



**U.S. Department of Housing and Urban Development**

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OFFICE OF COMMUNITY PLANNING  
AND DEVELOPMENT  
9CD-22114

March 21, 2022

The Honorable Lourdes A. Leon Guerrero  
Governor of Guam  
P.O. Box 2950  
Hagatna, Guam 96932

Dear Governor Leon Guerrero:

**SUBJECT: Annual Community Assessment (ACA) Report  
Program Year 2019**

This letter conveys the U.S. Department of Housing and Urban Development's (HUD's) assessment of the Government of Guam's (Guam's) performance for its 2019 Community Planning and Development (CPD) Program Year (October 1, 2019 to September 30, 2020). The report reflects Guam's efforts to ensure compliance with HUD Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), and Emergency Solutions Grant (ESG) programs. HUD finds that Guam is generally meeting the intent of the CPD programs. However, HUD has concerns over the timely implementation of activities and expenditure of CDBG, HOME, and ESG funds, as described in the ACA.

Recipients of CPD funds need to submit their Consolidated Annual Performance and Evaluation Report (CAPER) in a timely and accurate manner in accordance with 24 CFR 92.520(a) and 91.520(d). For program year 2019 CAPERs, HUD waived the requirement that recipients submit their CAPERs within 90 days after the close of the program year, subject to the condition that recipients submit their CAPERs within 180 days after the close of their program year. Guam failed to meet the extended deadline. Guam submitted its CAPER on February 11, 2022, 499 days after the close of its program year and 319 days after the extended deadline of March 29, 2021. Furthermore, Guam's program year 2020 CAPER is also more than 70 days past its December 29, 2021 due date. Guam needs to submit its program year 2020 CAPER to HUD without further delay.

As part of HUD's annual review, the Department wants to take this opportunity to address the CDBG program timeliness requirements, and the importance it plays in ensuring that the intent of the CDBG program is achieved. HUD CDBG regulations require recipients to carry out their CDBG activities in a timely manner thus ensuring low- and moderate-income persons are assisted. The standard requires insular area grantees to be at a 2.00 CDBG timeliness ratio 60 days prior to the end of their program year. In other words, Guam's CDBG line of credit cannot exceed two times its current year's grant amount. Guam's program year ends September 30 of each year. About August 2<sup>nd</sup> of each year, or 60 days prior to the end of Guam's program year, Guam must have a CDBG grant ratio of 2.00 or less.

When the 60-day test was conducted on August 2, 2020, Guam was not in compliance with the CDBG timeliness expenditure requirement with a timeliness ratio of 2.43. The last 60-day test conducted on August 2, 2021 indicated a timeliness ratio of 2.99. This placed Guam in non-compliance with the 2.00 CDBG performance standard for insular areas for two consecutive years. HUD suspended the CDBG timeliness sanctions that HUD would normally enforce on twice untimely CDBG grantees in the years 2020 and 2021 after determining that all CDBG grantees had factors beyond their reasonable control due to COVID-19 that impacted the carrying out of CDBG-assisted activities in a timely manner. HUD's decision not to sanction Guam does not in any way diminish the fact that Guam is twice untimely CDBG grantee.

Once more, Guam is in danger of missing its next official CDBG timeliness test. Guam's current CDBG timeliness ratio is 3.63 and includes \$11,437,204.57 line of credit balance and \$12,393.46 balance in program income. Guam needs to expend and drawdown at least \$5,142,894 before August 2, 2022 to meet the next CDBG timeliness test.

Guam met the Program Year 2014 HOME program expenditure deadline which occurred on October 31, 2019. For Program Year 2015 and subsequent year HOME allocations, the HOME program regulations require a HOME PJ to expend all funds in the U.S. Treasury from the specific program year allocation at least seven full business days before the September 30th of the fifth year after the end of the period of availability of the program year allocation for obligation by HUD. Any HOME funds appropriated in federal fiscal year 2015 will not be available for HOME Participating Jurisdictions (PJs) to expend after September 30, 2023. HOME funds remaining in the PJ's Program Year 2015 grant on this date will be recaptured by the United States Treasury, per the National Defense Authorization Act. To meet the HOME program expenditure requirement for Program Year 2015 HOME funds, Guam needs to expend and drawdown \$219,409 in Program Year 2015 HOME funds before September 21, 2023.

