



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT
9CD-24095

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April 7, 2024

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 2022**

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 2022 Community Planning and Development (CPD) Program Year (October 1, 2022 to September 30, 2023). The report reflects Guam's efforts to ensure compliance with HUD Community Development Block Grant (CDBG), HOME Investment Partnerships Program (HOME), Emergency Solutions Grant (ESG), and Housing Trust Fund (HTF) 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, HTF, and ESG funds, as described in the ACA.

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 2nd 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, 2023, Guam was not in compliance with the CDBG timeliness expenditure requirement with a timeliness ratio of 3.17. Guam was also not in compliance with the CDBG timeliness expenditure requirement for the prior year with a 2.43 CDBG timeliness ratio on August 2, 2020, a 2.99 CDBG timeliness ratio on August 2, 2021, and a 3.18 CDBG timeliness ratio on August 2, 2022. This placed Guam in noncompliance with the 2.00 CDBG performance standard for insular areas for four consecutive years. HUD notes that the CDBG timeliness sanctions that HUD would normally enforce on twice untimely CDBG grantees was suspended in years 2020 and 2021 after HUD determined that all CDBG grantees had factors beyond their reasonable control due to COVID-19 that impacted the carrying out CDBG-assisted activities in a timely manner. Since then, HUD has restarted the corrective actions process for untimely expenditure of CDBG funds.

Guam has until its next 60-day test on August 2, 2024 to reach the 2.00 CDBG timeliness standard for insular areas. Guam will need to expend and drawdown at least \$3,573,855 before August 2, 2024 to meet the next CDBG timeliness test. Failure to meet the standard by that date will subject Guam to informal consultation with HUD and may result in a reduction of next year's CDBG grant by 100 percent of the amount in excess of the timeliness standard, except where HUD determines that the untimeliness resulted from factors beyond the grantee's reasonable control. HUD will calculate the grant reduction as follows: (new 60-day ratio minus 2.00) times next year's CDBG grant.

HTF program regulations require HTF grantees to commit HTF funds within 24 months of HUD's execution of the HTF grant agreement. Any program year 2022 HTF funds not committed by November 3, 2024 will be deobligated and not available to Guam after November 3, 2024. To meet the HTF program commitment requirement for program year 2022 HTF funds, Guam needs to commit \$336,249 to a specific local project before November 3, 2024.

ESG funds must be expended within 24 months of the grant award. Guam did not meet its April 28, 2023 deadline to expend program year 2020 ESG funds. As a corrective action, HUD granted Guam an extension to expend and draw down the remaining \$137,934.67. Guam met its extended ESG deadline by expending program year 2020 ESG funds before the September 30, 2023 extended deadline. Guam did not meet its October 25, 2023 deadline to expend program year 2021 ESG funds. As a corrective action, HUD granted Guam an extension to expend and draw down the remaining funds. To meet the future ESG expenditure deadlines, Guam needs to expend and drawdown \$19,858.03 in program year 2021 ESG funds before the March 31, 2024 extended deadline and \$253,164.17 in program year 2022 ESG funds before November 3, 2024, of which \$174,930.00 are not committed to any ESG activity.

ESG COVID-19 (ESG-CV) grantees must have expended and fully completed ESG-CV funded street outreach, shelter, homeless prevention, and rapid rehousing activities to prevent, prepare for, and respond to coronavirus by September 30, 2023 and administration and HMIS activities by December 31, 2023. Guam has a balance of \$45,650.33 ESG-CV allocated for street outreach and shelter and a balance of \$97,817.70 ESG-CV allocated for administration and HMIS. Guam has until April 30, 2024 to fully draw down ESG-CV funding for expenses incurred by the expenditure deadlines. If a balance remains after Guam has fully drawn all ESG-CV costs incurred on or before the expenditure deadlines, HUD will deobligate the balance of ESG-CV funds.

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.

In closing, 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 Guam 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. If responding in writing to this letter, please provide your response as a PDF document to CPDHonolulu@hud.gov.

