531
EXPENSES					
Operating Expenses					
Administrative expenses	989,233	7,227,906	3,786,076	(2,302,594)	9,700,621
Utilities	466,600	-	145,054	-	611,654
Maintenance & operation	1,811,560	119,614	4,747,474	-	6,678,648
General expenses	82,845	109,998	634,545	-	827,388
Insurance expenses	269,897	5,780	90,133	-	365,810
Housing assistance payments	-	69,973,083	1,640,822	-	71,613,905
Depreciation	831,741	31,536	443,027	-	1,306,304
Total Operating Expenses	4,451,876	77,467,917	11,487,131	(2,302,594)	91,104,330
Operating Income (Loss)	(1,184,936)	346,006	(250,869)	-	(1,089,799)
Nonoperating Revenues (Expenses)					
Investment income	2,318	12,277	(101,370)	-	(86,775)
Interest expense on notes and bonds	-	-	(367,699)	-	(367,699)
Extraordinary items, net gain	-	-	154,588,833	-	154,588,833
Transfers	-	(66,843)	66,843	-	-
Total Nonoperating Revenues (Expenses)	2,318	(54,566)	154,186,607	-	154,134,359
Capital Contribution	637,522	-	-	-	637,522
Change in net position	(545,096)	291,440	153,935,738	-	153,682,082
Net Position - Beginning	9,685,362	4,138,459	2,165,377	-	15,989,198
Transfers	-	-	-	-	-
Net Position - Ending	$ 9,140,266	$ 4,429,899	$ 156,101,115	$ -	$ 169,671,280

ATTACHMENT

C

FINAL ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER PROGRAM

ADMINISTRATIVE PLAN FOR THE HOUSING CHOICE VOUCHER PROGRAM

Housing Authority of the County of Riverside

FINAL – Effective July 1, 2014

Table of Contents

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.

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, 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.

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 records available to individuals and organizations with legitimate purposes. In order not to cause a financial burden on the HA, charges for this information will be 25 cents per page for photocopies, and $30 per hour for staff time in locating and gathering information. If the file is stored in archives, an additional $35 fee will be charged to request it from storage.

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.

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., Amended 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.

Live-In Aide **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 60 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 Amended 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. If the live-in aide requires a live-in aide or care provider for themselves;
5. If the HOH requires a live-in aide, the HOH may not be a live-in aide/caretaker for someone else.
6. If 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).

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.

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 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. Extensions may be given due to unforeseen circumstances. 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.

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.

Chapter 3

APPLYING FOR ADMISSION

INTRODUCTION

The HA Housing Choice Voucher Program waiting list closed to the general public on July 1, 2010, as the existing pool of applicants exceeded-foreseeable resources. Until such time as it is determined additional applicants are required to ensure full program utilization, the waiting list will remain closed to all except:

- Veterans or widow/ers of a veteran, **or**
- Families whose head of household or spouse is 75 years of age or older, **or**
- Homeless foster care youth, ages 18 to 22, who have aged out of foster care, **or**
- Families referred to the HA by the Riverside County Public Child Welfare Agency (PCWA) for admission through the Family Unification Program (HUD designated special purpose vouches), **or**
- Participants that have utilized a special rental assistance program for a 3 year term and no longer require supportive services, **or**
- Families referred to the Housing Authority via an extraordinary local preference.

Should the waiting list reopen, the HA will follow procedures in accordance with 24 CFR 982.206 and Public Notice will be given and outreach conducted to allow all those wishing to apply equal opportunity. This chapter describes the policies and procedures for completing the waiting list registration, placement on the waiting list, and completion of the Housing Choice Voucher Program 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 on a continual basis 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 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. Registrations will be taken by phone, on the Internet, by mail, by fax or by personal delivery to the HA offices. 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 applicants 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.

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 required to inform the HA of changes in family composition, income, and address, as well as any changes in their preference status (See Chapter 4) in writing or by submitting a Waiting List Change Form. 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 according to their preference-determined sequence by the date the registration was received by the HA. This process is followed regardless of family size.