ESG funds must be expended within 24 months of the grant award. Guam met its ESG expenditure deadlines by expending Program Year 2017 ESG funds before the October 19, 2019 deadline, Program Year 2018 ESG funds before the October 3, 2020 deadline, and Program Year 2019 ESG funds before the October 23, 2021 deadline. To meet the future ESG expenditure deadlines, Guam needs to commit, expend, and drawdown \$225,606.41 in Program Year 2020 ESG funds before April 28, 2023 and \$258,941.00 in Program Year 2021 ESG funds before October 25, 2023.

HUD established progressive expenditure deadlines to ensure that ESG COVID-19 (ESG-CV) funds are spent quickly on eligible activities to address the public health and economic crisis caused by COVID-19. Guam failed to meet the ESG-CV 20 percent expenditure deadline on September 30, 2021. As a result, on March 16, 2022, HUD notified Guam that HUD will recapture \$158,688 of Guam's ESG-CV grant. Guam has expended and drawn down 23.37 percent of its ESG-CV funds putting Guam at-risk to miss the ESG-CV 80 percent expenditure deadline on March 31, 2022. The final ESG-CV expenditure deadline is September 30, 2022. Guam needs to expend and drawdown its remaining balance of \$2,538,046.88 (\$2,696,734.88 balance - \$158,688 to be recaptured) before September 30, 2022.

The enclosed Annual Community Assessment Report reflects HUD's assessment of Guam's implementation of its CPD programs. It notes Guam's successes and areas needing improvement. Guam will have 30 days from the date of this letter to comment on the report. Should Guam not wish to comment on the report or fail to comment within the above time period, please consider the report final and make it available to the public using your standard notification process including uploading the ACA report to the Guam Housing and Urban Renewal Authority (GHURA) website, providing a notice in the newspaper identifying the report contents and where it is available for review.

HUD would like to recognize that the GHURA staff responsible for Guam's CPD programs are highly committed to the programs. Their commitment to the program objectives has resulted in Guam ensuring that low- and moderate-income persons have an opportunity to succeed.

Thank you for your efforts in supporting your community's needs. HUD looks forward to a continued partnership with GHURA in serving the needs of its citizens. If you have any questions or need further information or assistance, please contact Rebecca Borja, Senior Community Planning and Development Representative, at 808-457-4673 or [Rebecca.C.Borja@hud.gov](mailto:Rebecca.C.Borja@hud.gov). If responding in writing to this letter, please provide your response as a PDF document to [CPDHonolulu@hud.gov](mailto:CPDHonolulu@hud.gov).

Sincerely,



Digitally signed by  
MARK CHANDLER

Mark A. Chandler, Director  
Office of Community Planning  
and Development

Enclosure

cc:

Ms. Elizabeth F. Napoli, Acting Executive Director, GHURA (w/ enclosures)  
9CD Official Files, Guam, PY 2019, Performance

# **ANNUAL COMMUNITY ASSESSMENT REPORT**

## **Guam**

**Program Year 2019: October 1, 2019 to September 30, 2020**

### **HUD Point of Contact:**

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### **Guam Point of Contact:**

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## **Introduction**

The Housing and Community Development Act of 1974, as amended, and the National Affordable Housing Act of 1990 require federal grant recipients receiving federal assistance under the Acts to submit an annual performance report disclosing the status of grant activities. The U.S. Department of Housing and Urban Development (HUD) is required by 24 CFR 91.525 to determine whether the grant recipient is in compliance with the statutes and has the continuing capacity to implement and administer the programs for which assistance is received. Per 24 CFR 91.525, HUD's comments below and the cover letter above incorporate the Department's assessment of the Government of Guam's (Guam's) Program Year (PY) 2019 performance.

In assessing Guam's performance, HUD relied primarily upon Guam's PY 2019 Consolidated Annual Performance and Evaluation Report (CAPER), technical assistance, on-site and remote monitoring, and communications with the Guam Housing and Urban Renewal Authority (GHURA) staff. During this period, GHURA generally met the intent of its HUD Community Planning and Development (CPD) programs which consists of the Community Development Block Grant (CDBG), CDBG Cares Act funds (CDBG-CV), Home Investment Partnerships (HOME), Emergency Solutions Grant (ESG), and ESG Cares Act funds (ESG-CV) programs. However, HUD has concerns regarding Guam's implementation of its CPD programs.