Sincerely,



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

Enclosure

cc:

Ms. Elizabeth F. Napoli, Executive Director, GHURA (w/ enclosures)
9CD Official Files, Guam, PY 2022, Performance
9CE Madaraka (w/enclosure)

ANNUAL COMMUNITY ASSESSMENT REPORT

Guam

Program Year 2022: October 1, 2022 to September 30, 2023

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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. Federal regulations at 24 CFR 91.525 require the U.S. Department of Housing and Urban Development (HUD) 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) 2022 performance.

In assessing Guam's performance, HUD relied primarily upon Guam's PY 2022 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), HOME American Rescue Plan (HOME-ARP), Housing Trust Fund (HTF), 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 and ESG programs as follows:

- Guam failed the CDBG timeliness test on August 2, 2023 with a timeliness ratio of 3.17. Guam also missed its official CDBG timeliness test for the three prior years on August 2, 2020 with a timeliness ratio of 2.43, on August 2, 2021 with a timeliness ratio of 2.99, and

on August 2, 2022 with a timeliness ratio of 3.18. As a result, Guam was in non-compliance with the 2.00 CDBG performance standard for insular areas for four consecutive years. Failure to meet the standard by August 2, 2024 will subject Guam to informal consultation with HUD and may result in a reduction of next year's CDBG grant by 100 percent of the amount in excess of the timeliness standard.

- Guam failed to meet its April 28, 2023 deadline to expend PY 2020 ESG funds. Guam needed an extension to September 30, 2023 to expend and draw down the balance of PY 2020 ESG funds. Guam also failed to meet its October 25, 2023 deadline to expend PY 2021 ESG funds. As a corrective action, HUD granted Guam an extension to March 31, 2024 to expend and draw down the remaining PY 2021 ESG funds. Should Guam fail to expend and draw down its remaining PY 2021 ESG funds by the extended deadline, HUD may deobligate the balance in PY 2021 ESG funds.

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 \$3,185,755 in PY 2022 CDBG funds to address community needs for public facilities and improvements and enhance services for homeless persons, special needs persons, and low- and moderate-income individuals and families.

During the program year, Guam had 38 open projects and drew down CDBG funds for 29 out of the 38 projects 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 2022 in IDIS:

- Inarajan Basketball Court, New Construction (funded in PYs 2016, 2017, 2018, and 2021).
- GALA Empowerment Program (funded in PY 2019).
- Homeless Management Information System (funded in PY 2019).
- Construction of the iLearn Academy Charter School (funded in PY 2019, Section 108)
- The Salvation Army Family Services Center (funded in PYs 2020, 2021) that provided services in support of homeless and at-risk homeless receiving rapid rehousing and homeless prevention assistance, emergency shelter and transitional housing.

During the program year, Guam expended \$995,840.58 in CDBG-CV funds on four projects active during the period. One hundred percent (100%) of CDBG-CV funds were spent on

activities that benefited low- and moderate-income persons for public services and temporary emergency shelter to prepare, prevent, and respond to COVID-19.

When HUD conducted the CDBG timeliness test on August 2, 2023, Guam had a \$10,042,920.99 balance in its line of credit and \$46,194.90 balance in program income which was 3.17 times its annual grant for 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 was also not in compliance with the CDBG timeliness expenditure requirement for the prior three years with a 2.43 CDBG timeliness ratio on August 2, 2020, a 2.99 CDBG timeliness ratio on August 2, 2021, and a 3.18 CDBG timeliness ratio on August 2, 2022. This placed Guam in noncompliance with the 2.00 CDBG performance standard for insular areas for four 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. In 2022, HUD restarted the corrective actions process for untimely expenditure of CDBG funds.

Guam's next official CDBG timeliness test will take place on August 2, 2024. Guam needs to expend and drawdown a minimum of \$3,573,855 (not including unreceipted program income) in CDBG funds between now and August 2, 2024 to pass the next CDBG timeliness test. CDBG program income cash balances on hand will be calculated in the official 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 and take any necessary steps to increase the CDBG drawdown to meet the timeliness standard.

