

# DRAFT

## **GUAM**

PY08 Annual Action Plan  
Substantial Amendment

to incorporate activities funded by the  
Neighborhood Stabilization Program Grant

Submitted by  
Government of Guam

By Guam Housing and Urban Renewal Authority  
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## **xi. Introduction**

Guam's PY08 Annual Action Plan was approved on October 08, 2008. The Annual Action Plan details the activities and programs that Guam will undertake in support of affordable housing and community sustainability for low-income populations and special needs populations. Guam receives federal grant funds through the U.S. Department of Housing and Urban Development (HUD) in support of these activities.

A substantial amendment to the Annual Action Plan is necessary to incorporate eligible activities that Guam will engage in as a grantee recipient of funds through the newly-established Neighborhood Stabilization Program (NSP). Authorized by the Housing and Economic Recovery Act of 2008 (HERA), eligible states and local governments will receive funds to for activities to address the effects of the national foreclosure crisis in their jurisdictions.

### **A. Areas of Greatest Need (pending information)**

The current Consolidated Plan (ConPlan) is a detailed assessment of the areas of greatest need to Guam's community to support housing and the sustainability of communities. Guam's Expanding access to affordable rental housing for low-income persons is an identified area of need in the ConPlan.

### **B. Distribution and Uses of Funds (pending information)**

#### **Areas with the greatest percentage of home foreclosures**

The full impact of foreclosure activity on Guam's housing market is not known. A consolidated database of foreclosure information is not available for Guam. Ideally, the Dept. of Land Management (DLM) would provide the best data source for recorded property transactions, though there is a six-month lag in transaction postings at present. While a review of court records has provided that 27 judicial foreclosure actions have been filed over the past 18 months (May 31, 2007 – October 31, 2008), the record did not identify the geographical location of the foreclosed property.

#### **Areas with the highest percentage of homes financed by subprime related mortgage loans**

Guam's housing market cycle does not mirror that of communities nationally, but rather those of the neighboring Asian markets. It is likely that the pre-existent slow growth in Guam's housing market, coupled with the intervening issues of distance and timezone challenges have impacted the ability of subprime market lenders to make in-roads into Guam's housing market. Further, Guam's subprime lending exposure has been limited and minimal due in large part to the conservative nature of the island's banking community.

Areas identified by the grantee as likely to face a significant rise in the rate of home foreclosures.

Guam intends to purchase foreclosed properties for use as affordable rental housing and prioritize efforts near the island's employment centers. Despite the general decline in oil prices nationwide, fuel costs on Guam continue to be an issue of concern to island residents. Gas prices on Guam are still nearly \$1.00 per gallon more than the national average. The lack of a comprehensive public transportation system compounds the need for citing activities nearest to the island's employment centers. Acquisition and rehabilitation efforts will be concentrated in communities in the north and south in proximity to military installations, and central-central/west in proximity to the tourism and island business districts.

### C. Definitions and Descriptions

#### (1) Definition of "blighted structure" in context of state or local law.

Guam law does not contain a specific definition for a "blighted structure". However, Title 12, Chapter 5 of Guam law does define a "blighted area" which contains elemental references to structural considerations. *Blighted area* means an area, other than a slum area, which by reason of the presence of a substantial number of deteriorated or deteriorating structures, predominance of defective or inadequate street layout, faulty lot layout in relation to size, adequacy, accessibility or usefulness, unsanitary or unsafe conditions, deterioration of site or other improvements, diversity of ownership, defective or unusual conditions of title, improper subdivision or obsolete platting, or the existence of conditions which endanger life or property by fire and other causes, or any combination of such factors, substantially impairs or arrests the sound growth of a community, retards the provision of housing accommodations or constitutes an economic or social liability and is a menace to the public health, safety, morals or welfare in its present condition and use.

#### (2) Definition of "affordable rents."

"Affordable rents", defined. A household's monthly gross rent, calculated as rent plus reasonable utility expenses, shall not exceed 30% of its gross household income. The HUD Fair Market Rent schedule for Guam shall define the rent limits. (See Exhibit H3.)