## Significant Performance Conclusions

Overall, Guam has had issues with its management of its CPD programs which consists of the CDBG, HOME, and ESG programs as follows:

- For the PY 2019 CAPER, HUD waived the requirement that recipients submit their CAPERs within 90 days after the close of the program year, subject to the condition that recipients submit their CAPERs within 180 days after the close of their program year. Guam failed to meet the extended deadline. Guam submitted its CAPER on February 11, 2022, 499 days after the close of its PY 2019 and 319 days after the extended deadline of March 29, 2021. Furthermore, Guam's PY 2020 CAPER is also more than 70 days past its December 29, 2021 due date. Guam needs to submit its program year 2020 CAPER to HUD without further delay.
- Guam failed the CDBG timeliness test on August 2, 2020 with a timeliness ratio of 2.43. Guam also missed its next official CDBG timeliness test on August 2, 2021 with a timeliness ratio of 2.99. As a result, Guam was in non-compliance with the 2.00 CDBG performance standard for insular areas for two consecutive years. HUD suspended the CDBG timeliness sanctions that HUD would normally enforce on twice untimely CDBG grantees in the years 2020 and 2021 after determining that all CDBG grantees had factors beyond their reasonable control due to COVID-19 that impacted the carrying out of CDBG-assisted activities in a timely manner. HUD's decision not to sanction Guam does not in any way diminish the fact that Guam is a twice untimely CDBG grantee.

Once more, Guam is in danger of missing its next official CDBG timeliness test. Guam's current CDBG timeliness ratio is 3.63 and includes \$11,437,204.57 line of credit balance and \$12,393.46 balance in program income in the Integrated Disbursement and Information System (IDIS). Guam's current 3.63 ratio does not take into account if Guam has any CDBG program income not receipted in IDIS. CDBG program income cash balances on hand will be calculated in the official timeliness test. Guam needs to expend and drawdown a minimum of \$5,142,894 (not including unreceipted program income) in CDBG funds between now and August 2, 2022 to pass the next CDBG timeliness test. Guam's current rate of CDBG expenditures combined with an increase in CDBG program income receipts may negatively impact Guam's ability to meet timeliness requirements. Guam should carefully review its anticipated CDBG program income and expenditures, monitor program income receipts and CDBG draws for the next few months, and take any necessary steps to increase the CDBG drawdown to meet the timeliness standard.

- Guam met the PY 2014 HOME program expenditure deadline which occurred on October 31, 2019. For PY 2015 and subsequent year HOME allocations, the HOME program regulations require a HOME PJ to expend all funds in the U.S. Treasury from the specific program year allocation at least seven full business days before the September 30th of the fifth year after the end of the period of availability of the program year allocation for obligation by HUD. This means that any HOME funds appropriated in federal fiscal year 2015 will not be available for HOME Participating Jurisdictions

(PJs) to expend after September 30, 2023. Guam is at risk of having its remaining \$219,409 PY 2015 HOME funds recaptured on this date by the United States Treasury, per the National Defense Authorization Act. To meet the HOME program expenditure requirement for PY 2015 HOME funds, Guam needs to expend and drawdown \$219,409 in PY 2015 HOME funds before September 21, 2023.

- Guam met its ESG expenditure deadlines by expending Program Year 2017 ESG funds before the October 19, 2019 deadline, Program Year 2018 ESG funds before the October 3, 2020 deadline, and Program Year 2019 ESG funds before the October 23, 2021 deadline. Guam's PY 2019 and PY 2020 ESG expenditure deadlines will occur in 2023, Guam has committed only seven (7) percent of its PY 2020 ESG funds and has not committed any of its PY 2021 ESG funds. To meet the next ESG expenditure deadlines, Guam needs to commit, expend, and drawdown \$225,606.41 in PY 2020 ESG funds before April 28, 2023 and \$258,941 in PY 2021 ESG funds before October 25, 2023.
- Towards the end of the program year, HUD executed the ESG-CV grant agreement with Guam on September 1, 2020. ESG-CV has progressive expenditure deadlines to ensure that ESG-CV funds are spent quickly on eligible activities to address the public health and economic crisis caused by COVID-19. Guam failed to meet the ESG-CV 20 percent expenditure deadline on September 30, 2021. As a result, on March 16, 2022, HUD notified Guam that HUD will recapture \$158,688 of Guam's ESG-CV grant. Guam expended and drew down only 23.37 percent of its ESG-CV funds putting Guam at-risk to miss the ESG-CV 80 percent expenditure deadline on March 31, 2022. The final ESG-CV expenditure deadline is September 30, 2022. Guam needs to expend and drawdown its remaining ESG-CV of \$2,538,046.88 (\$2,696,734.88 balance - \$158,688 to be recaptured) before September 30, 2022.