The Housing Choice Voucher Program Application and related verifications determines the family's ability to claim a preference and requires a signature. 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 family meets the preferences, they are sent an Eligibility Questionnaire, which includes 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. All adult members must complete and sign these documents. The Eligibility Questionnaire is used to determine final eligibility for Voucher issuance and requires full verification. Applicants will be required to sign specific verification forms requesting information that is not covered by the HUD Form 9886. Failure to do so will be cause for denial of the application for failure to provide necessary certifications and release as required by the HA.

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 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.

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 applicant 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.

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). 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).**

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) Homeless foster care youth, ages 18 to 22, who have aged out of foster care, **or**
5) Families 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**
6) Participants who have utilized a special rental assistance program for a 3 year term and no longer require supportive services.

SECOND LEVEL

1) County of Riverside Residency Preference, and
2) Rent-burdened or homeless, and
3) Working Families (see Working Families definition) with dependents or minors or Elderly families or Disabled families

THIRD LEVEL

1) County of Riverside Residency Preference, and
2) Rent-burdened or homeless, and
3) Non-Working Families with dependents or minors

FOURTH LEVEL

1) County of Riverside Residency Preference, and
2) Rent-burdened or homeless, and
3) Working families (see Working Families definition) without minors

FIFTH LEVEL

1) County of Riverside Residency Preference, and
2) Rent-burdened or homeless, and
3) Non-working families without children.

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.

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 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.

The waiting list will be purged periodically by a mailing to registrants inquiring as to continued interest to be on the waiting list to ensure that the waiting list is current and accurate.

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. 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. 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. An unborn minor (with verification of pregnancy) will be counted as a family member in determining bedroom size.

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 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.

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: 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 new Voucher.

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 be issued a new Voucher 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 move, the Voucher will be issued 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.

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

-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 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 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

SPECIAL NOTICE:
For the allowable period of time covered in this Administrative Plan, the HA may observe the measures permitted in PIH NOTICE 2013-03 and extended via PIH Notice 2013-26. See Chapter 7 for details regarding income streamlining for fixed-income households, self-certification of assets less than $5,000, and using past income and EIV when verifying income.

HUD regulations define incomes and allowances. The HA will include and exclude income in accordance with 24 CFR Part 5. Once the PHA has verified all income necessary to determine income eligibility and has determined that it is ready to issue the family a voucher, it must compute the family's Annual Income in accordance with HUD regulations. Income will be calculated in accordance with the procedures outlined below:

A. Project the income from all known sources of income expected to come into the home during the 12-month period following the date of initial certification, annual reexamination, or interim reexamination. Regular periods of seasonal work and layoffs should be included.
B. Where it is difficult to project income for the coming 12-month period it may be necessary to:

1. Estimate the anticipated income from all sources, based on verified information. If any estimates are used, based on specific verifications or other information, in computing income or allowable expenses on an annual basis, the PHA should clearly identify the rationale for its estimate and the specific method used;
2. Base the projection on amounts of actual income for the past 12-months if circumstances are expected to remain the same; or,
3. Annualize known income amounts for a 12-month period, even though those amounts are not expected to last for the full 12-months. In such cases, an Interim Reexamination would need to be scheduled for a future date.

C. When the Applicant Family's Total Assets Exceed $5,000.00, including imputed amounts of assets disposed of for less than market value during the last 2 years, it is necessary for the PHA to make both of the following calculations:

1. Calculate the dollar amount included in the family's annual income which is specifically derived from assets (i.e., interest derived from saving accounts, dividends, interest portions or sale of property, net income from rental of property, etc.), and;
2. Calculate the dollar amount resulting from multiplying the value of the family's total assets based on the current passbook savings rate, as determined by HUD. The PHA must then use the **larger** of the dollar amounts obtained from these two separate calculations in its final computation of the family's Annual Income. The resultant amount is to be included with other income sources to derive the total family income.

D. The Total Tenant Payment shall be the higher of the following, rounded to the nearest dollar:

1. 30 percent of monthly Adjusted Income;
2. 10 percent of monthly Annual Income; or,
3. The minimum rent established by the PHA.

The Total Tenant Payment shall not be increased by more than 10 percent during any twelve month period as a result of redefinition or changes in government regulations. However, Total Tenant Payment may be increased by more than 10 percent during any twelve month period to the extent that the increase is solely attributable to increases in income.