Guam has CDBG formula funds from PY 2018 through PY 2023 totaling \$ 2,974,998.16 in the line of credit and repaid to the local account that are uncommitted. Guam also has \$1,261,735.58 in CDBG-CV funds in the line of credit and repaid to the local account that are uncommitted. Guam should evaluate uncommitted CDBG and CDBG-CV funds to ensure that the community is assisted with available resources. CDBG-CV funds should be spent quickly on eligible activities to address the public health and economic crisis caused by COVID-19.

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 Talofof. Guam needs to complete the following pending at-risk activities with no draws for more than nine months and bring them into national objective compliance: Activity 860 Sinajana Fire Station (2019) and Activity 873 Lighthouse Recovery Center (2021).

In addition to the above identified at-risk activities and pending at-risk activities, Guam has nine slow moving CDBG activities: Activity 777 Rehabilitation of the Umatac Baseball Field (2016), Activity 833 CDBG Administration (2017), Activity 819 Central Community Arts Hall (2018), Activity 811 Residential Treatment Center for Women (2018), Activity 854 CDBG Administrative Costs (2018), Activity 865 Rehabilitation and New Construction of Mongmong-Toto-Maite Community Recreational Facility (2019), Activity 838 The Opportunity Initiative (2019), Activity 862 CDBG Administration (2019), and Activity 861 Guam Police Department

Eastern Sub-Station Phase 1 (2020). Guam also has two (2) slow moving CDBG-CV activities: Activity 837 CDBG-CV Planning and Administration and Activity 840 Manelu Jobs Program.

Guam needs to closely monitor at-risk, pending at-risk and slow-moving activities and ensure that they progress in a timelier manner. As a CDBG grantee, Guam is responsible for oversight of its CDBG activities and subrecipients, this includes monitoring activities and subrecipients for progress and for compliance with CDBG requirements while an activity is underway and after the activity is completed throughout the national objective period.

In addition to CDBG and CDBG-CV funds, Guam has an existing Section 108 guaranteed loan that Guam did not report in Guam's PY 2022 CAPER. Guam used a \$12,000,000 CDBG Section 108 Loan Guarantee commitment to construct the iLearn Academy Charter School. While a ribbon cutting ceremony was held for the main school building on August 10, 2022, a conditional certificate of occupancy was issued on August 18, 2022, and the main school building was occupied and in use since the start of the 2022 – 2023 school year, the changeout of all temporary doors and air condition temperature cooling package in the main school building to conform to contract specifications was not completed until November 2022. A conditional certificate of occupancy for the school gymnasium was issued on November 30, 2022. The school gym has been occupied and in use since December 1, 2022. iLearn Academy Charter School obtained a full occupancy permit for the campus in March 2023 after the fire pump system and generator were installed. The school completed its first year of operation providing STEM-oriented education to kindergarten to fifth grade children from low-to moderate-income families.

HOME

Guam received \$1,182,194.00 in PY 2022 HOME funds and allocated funds for new construction of homebuyer housing, homebuyer acquisition and new construction and rehabilitation of affordable rental housing. During the program year, Guam expended \$424,293.90 HOME funds on homebuyer acquisition and rehabilitation activities. Guam reported two (2) homebuyer acquisition and rehabilitation activities underway in PY 2022 in IDIS.

Guam has five (5) completed HOME rental housing activities still within their HOME affordability periods for which Guam needs to conduct on-site inspections every three (3) years during the affordability period.

- Activity 6 Guam Rental Acquisition,
- 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, Guam has two (2) HOME activities with ten (10) or more housing units for which Guam is required to conduct annual examinations of the financial viability of the housing.

- Activity 11 Guam Rental Acquisition and Rehabilitation, and
- Activity 806 Rehabilitation of Isla Apartments.