## **CPD Programs**

### **CDBG**

Guam's Consolidated Plan describes the following high priority concerns that will be addressed through the CDBG program: the acquisition, rehabilitation, or construction of structures for use as public facilities and improvements to the public infrastructure in low and moderate income communities; the acquisition, construction, rehabilitation or conversion of structures serving the elderly, persons with disabilities, and victims of abuse including community centers, health centers, sports and recreational facilities, community learning and resources centers, emergency and transitional shelters, substance abuse and residential treatment, drop-in centers, and a safe haven; and public services for special needs populations and for homeless persons and families. Guam received \$3,110,435.00 in PY 2019 CDBG funds to address community needs for public facilities and improvements, increase homeowner education and counseling, enhance services for homeless persons, special needs persons, and low- and moderate-income individuals and families, promote fair housing, and update Guam's Analysis of Impediments to Fair Housing Choice.

Additionally, at the end of the program year, HUD executed the grant agreement for Guam's first allocation of CDBG-CV Guam, \$1,785,801 out of its \$4,453,410 allocation in CDBG-CV funds for public services and emergency housing assistance to prepare, prevent, and respond to COVID-19. Guam did not expend any CDBG-CV funds during this period for the six (6) projects funded.

During the program year, Guam expended \$1,106,114.20 in CDBG funds on 20 out of 31 projects active during the period. One hundred percent (100%) of CDBG funds were spent on activities that benefited low- and moderate-income persons. Guam reported the following CDBG activities completed in PY 2019 in IDIS:

- Rehabilitation of the Sinajana Community Recreational Facility (funded in PYs 2014 and 2017).
- Acquisition and Construction of the Guam Police Department (GPD) Central Precinct Command (funded in 2015 and 2016).
- General Administration (funded in 2015).
- Consolidated Planning Activities (funded in 2015, 2016 and 2017) that included a housing study to uncover gaps in housing and trends in the housing market and to create Guam's strategy for affordable housing.
- Guam Homeless Coalition Homeless Management Information System (HMIS) (funded in 2017 and 2018).
- The Salvation Army Lighthouse Recovery Center (funded in 2017, 2018 and 2019) that provided residential treatment for men recovering from substance abuse.
- The Salvation Army Family Services Center (funded in 2017 and 2018) that provided services in support of homeless and at-risk homeless receiving rapid rehousing and homeless prevention assistance, emergency shelter and transitional housing.
- Manelu's The Opportunity Initiative (funded in 2017 and 2018) that provided resident services for adults and families with children in GHURA public housing including workplace readiness workshops, workplace mentorships, job placement assistance, and family literacy programs.
- Baseball Park Enhancements in Dededo (funded in 2017).
- Phase I Site Planning and Preparation for Public Facility and Transitional Housing in Dededo (funded in 2017).

When HUD conducted the CDBG timeliness test on August 2, 2020, Guam had a \$7,506,474.23 balance in its line of credit and \$40,388.72 balance in program income which was 2.43 times its annual grant for the CDBG timeliness test. As a result, Guam failed to comply with the 2.00 CDBG timeliness standard for insular areas in accordance with 24 CFR 570.902. Guam also missed its next official CDBG timeliness test on August 2, 2021 with a timeliness ratio of 2.99. This placed Guam in non-compliance with the 2.00 CDBG performance standard for insular areas for two consecutive years. HUD suspended the CDBG timeliness sanctions that HUD would normally enforce on twice untimely CDBG grantees in the years 2020 and 2021 after determining that all CDBG grantees had factors beyond their reasonable control due to

COVID-19 that impacted the carrying out of CDBG-assisted activities in a timely manner. HUD's decision not to sanction Guam does not in any way diminish the fact that Guam is a twice untimely CDBG grantee.