E. Adjusted income is calculated by taking the family's annual income and any applicable deductions for which the family is eligible:

1. A $480.00 deduction for each dependent (i.e., each family member (other than head, spouse, or foster children) who is either under 18 years of age, is a full-time student of any age and disabled or handicapped).
2. The annual amount of verified medical expense that exceeds three percent of the family's annual income, for families that qualify as "elderly families" or "disabled families".
3. Amounts of reasonable child care expenses for children age twelve (12) and under incurred to the extent the amount allowed does not exceed the income received by the applicant/participant from employment for which these expenses are incurred, or to allow a family member to attend school.
4. Disability Assistance Expenses to pay for care attendants and/or auxiliary apparatus for disabled family member(s) which enable a family member (including the disabled member) to work. The amount allowable as a deduction is the amount that exceeds 3% of Annual Income and cannot exceed the amount earned. Where there are both, medical and disability assistance expenses, the deduction would equal the total of both amounts, less 3% of annual income.

INCOME INCLUSIONS AND EXCLUSIONS

Reference: *Housing Choice Voucher Program Guidebook; Chapter 5: Eligibility and Denial of Assistance;* **(EXHIBIT 5-2)**

INCOME INCLUSIONS:

(1) The full amount, before any payroll deductions, of wages and salaries, overtime pay, commissions, fees, tips and bonuses, and other compensation for personal services;

(2) The net income from operation of a business or profession. Expenditures for business expansion or amortization of capital indebtedness shall not be used as deductions in determining net income. An allowance for depreciation of assets used in a business or profession may be deducted, based on straight line depreciation, as provided in Internal Revenue Service regulations. Any withdrawal of cash or assets from the operation of a business or profession will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested in the operation by the family;

(3) Interest, dividends, and other net income of any kind from real or personal property. Expenditures for amortization of capital indebtedness shall not be used as a deduction in determining net income. An allowance for depreciation is permitted only as authorized in paragraph (2) of this section. Any withdrawal of cash or assets from an investment will be included in income, except to the extent the withdrawal is reimbursement of cash or assets invested by the family. Where the family has net family assets in excess of $5,000, annual income shall include the greater of the actual income derived from net family assets or a percentage of the value of such assets based on the current passbook savings rate, as determined by HUD;

(4) The full amount of periodic payments received from social security, annuities, insurance policies, retirement funds, pensions, lotteries, disability or death benefits, and other similar types of periodic receipts, including a lump-sum payment for the delayed start of a periodic payment (but see No. 13 under Income Exclusions);
(5) Payments in lieu of earnings, such as unemployment, worker's compensation, and severance pay (but see No. 3 under Income Exclusions);
(6) Welfare Assistance.
a. Welfare assistance received by the household.
b. The amount of reduced welfare income that is disregarded specifically because the family engaged in fraud or failed to comply with an economic self-sufficiency or work activities requirement.
c. If the welfare assistance payment includes an amount specifically designated for shelter and utilities that is subject to adjustments by the welfare assistance agency in accordance with the actual cost of shelter and utilities, the amount of welfare income to be included as income shall consist of:
(i) The amount of the allowance or grant exclusive of the amount specifically designated for shelter or utilities; plus
(ii) The maximum amount that the welfare assistance agency could in fact allow the family for shelter and utilities. If the family's welfare assistance is ratably reduced from the standard of need by applying a percentage, the amount calculated under this paragraph shall be the amount resulting from one application of the percentage;
(7) Periodic and determinable allowances, such as alimony and child support payments, and regular contributions or gifts received from persons not residing in the dwelling; and
(8) All regular pay, special pay, and allowances of a member of the Armed Forces (whether or not living in the dwelling) who is head of the family, spouse, or other person whose dependents are residing in the unit (but see paragraph (7) under Income Exclusions).
(9) For section 8 programs only and as provided in 24 CFR 5.612, any financial assistance in excess of amounts received for tuition that an individual receives under the Higher Education Act of 1965 (20 U.S.C. 1001 *et seq.*), from private sources, or from an institution of higher education (as defined under the Higher Education Act of 1965 shall be considered income to that individual, except that financial assistance described in this paragraph is not considered annual income for persons over the age of 23 with dependent children. For purposes of this paragraph, ''financial assistance'' does not include loan proceeds for the purpose of determining income).