#### (3) Describe how the grantee will ensure continued affordability for NSP assisted housing.

Guam will ensure, to the maximum extent practicable and for the longest feasible term, the continued affordability for NSP assisted housing. A subrecipient agreement executed between Guam and the non-profit or government entity assuming ownership of the unit(s) developed with NSP funds will stipulate a 20-

year minimum affordability period. HERA Title III, Section 2301, requires grantees to adopt the HOME program standards for affordability at a minimum for NSP assisted activities. The HOME program, and now the NSP program, establishes a 20-year minimum period of affordability for the development of affordable rental housing.

(4) Describe housing rehabilitation standards that will apply to NSP assisted activities.

Guam will adopt the property standard of its existing GHURA HOME Rehabilitation Loan Program for NSP assisted activities. GHURA has adopted all housing standards utilized by the territory of Guam. Such housing standards include the Uniform Building Code (UBC) together with all local mandates that define the requirement for the use of construction materials and methodologies applicable to the environmental requirements to include climatic and geological characteristics of the territory of Guam. In addition, consideration shall be given to the other applicable ordinances.

#### D. Low Income targeting

NSP provides that 100% of grant funds be used to assist families at or below 120% of area median income, a threshold identified as LMMI, or Low/Mod/Middle Income under NSP guidelines. Additionally, no less than 25% of grant funds must be used to assist families at or below 50% of area median income.

At least 25% of Guam's NSP allocation will be spent on activities to acquire and or rehabilitation housing for use as affordable rental housing to assist families whose incomes are at no greater than 50% of area median income. This rule will also apply to the use of program income, should the activity or project generate program income.

#### E. Acquisitions & Relocation

Guam does not expect to engage in the demolition or conversion of low- and moderate-income dwelling units with NSP funds.

#### F. Public Comment

Guam published on two occasions a 'Notice to the Public' seeking citizen commentary on the proposed substantial amendments to the PY2008 Annual Action Plan. The advertisements were published in the local Marianas Variety (a newspaper of general circulation) on November 10 and again on November 20, 2008. The amendments were also made available on the GHURA website at [www.ghura.org](http://www.ghura.org). Written comments were accepted over a 15-day period concluding on November 24, 2008.

Insert public comments after the 15-day period is concluded.

Members of the Guam Homeless Coalition received a briefing on the NSP grant during their regular monthly meeting on October 29, 2008. At the meeting, members were encouraged to share their ideas on potential opportunities to utilize NSP funds to benefit Guam's homeless population. Several member organizations expressed general interest in using NSP funds, including Catholic Social Service, the Dept. of Mental Health and Substance Abuse (DMHSA), and Elim Pacific Ministries (Elim). Catholic Social Service (CSS) inquired whether the funds could be used for the ongoing activity to construct a new homeless shelter. CSS was informed that ongoing activities were not eligible to receive NSP funding. DMHSA inquired if the funds could be used to establish a Safe Haven. We reviewed the question and determined that safe haven does not meet the housing aspect directed by NSP regulations. Elim inquired after the use of NSP funds to renovate existing structures for use as housing for homeless women with children. While we considered their general proposal, Elim is yet in the early stages of requesting site control of these scattered site units from the local government entity presently tasked with oversight. The regulation of an 18-month window period to use/obligation required by the NSP makes securing site control an issue of primary concern in project selection.

G. NSP Information by Activity (1 of 2)

(1) Activity Name: Acquisition and/or rehabilitation of foreclosed units for use as affordable rental housing.

(2) Activity Type: Acquisition and/or rehabilitation of single family housing for use as affordable rental housing.

NSP Eligible Use: Title III, Section 2301(c)(3)(b) Purchase and rehabilitate homes and residential properties.

CDBG Eligible Activity: 24CFR Part 570.208(a)(3) Housing Activities (LMH)

(3) National Objective: NSP funds will be used to administer activities to benefit low/mod/middle income (LMMI) families at or below 120% percent of area median income, and more specifically, 25% of funds will be used to assist families at or below 50% of area median income.