Guam's next official CDBG timeliness test will take place on August 2, 2022. Guam's current CDBG timeliness ratio is 3.63. Guam's timeliness ratio includes \$11,437,204.57 line of credit balance and \$12,393.46 balance in program income in IDIS. Guam's current 3.63 ratio does not take into account if Guam has any CDBG program income not receipted in IDIS. CDBG program income cash balances on hand will be calculated in the official timeliness test. Guam needs to expend and drawdown a minimum of \$5,142,894 (not including unreceipted program income) in CDBG funds between now and August 2, 2022 to pass the next CDBG timeliness test. Guam's current rate of CDBG expenditures combined with an increase in CDBG program income receipts may negatively impact Guam's ability to meet timeliness requirements. Guam should carefully review its anticipated CDBG program income and expenditures, monitor program income receipts and CDBG draws for the next few months and take any necessary steps to increase the CDBG drawdown to meet the timeliness standard.

Guam needs to complete the following at-risk activities with no draws for over one (1) year and bring them into national objective compliance: Activity 674 Renovation of 5 Staff Housing at Talofoto, Activity 826 Kurason Ysengsong (2018), and Activity 830 GALA Empowerment Program (2019). Guam also needs to complete the following pending at-risk activity with no draw for over 270 days: Activity 842 CV Mortgage Relief Program (AD). In addition to the above identified at-risk and pending at-risk activities, Guam has slow moving CDBG activities: Activity 777 Rehabilitation of the Umatac Baseball Field (2016), Activity 809 CDBG Administration (2016), Activity 833 CDBG Administration (2017), and Activity 800 Inarajan Basketball Court New Construction (2017). Guam needs to closely monitor these at-risk, pending at-risk, and slow-moving activities and ensure that they progress in a timelier manner.

In addition to CDBG and CDBG-CV funds, Guam has an existing Section 108 guaranteed loan for which Guam did not report in Guam's PY 2019 CAPER. HUD first executed an agreement with Guam on September 25, 2015 for GHURA to receive \$12,000,000 in CDBG Section 108 loan guaranteed assistance. Under that agreement, GHURA had until September 30, 2020 to draw down the \$12,000,000 as an advance for an approved project before HUD would cancel the CDBG Section 108 Loan Guarantee. Several years after the original project fell through, in 2019, GHURA identified the iLearn Academy Public Charter School project as the replacement project. However, the project stalled during the program year. Guam did not submit its Section 108 application amendment to change the project to The Learning Institute (TLI) iLearn Academy Charter School project until July 2020 and was unable to submit the documentation necessary to develop, finalize, and execute financing documents, close the guaranteed loan, and advance the funds by the September 30, 2020 deadline.

At the end of the program year, Guam submitted to HUD a request to reissue the undisbursed, original \$12,000,000 CDBG Section 108 Loan Guarantee commitment in anticipation that loan funds could not be advanced by the September 30, 2020 deadline. HUD approved Guam's request and reissued the \$12,000,000 CDBG Section 108 Loan Guarantee



commitment on December 3, 2020. Construction of the iLearn Academy Charter School is underway. Guam expended \$5,296,000 of its Section 108 loan guaranteed funds. Guam needs to expend the \$6,704,000 balance in CDBG Section 108 Loan Guarantee commitment by December 31, 2022.

## **HOME**

Guam received \$985,162 in PY 2019 HOME funds allocated funds for new construction of homebuyer housing for low-income families. Guam also has remaining prior year HOME funds allocated for homebuyer acquisition and new construction and rehabilitation of affordable rental housing. During the program year, Guam expended \$355,504.39 HOME funds on homebuyer acquisition, new construction, and rehabilitation activities and rental housing rehabilitation activities.