NOTE: 24 CFR 982.551(n) states that " an assisted family, or members of the family, may not receive Section 8 tenant-based assistance while receiving another housing subsidy, for the same unit or for a different unit, under any duplicative (as determined by HUD or in accordance with HUD requirements) federal, State or local housing assistance program." HUD has determined that such a housing allowance as may be received under the **Post 9/11 VEAA is not considered a duplicate subsidy. However, the amount received for the housing allowance must be counted when determining the family's income and rent.**

INCOME EXCLUSIONS:
(1) Income from employment of children (including foster children) under the age of 18 years;
(2) Payments received for the care of foster children or foster adults (usually individuals with disabilities, unrelated to the tenant family, who are unable to live alone); [Note: PIH-2012-1 (HA) was issued 01/06/2012 clarified the Income Exclusion of Kinship, Kin-GAP and Other Guardianship Care Payments. The Department determined that kinship care, Kin-GAP, and

similar programs funded by states serve as an alternative to foster care placements and that the compensation to participating relatives or legal guardians is comparable to the compensation to foster care parents. Payments for the care of foster children (including foster adults) are exempt from income. Thus, during annual and/or interim reexamination of family income pursuant to 24 CFR § 960.257 for public housing and 24 CFR § 982.516 for Section 8 programs, kinship, Kin-GAP and similar state guardianship care payments are to be excluded from a household's income under 24 CFR § 5.609(c)(2).]

(3) Lump-sum additions to family assets, such as inheritances, insurance payments (including payments under health and accident insurance and worker's compensation), capital gains, and settlement for personal or property losses (but see No. 5 under Income Inclusions);

(4) Amounts received by the family that are specifically for, or in reimbursement of, the cost of medical expenses for any family member;

(5) Income of a live-in aide (as defined by regulation);

(6) The full amount of student financial assistance paid directly to the student or to the educational institution;

(7) The special pay to a family member serving in the Armed Forces who is exposed to hostile fire;

(8) (a) Amounts received under training programs funded by HUD;

(b) Amounts received by a person with disabilities that are disregarded for a limited time for purposes of Supplemental Security Income eligibility and benefits because they are set aside for use under a Plan to Attain Self-Sufficiency (PASS);

(c) Amounts received by a participant in other publicly assisted programs which are specifically for or in reimbursement of out-of-pocket expenses incurred (special equipment, clothing, transportation, child care, etc.) and which are made solely to allow participation in a specific program;

(d) A resident service stipend. This is a modest amount (not to exceed $200 per month) received by a resident for performing a service for the owner, on a part-time basis, that enhances the quality of life in the development. This may include, but is not limited to fire patrol, hall monitoring, lawn maintenance, and resident initiatives coordination and serving as a member of the PHA's governing board. No resident may receive more than one such stipend during the same period of time; or

(e) Incremental earnings and benefits resulting to any family member from participation in qualifying state or local employment training programs (including training programs not affiliated with a local government) and training of a family member as resident management staff. Amounts excluded by this provision must be received under employment training programs with clearly defined goals and objectives, and are excluded only for the period during which the family member participates in the employment training program.

(9) Temporary, nonrecurring, or sporadic income (including gifts). For example, amounts earned by temporary census employees whose terms of employment do not exceed 180 days (PIH Notices 2000-1; 2008-26; 2009-19; 2010-38).

(10) Reparations payments paid by a foreign government pursuant to claims filed under the laws of that government by persons who were persecuted during the Nazi era;

(11) Earnings in excess of $480 for each full-time student 18 years or older (excluding the head of household and spouse);

(12) Adoption assistance payments in excess of $480 per adopted child;

(13) Deferred periodic payments of supplemental security income and social security benefits that are received in a lump-sum payment or in prospective monthly payments;

(14) Amounts received by the family in the form of refunds or rebates under state or local law for

property taxes paid on the dwelling unit;
(15) Amounts paid by a state agency to a family with a developmentally disabled family member living at home to offset the cost of services and equipment needed to keep the developmentally disabled family member at home; [Note: Section 102 of the Developmental Disabilities Assistance and Bill of Rights Act(42 U.S.C. 6001(5)).
DEVELOPMENTAL DISABILITY-
(A) IN GENERAL. -The term "developmental disability" means a severe, chronic disability of an individual that:

(i) is attributable to a mental or physical impairment or combination of mental and physical impairments; **114 STAT. 1684 PUBLIC LAW 106-402-OCT. 30, 2000**
(ii) is manifested before the individual attains age 22;
(iii) is likely to continue indefinitely;
(iv) results in substantial functional limitations in 3 or more of the following areas of major life activity: (I) Self-care; (II) Receptive and expressive language; (III) Learning; (IV) Mobility; (V) Self-direction; (VI) Capacity for independent living; (VII) Economic self-sufficiency; and
(v) reflects the individual's need for a combination and sequence of special, interdisciplinary, or generic services, individualized supports, or other forms of assistance that are of lifelong or extended duration and are individually planned and coordinated.

(B) INFANTS AND YOUNG CHILDREN. -An individual from birth to age 9, inclusive, who has a substantial developmental delay or specific congenital or acquired condition, may be considered to have a developmental disability without meeting 3 or more of the criteria described in clauses (i) through (v) of subparagraph (A) if the individual, without services and supports, has a high probability of meeting those criteria later in life]; and,
(16) Amounts specifically excluded by any other federal statute from consideration as income for purposes of determining eligibility or benefits under a category of assistance programs that includes assistance under the 1937 Act. A notice will be published in the *Federal Register* and distributed to PHAs identifying the benefits that qualify for this exclusion. Updates will be distributed when necessary. The following is a list of income sources that qualify for that exclusion:

a) The value of the allotment provided to an eligible household under the Food Stamp Act of 1977 (7 U.S.C. 2017 (b));
b) Payments to Volunteers under the Domestic Volunteer Services Act of 1973 (42 U.S.C. 5044(g), 5058);
c) Payments received under the Alaska Native Claims Settlement Act (43 U.S.C. 1626(c));
d) Income derived from certain sub marginal land of the United States that is held in trust for certain Indian tribes (25 U.S.C. 459e);
e) Payments or allowances made under the Department of Health and Human Services' Low-Income Home Energy Assistance Program (42 U.S.C. 8624(f));
f) Payments received under programs funded in whole or in part under the Job Training Partnership Act (29U.S.C. 1552(b); (effective July 1, 2000, references to Job Training Partnership Act shall be deemed to refer to the corresponding provision of the Workforce Investment Act of 1998 (29 U.S.C. 2931);
g) Income derived from the disposition of funds to the Grand River Band of Ottawa Indians (Pub.L- 94-540, 90 Stat. 2503-04);
h) The first $2000 of per capita shares received from judgment funds awarded by the Indian Claims Commission or the U. S. Claims Court, the interests of individual Indians in trust or restricted lands, including the first $2000 per year of income received by individual Indians

from funds derived from interests held in such trust or restricted lands (25 U.S.C. 1407-1408);

i) Amounts of scholarships funded under title IV of the Higher Education Act of 1965, including awards under federal work-study program or under the Bureau of Indian Affairs student assistance programs (20 U.S.C. 1087uu);

j) Payments received from programs funded under Title V of the Older Americans Act of 1985 (42 U.S.C. 3056(f));

k) Payments received on or after January 1, 1989, from the Agent Orange Settlement Fund or any other fund established pursuant to the settlement in *In Re Agent*-product liability litigation, M.D.L. No. 381 (E.D.N.Y.);

l) Payments received under the Maine Indian Claims Settlement Act of 1980 (25 U.S.C. 1721);

m) The value of any child care provided or arranged (or any amount received as payment for such care or reimbursement for costs incurred for such care) under the Child Care and Development Block Grant Act of 1990 (42 U.S.C. 9858q);

n) Earned income tax credit (EITC) refund payments received on or after January 1, 1991 (26 U.S.C. 32(j));

o) Payments by the Indian Claims Commission to the Confederated Tribes and Bands of Yakima Indian Nation or the Apache Tribe of Mescalero Reservation (Pub. L. 95-433);

p) Allowances, earnings and payments to AmeriCorps participants under the National and Community
Service Act of 1990 (42 U.S.C. 12637(d));