The HOME regulations at 24 CFR 92.504(d) specify the requirements for on-site inspection and financial oversight of rental housing projects during the HOME affordability period. Guam failed to include the results of Guam's on-site inspections of HOME-assisted affordable rental housing and cannot ensure to the HUD that the rental housing remains in compliance with housing codes and other applicable regulations.

The HOME program regulations require a HOME PJ to expend all funds in the U.S. Treasury from the specific program year allocation 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. 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 achieved compliance with its PY 2015 HOME program expenditure requirement before the September 30, 2023 deadline and its PY 2016 HOME program expenditure requirement before the September 30, 2024 deadline.

Guam has HOME funds from PY 2017 through PY 2022 totaling \$4,847,909.85 in the line of credit, \$ 1,629,734.41 in program income, and \$ 827,861.99 in repayments to the local HOME account that are uncommitted. While the 24-month commitment deadline for HOME funds is currently suspended through December 31, 2026, HUD expects each PJ to monitor its commitment and expenditure rates to ensure the timely use of HOME program funds. In addition, Guam should evaluate uncommitted funds to ensure that the community is assisted with available resources.

In addition to regular HOME funds, HUD awarded Guam \$3,881,538.00 in HOME-ARP program funds. Upon execution of the grant agreement on September 21, 2021, Guam obtained access to five percent (\$194,076.90) of the total award for administrative and planning costs. On January 22, 2023, HUD accepted Guam's HOME-APR Allocation Plan, making the full award of \$3,881,538.00 available to Guam for the acquisition, production, and rehabilitation of affordable rental housing. During the program year, Guam expended \$19,659.44 HOME-ARP funds on administration and planning activities.

Guam has \$3,299,307.30 in HOME-ARP funds in the line of credit that are uncommitted. Guam should evaluate uncommitted HOME-ARP funds to ensure that the community is assisted with available resources. HOME-ARP funds should be spent on eligible activities to reduce homelessness and increase housing stability.

HTF

Guam received \$373,610.00 in PY 2022 HTF funds and allocated funds for rental housing for extremely low-income individuals and families. Guam's HTF grant is slow-moving. Guam has not committed any HTF funds to a specific local project. HTF regulations require grantees to commit HTF funds within 24 months after the date of HUD's execution of the HTF grant agreement. To meet the HTF commitment requirement for PY 2022 HTF funds, Guam needs to commit \$336,249 in PY 2022 HTF funds to a specific local project before November 3, 2024 and ensure that Guam's HTF program proceeds in a timelier manner. These funds, if not committed by the deadline, will be deobligated.

ESG

Guam received \$261,278.00 in ESG funds for PY 2022. During the reporting period, Guam expended \$322,457.08 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, and emergency shelter. Guam reported that a total of 122 homeless persons in 46 households received rapid rehousing assistance and a total of eight (8) persons at-risk for homelessness in five (5) households received homeless prevention assistance during the program year. Guam drew down \$130,948.65 in ESG funds for emergency shelter costs during the program year and reported providing 21,692 bed-nights, a 137.54% capacity utilization rate during the program year.

Guam allocated \$3,360,549.55 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. During the program year, Guam expended \$461,342.40 in ESG-CV funds. Guam reported that a total of 122 homeless persons in 75 household stayed in emergency shelter, 298 homeless persons in 199 households received street outreach services, 50 homeless persons in 19 households received rapid rehousing assistance, and three (3) persons at-risk for homelessness in one (1) household received homeless prevention assistance during the program year.

ESG funds must be expended within 24 months of the grant award. Guam did not meet its April 28, 2023 deadline to expend PY 2020 ESG funds. As a corrective action, HUD granted Guam an extension to expend and draw down the remaining \$137,934.67. Guam met its extended ESG deadline by expending PY 2020 ESG funds before the September 30, 2023 extended deadline. Guam did not meet its October 25, 2023 deadline to expend PY 2021 ESG funds. As a corrective action, HUD grantee Guam an extension to expend and draw down the remaining funds. To meet the next ESG expenditure deadlines, Guam needs to expend and drawdown \$19,858.03 in PY 2021 ESG funds before the March 31, 2024 extended deadline and \$253,164.17 in PY 2022 ESG funds before November 3, 2024, of which \$174,930.00 are not committed to any ESG activity.