HUD identified a discrepancy in the number of households reported as provided affordable housing in IDIS from the amount report in Guam's PY 2019 CAPER, Section CR-20 – Affordable Housing. Specifically, Guam reported that no housing units were completed in the program year. However, the IDIS report PR-23 HOME Summary of Accomplishments for PY 2019 counts two (2) first time homebuyers with two (2) housing units completed and occupied. Guam needs to reconcile and explain the variance in affordable housing accomplishments reported in Guam's PY 2019 CAPER and IDIS.

Although Guam reported in its PY 2019 CAPER that on-site inspections of HOME funded affordable rental housing were not applicable, HUD identified rental housing activities for which Guam needs to conduct on-site inspections using IDIS report PR22 Status of HOME Activities. These activities include five (5) completed HOME rental housing activities still within their HOME affordability periods and one (1) open HOME rental housing activity. Guam needs to conduct on-site inspections every three (3) years on rental housing activities during the affordability period.

- Activity 6 Guam Rental Acquisition,
- Activity 10 Catholic Social Service Rental New Construction,
- Activity 11 Guam Rental Acquisition and Rehabilitation,
- Activity 389 Catholic Social Service Caridad Apartments,
- Activity 432 Catholic Social Service Caridad II Apartments, and
- Activity 806 Rehabilitation of Isla Apartments.

From the above listed activities, HUD identified three (3) HOME activities with 10 or more housing units for which Guam is required to conduct annual examinations of the financial viability of the housing.

- Activity 10 Catholic Social Service Rental New Construction,
- Activity 11 Guam Rental Acquisition and Rehabilitation, and
- Activity 806 Rehabilitation of Isla Apartments.

The HOME regulations at 24 CFR 92.504(d) specify these requirements for on-site inspection and financial oversight of rental housing projects during the HOME affordability period. HUD's waiver applicable to ongoing periodic inspections on HOME rental housing in response to the COVID-19 pandemic, which began April 10, 2020 and ended December 31, 2021, was only in effect the last six (6) months of the reporting period. The waiver requires HOME PJs to conduct on-site inspections within 180 days of the end of the waiver period, by June 29, 2022.

Guam needs to provide a list of HOME rental housing projects still within the HOME affordability period, indicate the date when each of the projects was last inspected, provide a summary of issues that were detected during the inspection, provide the date when Guam verified that the deficiencies, if any, were corrected, and describe how Guam will, by June 29, 2022, remedy the situation of those properties that were not inspected.

HUD identified a discrepancy in the amount of HOME program income reported (received and expended) in IDIS from the amount reported in Guam's PY 2019 HOME Annual Performance Report (APR) (Form HUD-40107) and PY 2019 CAPER, Section CR-15 – Resources and Investments, HOME MBE/WBE Report, Table 7 – HOME Program Income. Specifically, Guam did not report receipt or expenditure of any HOME program income in the CAPER. Conversely, Guam reported receipt of \$311,276.42 and expenditure of \$22,282.27 in HOME program income in Guam's PY 2019 HOME APR. Furthermore, both Guam reports differ from IDIS. The IDIS PR09 Program Income Details by Fiscal Year and Program Report reveals that Guam received \$1,038,116.39 and expended \$95,214.15 in HOME program income during the reporting period and ended the program year with a \$942,902.24 balance in HOME program income. Guam needs to reconcile Guam's accounting of HOME program income in its financial management system with IDIS and explain the variance in HOME program income reported in Guam's PY 2019 CAPER, PY 2019 HOME APR, and IDIS.

For Program Year 2014 and prior year HOME allocations, the HOME program regulations require a HOME PJ to expend its annual allocation of HOME funds within five (5) years of receiving its HOME grant. Compliance with this requirement is based on a review of the PJ's allocations and expenditures, as reported in IDIS at the time of its deadline. Guam met the PY 2014 HOME program expenditure deadline which occurred on October 31, 2019.

For PY 2015 and subsequent year HOME allocations, the HOME program regulations require a HOME PJ to expend all funds in the U.S. Treasury from the specific program year allocation at least seven full business days before the September 30th of the fifth year after the end of the period of availability of the program year allocation for obligation by HUD. Due to end-of-year financial system closeouts that begin before this date and prevent electronic access to the payment system, requests to draw down the funds must be made at least seven full business days before this date to ensure that the funds still can be drawn from the United States Treasury account through the computerized disbursement and information system.