(4) Projected Start Date: 03/01/2009

(5) Projected End Date: 09/01/2010 (use of funds)  
03/01/2012 (project completion)

(6) Responsible Organization: (Describe the responsible organization that will implement the NSP activity, including its name, location, and administrator contact information)

The Guam Housing and Urban Renewal Authority (GHURA) is the organization responsible for NSP funds received by Guam. The Governor of Guam delegated the responsibility for HUD Community Planning and Development funded activities to GHURA.

Contact information for GHURA administration of NSP activities:

Ronald S. De Guzman, Executive Director, Guam Housing and Urban Renewal Authority, 117 Bien Venida Avenue, Sinajana, GU 96910 office 671-475-1378, fax 671-477-7565, email: rdeguzman@ghura.org

(7) Location Description: 117 Bien Venida Avenue, Sinajana, GU 96910 and 414 West Soledad Avenue, GCIC Building, Suite 306, Hagatna, GU 96910

(8) Activity Description:

Guam's awaits final determination of its NSP allocation by HUD. However, for the purposes of planning, Guam will assume a broad allocation of NSP funds from \$40,000 to \$400,000.

Guam will engage in the acquisition and/or rehabilitation of a foreclosed unit or units for the purpose of creating affordable rental housing. Upon completion of the acquisition and/or rehabilitation activity, GHURA will transfer title of the improved property(ies) to a suitable non-profit organization or government entity to administer the unit as affordable rental housing for a minimum of 20 years.

At the maximum, 100% of NSP funds will be used to assist families whose income does not exceed 50% of area median income. This would be the scenario should the funding available provide for but a single unit to be acquired/rehabilitated. In the case of multiple unit acquisition/rehabilitation, Guam will ensure that no less than 25% of the total grant funds are used to assist families at or below 50% area median income, but is targeting utilizing as much as 50% of total grant funds to assist families in this lower income category.

I. Total Budget: (Include public and private components). Ninety percent of Guam's allocation of NSP grant funds will be expended for the acquisition and renovation of the unit or units, foreclosed properties for use as affordable rental housing to eligible participant families.

Guam is assessing the feasibility of reprogramming CDBG and/or HOME funds to augment NSP funding.

J. Performance Measures (e.g., units of housing to be acquired, rehabilitated, or demolished for the income levels of households that are 50 percent of area median income and below, 51-80 percent, and 81-120 percent):

<u>Income Group</u>	<u>Units of Housing</u>
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< 120% of AMI                    1 or more\*  
≤ 50% of AMI                    1 or more\*  
\*subject to NSP funding availability

**G. NSP Information by Activity (2 of 2)**

(1) Activity Name: Administration of the Neighborhood Stabilization Program Grant

(2) Activity Type: GHURA will administer the activities of the NSP program, specifically, the acquisition and/or rehabilitation of foreclosed units for use as affordable rental housing.

NSP Eligible Use: Title III, Section 2301 Administration  
CDBG Eligible Activity: 24CFR Part 570.206 Administration and Planning

(3) National Objective: NSP funds will be used to administer activities which benefit low/mod/middle income (LMMI) families at or below 120% percent of area median income, and more specifically, 25% of funds will be used to assist families at or below 50% of area median income.

(4) Projected Start Date:    03/01/2009

(5) Projected End Date:     09/01/2010 (use of funds)  
                                     03/01/2012 (project completion)

(6) Responsible Organization:

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(7) Location Description: 117 Bien Venida Avenue, Sinajana, GU 96910 and 414 West Soledad Avenue, GCIC Building, Suite 306, Hagatna, GU 96910

(8) Activity Description: Administration of the activities funded by the NSP grant is an assumed benefit to the target low/mod/middle income group under CDBG regulations.

I. Total Budget: (Include public and private components). Ten percent of Guam's NSP allocation will be expended to administer the NSP-funded grant activities. Ten

percent is the amount stipulated as the regulatory limit for project administration by the NSP grant.