ESG-CV grantees must have expended and completed ESG-CV funded street outreach, shelter, homeless prevention, and rapid rehousing activities to prevent, prepare, and respond to coronavirus by September 30, 2023 and administration and HMIS activities by December 31, 2023. Guam has a balance of \$45,650.33 ESG-CV allocated for street outreach and shelter and a balance of \$97,817.70 ESG-CV allocated for administration and HMIS. Guam has until April 30, 2024 to fully drawdown ESG-CV funding for expenses incurred by the expenditure deadlines. HUD will deobligate the balance of ESG-CV funds remaining after Guam has fully drawn down all ESG-CV for costs incurred on or before the expenditure deadlines.

Continuum of Care

During PY 2022, 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 \$1,371,107 in CoC funds for two (2) joint transitional housing and

permanent housing rapid rehousing projects, three (3) 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. 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

In addition to Guam's CDBG and ESG timeliness problems discussed earlier in this report, Guam received CPD program findings in its Fiscal Year 2022 Annual Audit.

- HUD recommends that Guam implement monitoring controls over compliance with applicable program income requirements. Prior to certifying the annual action plan and entries in IDIS, including entitlement grant draws, responsible personnel should examine underlying accounting records to determine the accuracy and completeness of reported data and to verify that available program income has been exhausted prior to drawing entitlement grant funds.
- HUD recommends that Guam implement monitoring controls over compliance with applicable provisions for obligation, expenditure, and payment requirements. Upon receipt of a payment request from a subrecipient, responsible personnel need to immediately comment on the necessary reviews and processing of payments within time frames that are sufficient to enable release of checks within 30 days.

Areas for Improvement and Recommendations

In addition to the addressing the areas for improvement and recommendations included in the respective program sections above, Guam should also take the following actions:

- 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.
- Guam should also strengthen its standards and procedures used to monitor activities and used to ensure long-term compliance with requirements of all CPD programs. This should include all CPD funds received: CDBG (including Section 108), CDBG-CV, HOME, HOME-ARP, HTF, ESG, and ESG-CV.

HUD's review of Guam's CAPER revealed several areas missing data requiring Guam's action to correct its CAPER weaknesses, general areas for Guam to improve performance and other areas of recommendation are noted below.

Goals and Outcomes (CR-05)

- **Assessment of Progress** – Guam provided a general assessment of its progress in meeting its Annual Plan Program Year Goals and Consolidated Strategic Plan Five-Year Goals. In this section of the CAPER, Guam did not report any outcomes to achieve its program year goals and consolidated plan goals. Guam did not provide a detailed assessment of the impact that shifting priorities and reprogramming funds to respond to and recover from Typhoon Mawar had to each of Guam's goals. Guam completed two (2) CDBG public facilities and improvement activities benefiting low- and moderate-income areas and four (4) CDBG public service activities benefiting low- and moderate-income limited clientele (activities listed in the CDBG section of this ACA report). Guam should have reported the actual outcomes from completed activities in the CR-05 Goals and Outcome accomplishment tables.

Guam needs to update its CAPER as part of its response to this ACA report to:

- Provide detailed assessment of the impact of shifting priorities and funding to respond to and recover from Typhoon Mawar to Guam's progress to accomplish its goals that are not on track to be achieved.
- Update the CR-05 Goals and Outcome accomplishment tables to include the actual outcomes of CPD funded activities completed during the reporting period. While IDIS populates the expected, actual, and percent complete fields with data from the Action Plan and accomplishment data entered at the IDIS activity level, Guam's IDIS users have the ability to update the values in the actual column.