q) Any allowance paid under the provisions of 38 U.S.C. 1805 to a child suffering from spina bifida who is the child of a Vietnam veteran (38 U.S.C. 1805);

r) Any amount of crime victim compensation (under the Victims of Crime Act) received through crime victim assistance (or payment or reimbursement of the cost of such assistance) as determined under the Victims of Crime Act because of the commission of a crime against the applicant under the Victims of Crime Act (42 U.S.C. 10602); and

s) Allowances, earnings and payments to individuals participating in programs under the Workforce Investment Act of 1998 (29 U.S.C. 2931).

(17) Earned Income Disallowance for persons with disabilities [24CFR5.617]

(a) Initial Twelve Month Exclusion [24CFR5.617(C)(1)]

(b) Second Twelve Month Exclusion and Phase-In [24CFR5.617(C)(2)

(c) Maximum Four Year Disallowance [24CFR5.617 (C) (3)

(18) Compensated Work Therapy (CWT) is a Department of Veterans Affairs (VA) vocational rehabilitation program that endeavors to match and support work ready veterans in competitive jobs, and to consult with business and industry regarding their specific employment needs. In some locations CWT is also known as Veterans Industries; these designations are synonymous. This income will not be counted when determining the family's income and rent.

There is $50 minimum rent in the housing programs. The rent is based on the household income in accordance with HUD regulations.

Averaging Income

The HA may average income when the income cannot be anticipated using verified sources for a full 12 months.

Income changes from Welfare **24 CFR 5.615 (b)**

The HA will not decrease the family's share of the rent when there is a reduction in welfare benefits that is due to fraud or failure to participate in an economic self-sufficiency program or comply with a work activities requirement.

This prohibition on reduction of assistance is applicable only if the welfare reduction is neither the result of the expiration of a lifetime time limit on receiving benefits, nor a situation where the family has complied with welfare program requirements but cannot obtain employment (e.g., the family has complied, but loses welfare because of a durational time limit such as a cap on welfare benefits for a period of no more than two years in a five year period).

Minimum Rent: **24 CFR 5.630**

The PHA has established a Minimum Rent of $50 monthly. Families will be required to pay minimum rent unless they request an exemption because of financial hardship. Financial hardship includes these situations:

(i) When the family has lost eligibility for or is awaiting an eligibility determination for a federal, State, or local assistance program, including a family that includes a member who is a non-citizen lawfully admitted for permanent residence under the Immigration and Nationality Act who would be entitled to public benefits but for title IV of the Personal Responsibility and Work Opportunity Act of 1996;

(ii) When the family would be evicted because it is unable to pay the minimum rent;

(iii) When the income of the family has decreased because of changed circumstances, including loss of employment;

(iv) When a death of a household member (member of assisted unit) has occurred in the family;

(v) Other circumstances determined by the PHA or HUD, specifically:

a) When a household is a new admission on the VASH program;

b) When a household is a new admission on the HCV program and is designated as "Homeless at Admission."

What happens if family requests a hardship exemption?

(A) If a family requests a financial hardship exemption, the PHA must suspend the minimum rent requirement beginning the month following the family's request for a hardship exemption until the responsible entity determines whether there is a qualifying financial hardship, and whether such hardship is temporary or long term.

(B) The PHA must promptly determine whether a qualifying hardship exists and whether it is temporary or long term.

(C) If the PHA determines that a qualifying financial hardship is temporary, the PHA must reinstate the minimum rent from the beginning of the suspension of the minimum rent. The PHA must offer the family a reasonable repayment agreement, on terms and conditions established by the PHA, for the amount of back minimum rent owed by the family.

(D) If the PHA determines there is no qualifying financial hardship exemption, the PHA must reinstate the minimum rent, including back rent owed from the beginning of the suspension. The family must pay the back rent on terms and conditions established by the PHA.

(E) If the PHA determines a qualifying financial hardship is long term, the PHA must exempt the family from the minimum rent requirements so long as such hardship continues. Such exemption shall apply from the beginning of the month following the family's request for a hardship exemption until the end of the qualifying financial hardship.