This means that any HOME funds appropriated in federal fiscal year 2015 will not be available for HOME Participating Jurisdictions (PJs) to expend after September 30, 2023. To meet the HOME program expenditure requirement for PY 2015 HOME funds, Guam needs to

expend and drawdown \$219,409 in PY 2015 HOME funds before September 21, 2023. Any PY 2015 HOME funds remaining after the deadline will be recaptured by the United States Treasury, per the National Defense Authorization Act.

Guam has HOME funds from PY 2015 through PY 2019 totaling \$3,422,414.20 that are uncommitted. While the 24-month commitment deadline for HOME funds is currently suspended, HUD expects each PJ to monitor its commitment and expenditure rates to ensure the timely use of HOME program funds. Guam should monitor HUD announcements if HUD should decide not to extend its suspension of the 24-month commitment requirement. In addition, Guam should evaluate uncommitted funds to ensure that the community is assisted with available resources.

Guam has two HOME funded projects flagged for infrequent draws for 12 months or more: Activity 802 Homeowner New Construction – Micronesia Community Development Corporation (MCDC) – Tai and Activity 806 Rehabilitation of Affordable Housing Isla Apartments. Guam needs to closely monitor these projects and ensure that they progress in a timelier manner. Failure to complete these projects in a timely manner may result in repayment of HOME funds.

## ESG

Guam received \$247,680.00 in ESG funds for PY 2019. During the reporting period, Guam expended \$166,595.83 in ESG funds and carried out activities funding housing assistance to prevent individuals and families who are at risk from becoming homeless and rapid rehousing assistance for individuals and families who are homeless. Guam reported that a total of 139 homeless persons in 46 households received rapid rehousing assistance and a total of 37 persons at-risk for homelessness in 10 households received homeless prevention assistance during the program year.

Additionally, at the end of the program year, Guam received \$888,696 out of its \$3,519,238 allocation in ESG-CV funds for street outreach, shelter, homeless prevention, rapid rehousing, and data collection (HMIS) to prepare, prevent, and respond to COVID-19 and mitigate the impacts of COVID-19 among individuals and families who are homeless. Guam did not expend any ESG-CV funds during the reporting period and did not report any accomplishments in its initial ESG-CV APR for the period ending September 30, 2020.

ESG funds must be expended within 24 months of the grant award. Guam met its ESG expenditure deadlines by expending Program Year 2017 ESG funds before the October 19, 2019 deadline, Program Year 2018 ESG funds before the October 3, 2020 deadline, and Program Year 2019 ESG funds before the October 23, 2021 deadline. Guam's PY 2019 and PY 2020 ESG expenditure deadlines will occur in 2023, Guam has committed only seven (7) percent of its PY 2020 ESG funds and has not committed any of its PY 2021 ESG funds. To meet the next ESG expenditure deadlines, Guam needs to commit, expend, and drawdown \$225,606.41 in PY 2020 ESG funds before April 28, 2023 and \$258,941.00 in PY 2021 ESG funds before October 25, 2023.

To ensure that ESG-CV funds are spent quickly on eligible activities to address the public health and economic crises caused by COVID-19, HUD established progressive expenditure deadlines. Guam failed to meet the ESG-CV 20 percent expenditure deadline on September 30, 2021. As a result, on March 16, 2022, HUD notified Guam that \$158,688 will be recaptured from Guam's ESG-CV grant. Guam has expended and drawn down only 23.37 percent of its ESG-CV funds putting Guam at-risk to miss the ESG-CV 80 percent expenditure deadline on March 31, 2022. The final ESG-CV expenditure deadline is September 30, 2022. Guam needs to expend and drawdown its remaining ESG-CV of \$2,538,046.88 (\$2,696,734.88 balance - \$158,688 to be recaptured) before September 30, 2022.

### **Continuum of Care**

During PY 2019, GHURA was the collaborative applicant for the Guam Continuum of Care (CoC) known as the Guam Homeless Coalition and the recipient of CoC grant funds. The Guam CoC was awarded \$1,170,412 in CoC funds for three (3) joint transitional housing and permanent housing rapid rehousing projects, two (2) permanent supportive housing projects, one (1) coordinated entry system project, one (1) HMIS, and one (1) CoC planning project.