Table 1 - Accomplishments – Program Year & Strategic Plan to Date

Goal	Category	Source	Indicator	Unit of Measure	Expected Strategic Plan	Actual Strategic Plan	Percent Complete	Expected Program Year	Actual Program Year	Percent Complete
Expand & Provide Svcs to Homeless/Non-Homeless	Homeless Non-Homeless Special Needs Non-Housing Community Development	CDBG ESG	Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	1	0	0.00%			
			Public service activities for Low/Moderate Income Housing Benefit	Households Assisted	1	0	0.00%	862	0	0.00%
			Direct Financial Assistance to Homebuyers	Households Assisted	1	0	0.00%			
			Tenant-based rental assistance / Rapid Rehousing	Households Assisted	150	0	0.00%	25	0	0.00%
			Homeless Person Overnight Shelter	Persons Assisted	1	0	0.00%			
			Overnight/Emergency Shelter/Transitional Housing Beds added	Beds	1	0	0.00%	34	0	0.00%
			Homelessness Prevention	Persons Assisted	150	0	0.00%	110	0	0.00%
Expand Affordable Housing	Affordable Housing Homeless	HOME HTF	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit	Households Assisted	1	0	0.00%			
			Brownfield acres remediated	Acre	1	0	0.00%			
			Rental units constructed	Household Housing Unit	1	0	0.00%	4	0	0.00%
			Rental units rehabilitated	Household Housing Unit	10	0	0.00%			
			Homeowner Housing Added	Household Housing Unit	23	0	0.00%	3	0	0.00%
			Direct Financial Assistance to Homebuyers	Households Assisted	1	0	0.00%			

Goal	Category	Source	Indicator	Unit of Measure	Expected Strategic Plan	Actual Strategic Plan	Percent Complete	Expected Program Year	Actual Program Year	Percent Complete
			Overnight/Emergency Shelter/Transitional Housing Beds added	Beds	1	0	0.00%			
			Housing for Homeless added	Household Housing Unit	1	0	0.00%			
			Buildings Demolished	Buildings	1	0	0.00%			
			Other	Other	0	0		1	0	0.00%
Improve & Expand Comm Facilities & Improvements	Homeless Non-Homeless Special Needs Non-Housing Community Development	CDBG	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	1	0	0.00%	12988	0	0.00%
			Brownfield acres remediated	Acre	1	0	0.00%			
			Overnight/Emergency Shelter/Transitional Housing Beds added	Beds	1	0	0.00%			
			Housing for Homeless added	Household Housing Unit	1	0	0.00%			
			Buildings Demolished	Buildings	1	0	0.00%			
Improve and Expand Economic Opportunities	Homeless Non-Homeless Special Needs Non-Housing Community Development	CDBG	Public Facility or Infrastructure Activities other than Low/Moderate Income Housing Benefit	Persons Assisted	0	0		1829	0	0.00%
			Public service activities other than Low/Moderate Income Housing Benefit	Persons Assisted	0	0		35	0	0.00%
			Facade treatment/business building rehabilitation	Business	1	0	0.00%			
			Rental units constructed	Household Housing Unit	1	0	0.00%			
			Jobs created/retained	Jobs	1	0	0.00%			
			Businesses assisted	Businesses Assisted	1	0	0.00%			
			Buildings Demolished	Buildings	1	0	0.00%			

Goal	Category	Source	Indicator	Unit of Measure	Expected Strategic Plan	Actual Strategic Plan	Percent Complete	Expected Program Year	Actual Program Year	Percent Complete
Planning and Administration	Grants Planning and Administration	CDBG HOME ESG	Other	Other	1	0	0.00%	3	0	0.00%
Preserve and Maintain Existing Affordable Housing	Affordable Housing	HOME	Public Facility or Infrastructure Activities for Low/Moderate Income Housing Benefit	Households Assisted	10	0	0.00%			
			Rental units rehabilitated	Household Housing Unit	1	0	0.00%			
			Homeowner Housing Added	Household Housing Unit	0	0		1	0	0.00%
			Homeowner Housing Rehabilitated	Household Housing Unit	15	0	0.00%			
			Other	Other	0	0		1	0	0.00%