The financial hardship exemption only applies to payment of the minimum rent (as determined pursuant to Sec. 5.628(a)(4) and Sec. 5.630), and not to the other elements used to calculate the total tenant payment (as determined pursuant to Sec. 5.628(a)(1), (a)(2) and (a)(3)).

Minimum Income

There is no minimum income requirement.

Pro-ration of Assistance for "Mixed" Families

Pro-ration of assistance must be offered to any "mixed" applicant or participant family, provided other eligibility criteria are met. A "mixed" family is one that includes at least one U.S. citizen or eligible immigrant and any number of ineligible members.

Utility Allowance and Utility Reimbursement Payments

The Utility Allowance is not a payment issued to the family (except as noted below). It is intended to help defray the cost of utilities not included in the rent and is included in the calculation of the family's rent to the landlord. A Utility Reimbursement payment is made to the participant family in the amount by which the HAP payment exceeds the rent to owner. When there is a Utility Reimbursement, the HA pays the full amount of rent to the owner and sends the participant family, a utility reimbursement payment. The Housing Authority has the discretion to send the utility reimbursement to the utility company should this be a viable option. This occurs only rarely, usually when a participant family has no income.

Chapter 7

VERIFICATION PROCEDURES

INTRODUCTION

HUD regulations (24 CFR 982.516(a)) require that the factors of eligibility and Total Tenant Payment (TTP) be verified by the HA. Applicants and program participants must furnish proof of their eligibility whenever required by the HA, and the information they provide must be true and complete. The HA's verification requirements are designed to maintain program integrity. This chapter explains the HA's procedures and standards for verification of preferences, income, combined assets exceeding five thousand dollars ($5000.00), allowable deductions, family status, and changes in family members. The HA will ensure that proper authorization from the family is always obtained before making verification inquiries.

SPECIAL NOTICE:

For the allowable period of time covered in this Administrative Plan, the HA may observe the measures permitted in PIH NOTICE 2013-03 and extended through PIH NOTICE 2013-26. The specifics are outlined below:

PIH NOTICE 2013-03 (extended via PIH NOTICE 2013-26) establishes temporary guidelines for public housing agencies (PHAs) in fulfilling certain Housing Choice Voucher (HCV) program requirements during this period of decreased resources available to PHAs. The guidelines are intended to facilitate the ability of PHAs to continue, without interruption and with minimal burden, the delivery of rental assistance to eligible families in their communities.

Use households actual past income in verifying income.

In determining annual income, the HA will use past income received or earned with the last 12 months.

For the purpose of verifying actual past income, HUD's Enterprise Income Verification (EIV) system must be used, specifically the most recent 12 months of income information available in EIV. Because this EIV report will give actual earnings date verified by a third party, the program participant is no longer required to provide third party documentation (e.g., paystubs, payroll summary report, unemployment monetary benefit notice).

Households will self-certify as to having assets of less than $5,000

Program participants with assets below $5,000 typically generate minimal income from these assets which results in small changes to tenant rental payments.

Families with assets are required to report all assets annually. The amount of interest earned on those assets is included as income used to calculate the tenant's rent obligation. Currently, where the family has net family assets in excess of $5,000, annual income includes the greater of the actual income derived from all net family assets or percentage of the value of such assets based on the current passbook savings rate.

PIH 2013-03 allows the HA to accept a family's declaration of the amount of assets of less than

$5,000, and the amount of income expected to be received from the assets. The application and reexamination documentation, which is signed by all adult family members, will serve as declaration.

Where the family has net family assets equal to or less than $5,000, the HA does not need to request supporting documentation (e.g. bank statements) from the family to confirm the assets or the amount of income expected to be received from those assets. Where the family has net family assets in excess of $5000, the HA must obtain supporting documentation (e.g. bank statements) from the family to confirm the assets. Any assets will continue to be reported on HUD Form 50058.

Allow streamlined annual reexaminations for elderly families and disabled families on fixed incomes.

HAs are statutorily required to verify income and calculate rent annually, including for elderly and disabled families on fixed incomes. PIH 2013-03 allows for the simplification of the requirements associated with determining annual income of participants on fixed incomes (24 CFR 982.516, 960.257).