J. Performance Measures: Administrative and planning activities are an assumed benefit to the target population or group served by CDBG eligible activities. Performance Measures are not required by CDBG regulations for administrative and planning activities.

## Certifications

- (1) **Affirmatively furthering fair housing.** The jurisdiction will affirmatively further fair housing, which means that it will conduct an analysis to identify impediments to fair housing choice within the jurisdiction, take appropriate actions to overcome the effects of any impediments identified through that analysis, and maintain records reflecting the analysis and actions in this regard.
- (2) **Anti-lobbying.** The jurisdiction will comply with restrictions on lobbying required by 24 CFR part 87, together with disclosure forms, if required by that part.
- (3) **Authority of Jurisdiction.** The jurisdiction possesses the legal authority to carry out the programs for which it is seeking funding, in accordance with applicable HUD regulations and other program requirements.
- (4) **Consistency with Plan.** The housing activities to be undertaken with NSP funds are consistent with its consolidated plan, which means that NSP funds will be used to meet the congressionally identified needs of abandoned and foreclosed homes in the targeted area set forth in the grantee's substantial amendment.
- (5) **Acquisition and relocation.** The jurisdiction will comply with the acquisition and relocation requirements of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (42 U.S.C. 4601), and implementing regulations at 49 CFR part 24, except as those provisions are modified by the Notice for the NSP program published by HUD.
- (6) **Section 3.** The jurisdiction will comply with section 3 of the Housing and Urban Development Act of 1968 (12 U.S.C. 1701u), and implementing regulations at 24 CFR part 135.
- (7) **Citizen Participation.** The jurisdiction is in full compliance and following a detailed citizen participation plan that satisfies the requirements of Sections 24 CFR 91.105 or 91.115, as modified by NSP requirements.
- (8) **Following Plan.** The jurisdiction is following a current consolidated plan (or Comprehensive Housing Affordability Strategy) that has been approved by HUD.
- (9) **Use of funds in 18 months.** The jurisdiction will comply with Title III of Division B of the Housing and Economic Recovery Act of 2008 by using, as defined in the NSP Notice, all of its grant funds within 18 months of receipt of the grant.
- (10) **Use NSP funds  $\leq$  120 of AMI.** The jurisdiction will comply with the requirement that all of the NSP funds made available to it will be used with respect to individuals and families whose incomes do not exceed 120 percent of area median income.

(11) Assessments. The jurisdiction will not attempt to recover any capital costs of public improvements assisted with CDBG funds, including Section 108 loan guaranteed funds, by assessing any amount against properties owned and occupied by persons of low- and moderate-income, including any fee charged or assessment made as a condition of obtaining access to such public improvements. However, if NSP funds are used to pay the proportion of a fee or assessment attributable to the capital costs of public improvements (assisted in part with NSP funds) financed from other revenue sources, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than CDBG funds. In addition, with respect to properties owned and occupied by moderate-income (but not low-income) families, an assessment or charge may be made against the property with respect to the public improvements financed by a source other than NSP funds if the jurisdiction certifies that it lacks NSP or CDBG funds to cover the assessment.

(12) Excessive Force. The jurisdiction certifies that it has adopted and is enforcing: (1) a policy prohibiting the use of excessive force by law enforcement agencies within its jurisdiction against any individuals engaged in non-violent civil rights demonstrations; and (2) a policy of enforcing applicable State and local laws against physically barring entrance to or exit from, a facility or location that is the subject of such non-violent civil rights demonstrations within its jurisdiction.

(13) Compliance with anti-discrimination laws. The NSP grant will be conducted and administered in conformity with title VI of the Civil Rights Act of 1964 (42 U.S.C. 2000d), the Fair Housing Act (42 U.S.C. 3601-3619), and implementing regulations.

(14) Compliance with lead-based paint procedures. The activities concerning lead-based paint will comply with the requirements of part 35, subparts A, B, J, K, and R of this title.

(15) Compliance with laws. The jurisdiction will comply with applicable laws.

Felix P. Camacho  
Signature/Authorized Official

Governor of Guam  
Title

\_\_\_\_\_  
Date