Resources and Investments (CR-15)

- **HOME Program Income (PI)** – Guam’s reporting of HOME PI receipts and disbursements in Guam’s CAPER does not reconcile with HOME PI reported as received during the program year and HOME PI balances at the end of the program year in IDIS.
 - Guam reported \$1,473,849 in HOME PI at the start of the program year in its CAPER. This does not reconcile with IDIS which shows Guam started the program year with \$1,111,498.21 in HOME PI. The variance is \$362,350.79.
 - Guam reported receipt of \$285,420 in HOME PI in its CAPER. This does not reconcile with IDIS which shows Guam received \$518,236.20 HOME PI during the reporting period. The variance is \$232,816.20.
 - Guam reported a balance of \$1,759,269 in HOME PI in its CAPER at the end of the reporting period. This does not reconcile with IDIS which shows Guam had a balance of \$1,629,734.41 in HOME PI. The variance is \$129,534.59. Guam also had a balance of \$827,861.99 in HOME repayments to the local account.

Guam needs to update its CAPER as part of its response to this ACA report to:

- Reconcile HOME PI receipts, expenses, and balances in Guam’s official accounting system with data collected in the PR36, PR09, PR07, and PR05 IDIS reports and HOME PI receipts, expenses, and balances in its CAPER. Guam needs to explain the differences between the HOME PI reported in CAPER and IDIS. Guam needs to explain why Guam did not report receiving the HOME program income in IDIS in a timely manner.

Guam needs to make entries into IDIS on at least a quarterly basis to accurately capture Guam’s accomplishment and funding data, including PI. Guam is not reporting into IDIS its receipt of HOME PI in a timely manner. Guam cannot ensure to HUD that Guam is committing and expending HOME PI in accordance with HOME regulatory requirements at 24 CFR 92.503. In addition, Guam’s funding data in IDIS may not accurately account for the total investment of HOME funds in projects and activities funded with HOME PI funds.

Monitoring (CR-40)

- **Citizen Participation Plan** – Although Guam’s CAPER narrative misstated that the public comment period was from December 17 – 19, 2023, Guam’s public notice included at Attachment 1, Citizen Participation documents that the public comment period ran from November 17 – December 19, 2023, 30 days, exceeding the 15-day requirement. The public notice describes how persons with disabilities may request accommodation. However, Guam’s public notice did not include information on how Limited English Proficient persons (LEP) speaking languages can request accommodations. Guam’s CAPER narrative did not include a description of Guam’s efforts to affirmatively involve

residents with LEP, persons with disabilities, and racial and ethnic minorities in the CAPER preparation process.

Guam needs to update its CAPER as part of its response to this ACA report to describe Guam's efforts to affirmatively involve residents with LEP, persons with disabilities, and racial and ethnic minorities in the CAPER preparation process. This includes describing Guam's efforts to provide citizens with reasonable notice and an opportunity to comment on your CAPERs, including minorities, non-English speaking persons, persons with disabilities, and families with children. Effective outreach includes: (1) notifying agencies that are specifically affiliated with or primarily assist members of protected groups regarding the CAPER, (2) announcing in public notices the availability of language services, (3) translating public notices into language(s) other than English, (4) advertising the CAPER process in language-specific media, (5) posting a TTY number in public notices when a telephone number is displayed, and (6) including information for persons with disabilities on accessing virtual meetings.

CDBG (CR-45)

- **Section 108 Guaranteed Loan** –Guam has an existing Section 108 guaranteed loan for which Guam did not report in Guam's PY 2022 CAPER narrative. Guam used a \$12,000,000 CDBG Section 108 Loan Guarantee commitment for the new construction of the iLearn Academy Charter School.

Guam needs to update its CAPER as part of its response to this ACA report to report accomplishments and program income on Guam's Section 108 guaranteed loan activity that was open during the last program year.