In addition to administering the CoC grants, GHURA works in partnership with the Guam Homeless Coalition member organizations to address the housing and service needs of Guam's homeless. During the program year, the Guam Homeless Coalition collaborated with the Guam Regional Transit Authority to establish the Ayuda Shuttle to provide homeless persons with transportation to appointments, grocery shopping, training, and employment. GHURA and Guam Homeless Coalition member organizations participated in planning councils, working groups and collaborative efforts to address veteran homelessness, family homelessness, homeless individuals with disabilities, and survivors of domestic violence.

HUD encourages GHURA to continue its work with government agencies, nonprofit organizations, and the Guam Homeless Coalition in their shared goal to more comprehensively integrate a system of housing and services to assist individuals and families who are homeless. HUD wishes GHURA and its partners continued success in implementing actions to end homelessness.

### **Community Empowerment**

As part of its Consolidated Plan, Guam developed a Citizen Participation Plan. The Plan is intended to develop ways to involve the public in the development of the Consolidated Plan/Action Plan. Opportunities were provided for citizen participation in the development of the Plan and performance report. Guam reported that no oral or written comments were received. HUD encourages Guam to continue its efforts to foster public participation and encourages Guam to explore additional opportunities to involve the public in its planning process.

## **Management of Funds**

Guam is in danger of missing its next official CDBG timeliness test will take place on August 2, 2022. Guam's current CDBG timeliness ratio is 3.63. Guam's timeliness ratio includes \$11,437,204.57 line of credit balance and \$12,393.46 program income balance in IDIS. Guam's current 3.63 ratio does not take into account if Guam has any CDBG program income not receipted in IDIS. CDBG program income cash balances on hand will be calculated in the official timeliness test. Guam needs to expend and drawdown a minimum of \$5,142,894 (not including unreceipted program income) in CDBG funds between now and August 2, 2022 to pass the next CDBG timeliness test.

To meet Guam's approaching HOME program expenditure requirement for PY 2015 HOME funds which occurs on September 30, 2023, Guam needs to expend and drawdown \$219,409 in PY 2015 HOME funds before September 21, 2023. These funds, if not expended by the deadline, will be deobligated.

To meet the next ESG expenditure deadlines, Guam needs to commit, expend, and drawdown \$225,606.41 in PY 2020 ESG funds before April 28, 2023 and \$258,941.00 in PY 2021 ESG funds before October 25, 2023.

To meet the final expenditure deadline for ESG-CV funds, Guam needs to expend and drawdown its remaining ESG-CV funds of \$2,538,046.88 (\$2,696,734.88 balance - \$158,688 to be recaptured) before September 30, 2022.

Should the Guam fail to meet the timeliness standards on each of the CPD funds, the Guam may have its grants reduced.

## **Areas for Improvement and Recommendations**

Areas for improvement and recommendations are included in the respective program sections above. Guam should review the ACA, as well as regularly download the reports available in IDIS and the HUD Exchange, <https://www.hudexchange.info/grantees/reports/#view-all-reports> for data and resources to effectively manage its programs, to improve CPD program compliance, and to ensure timely expenditure of grant funds.

## **Fair Housing & Equal Opportunity**

The CAPER was forwarded to Mr. Jelani Madaraka, Lead Equal Opportunity Specialist, HUD Honolulu Field Office, to review for compliance with Fair Housing and Equal Opportunity requirements. Mr. Madaraka will forward any comments or questions he may have separately. Guam is reminded that as a requirement for receiving HUD funds, it has certified that it will take

affirmative steps to further fair housing by taking actions to overcome the impediments identified in the Guam's Analysis of Impediments document.

## **Conclusion**

HUD has determined that although Guam is generally meeting the intent of the CPD programs, there are serious concerns over the timely implementation of activities and expenditure of CDBG, HOME, and ESG funds.

Overall, Guam is addressing community needs by implementing a Consolidated Plan with a vision for the future through its Action Plan. As a result, Guam has assisted many communities low- and moderate-income communities, especially low- and moderate-income individuals. HUD encourages Guam to continue its support of various housing and community development programs and wants to recognize the GHURA staff for their dedication to the CPD programs. HUD will continue to work with the Guam to improve the efficiency and effective administration of CPD programs.