The HA may conduct a streamlined reexamination of income for elderly families and disabled families when 100 percent of the family's income consists of fixed income. In a streamlined reexamination, the HA will recalculate family incomes by applying any published cost of living adjustments to the previously verified income amount.

The term 'fixed income' includes income from:

1. Social Security payment to include Supplemental Security income (SSI) and Supplemental Security Disability Insurance (SSDI):
2. Federal, State, local, and private pensions plans; and
3. Other periodic payments received from annuities, insurance policies, retirement funds, disability or death benefits, and other similar types of periodic receipts that are of substantially the same amounts from year to year.

A. RELEASE OF INFORMATION

The family will be required to sign specific authorization forms when information is needed that is not covered by the HUD form 9886, Authorization for Release of Information.

A copy of the release of information will be provided to a family member upon request.

Family refusal to cooperate with the HUD prescribed verification system will result in denial of admission or termination of assistance because it is a family obligation to supply any information requested by the HA or HUD.

B. METHODS OF VERIFICATION PIH Notice 2010-19 (HA) & 24 CFR 5.233

When PIH 2013-03, or subsequent extension notices expire, the HA will verify information through the six methods of verification acceptable to HUD in the following order:

Level Verification Technique Ranking

6) Upfront Income Verification (UIV)-Highest (Mandatory) using HUD's Enterprise Income Verification (EIV) system (not available for income verifications of applicants)

5) Upfront Income Verification (UIV) using non-HUD system-**Highest** (Optional)

4) Written third Party Verification-High (Mandatory to supplement EIV-reported income sources and when EIV has no data; Mandatory for non-EIV reported income sources; Mandatory when tenant disputes EIV reported employment and income information **and** is unable to provide acceptable documentation to support dispute)

3) Written Third Party Verification Form-Medium-Low (Mandatory if written third party verification documents are not available or rejected by the PHA; and when the applicant or tenant is unable to provide acceptable documentation)

2) Oral Third Party Verification-Low (Mandatory if written third party verification is not available)

1) Tenant Declaration-Low (Use as a last resort when unable to obtain any type of third party verification)

Third Party Verification Techniques

Upfront Income Verification (UIV) (Level 6/5): The verification of income before or during a family reexamination, through an independent source that systematically and uniformly maintains income information in computerized form for a number of individuals.

It should be noted that the EIV system is available to all PHAs as a UIV technique. PHAs are encouraged to continue using other non-HUD UIV tools, such as The Work Number (an automated verification system) and state government databases, to validate tenant-reported income.

For each new admission (form HUD-50058 action type 1), the PHA is required to do the following: **i. Review the EIV Income Report to confirm/validate family-reported income within 120 days of the PIC submission date; and **ii.** Print and maintain a copy of the EIV Income Report in the tenant file; and **iii.** Resolve any income discrepancy with the family within 60 days of the EIV Income Report date.

Written Third Party Verification (Level 4): An original or authentic document generated by a third party source dated either within the 60-day period preceding the reexamination or PHA request date. Such documentation may be in the possession of the tenant (or applicant), and is commonly referred to as tenant-provided documents. It is the Department's position that such tenant-provided documents are written third party verification since these documents originated from a third party source. The PHA may, at its discretion, reject any tenant-provided documents and follow up directly with the source to obtain necessary verification of information.

Examples of acceptable tenant-provided documentation (generated by a third party source) include, but are not limited to: pay stubs, payroll summary report, employer notice/letter of hire/termination, SSA benefit verification letter, bank statements, child support payment stubs, welfare benefit letters and/or printouts, and unemployment monetary benefit notices. Current acceptable tenant-provided documents must be used for income and rent determinations.

For new income sources or when two pay stubs are not available, the PHA should project income based on the information from a traditional written third party verification form or the best available information.

Written Third Party Verification Form (Level 3): Also, known as traditional third party verification (a standardized form to collect information from a third party source). PHAs send the form directly to the third party source by mail, fax, or email.

It is the Department's position that the administrative burden and risk associated with use of the traditional third party verification form may be reduced by PHAs relying on acceptable documents that are generated by a third party, but in the possession of and provided by the tenant (or applicant). Many documents in the possession of the tenant are derived from third party sources (i.e. employers, federal, state and/or local agencies, banks, etc.).