HOME (CR-50)

- **On-Site Inspections of Affordable Rental Housing** - Guam failed to include the results of Guam's on-site inspections of Guam's five (5) completed HOME-assisted affordable rental housing activities still within their HOME affordability periods (identified in the HOME section of this ACA report). Guam failed to include the results of the annual examinations of the financial viability of two (2) completed HOME activities with ten (10) or more rental housing units (identified in the HOME section of this ACA report). As result, Guam cannot ensure to the HUD that the rental housing remains in compliance with housing codes and other applicable regulations.

Guam needs to update its CAPER as part of its response to this ACA report 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, indicate the reason why properties were not inspected, and describe how Guam will remedy the situation of those properties that were not inspected.

ESG (CR-60)

- **Subrecipient Information** – Guam did not complete the subrecipient form for each of its ESG subrecipients in the CAPER narrative.

Guam needs to update its CAPER as part of its response to this ACA report to provide information for each of its ESG subrecipients including the subrecipient name, address, DUNS number, UEI, if the subrecipient is a victim services provider, organization type, and ESG subgrant award amount.

ESG Expenditures (CR-75)

- **Amount Expended for Each ESG Component** – Guam did not report the dollar amount for the three (3) most recent fiscal year allocations expended during the reporting period for each ESG component.

Guam needs to update its CAPER as part of its response to this ACA report to report the dollar amount from its PY 2020, PY 2021, and PY 2022 allocations expended during the report period for each ESG component and cost category.

CDBG PR26 Financial Analysis

- **Public Service Cap** – For this program year, Guam complied with the 15% public service cap for CDBG but failed to complete the grantee supplied data fields in the PR26 resulting in a 6.98% calculated public service usage rate versus the actual 8.70% rate.

Guam needs to update its CAPER as part of its response to this ACA report by updating its PR26 report to include but not limited to the unliquidated obligations data fields in the report (Line 28 PS Unliquidated Obligations at End of Current PY and Line 29 PS Unliquidated Obligations at End of Previous PY).

- **Planning and Administration Cap** – For this program year, Guam complied with the 20% planning and administrative cap for CDBG with an actual 15.60% rate. However, Guam failed to complete the grantee supplied data fields in the PR26 resulting in a 22.67% calculated administrative usage rate exceeding the 20% planning and administrative cap for CDBG.

Guam needs to update its CAPER as part of its response to this ACA report by updating its PR26 report to include but not limited to the unliquidated obligations data fields (Line 38 PA unliquidated obligations at end of current PY and Line 39 PA unliquidated obligations at end of previous PY).

Fair Housing & Equal Opportunity

The HUD Honolulu Office of Fair Housing and Equal Opportunity (FHEO) reviewed Guam's CAPER. As a requirement for receiving HUD funds, Guam 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. FHEO found Guam's CAPER acceptable, and the following is FHEO's analysis.

GHURA reported a number of significant actions to address impediments:

- Incentivizing the development of units for persons with disabilities.
- Discussions between the Housing Choice Voucher (HCV)/Section 8 program and the U.S. Office of Veterans Affairs to explore project-based housing of Veterans Affairs Supportive Housing (VASH) vouchers.
- Year-long renovation of existing rental housing inventory. *
- Housing and Homeless Summit in late 2023 that included a presentation on housing rights conducted by the Micronesia Legal Services Corporation and the Guam Public Defender Service Corporation.
- Referring Homeless persons with disabilities to Permanent Supportive Housing programs.

* HUD reminds Guam that when alterations are undertaken to a project that has 15 or more units and the cost of the alterations is 75% or more of the replacement cost of the completed facility the renovations must comply with Section 504 requirements. (see: 24 C.F.R. § 8.23(a)) The new construction provisions of Section 504 may also apply (see: 24 C.F.R. § 8.22) requiring that a minimum of 5% of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with mobility disabilities and an additional 2% of the dwelling units, or at least one unit, whichever is greater, shall be made accessible to persons with hearing or visual disabilities.

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, HTF 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 Guam to improve the efficiency and effective administration of CPD programs.