

ANNUAL COMMUNITY ASSESSMENT REPORT

Guam

Program Year: October 1, 2004 to September 30, 2005

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Introduction

The regulations implementing 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 to submit an annual performance report disclosing the status of grant activities. The 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. In accordance with 24 CFR 91.525, the comments below incorporate HUD's assessment of Guam's Program Year 2004 performance.

Significant Performance Conclusions

Overall, HUD is satisfied with Guam's implementation of its CDBG, HOME, ESG and Continuum of Care projects and notes that Guam is proceeding with the implementation of financial management changes for the CPD programs. Guam has met the CDBG timeliness standard for the fourth consecutive year. The CAPER did not include all of the required information regarding CDBG and HOME program income and HUD remains concerned about the lack of reporting on the receipt and use of program income. Guam program and financial management staff should review the regulations and program guidance on program income and ensure that it is in compliance with current policies and procedures, including documentation of program income receipts in IDIS.

CPD Programs

CDBG

HUD is pleased to note that Guam completed several CDBG activities during Program Year 2004, which included public facilities, public services, and renovation activities. The implementation of its CDBG projects has ensured that low- and moderate-income persons will benefit and receive program assistance in a timely manner.

Guam received \$2,764,000 in CDBG funds and expended \$2,790,598 thus ensuring that Guam continued to meet its CDBG timeliness requirement for the fourth consecutive year. Nevertheless, HUD reminds Guam that maintaining program timeliness is an essential program requirement. HUD and Congress have mandated that grantees meet the timeliness standard and that failure to comply with this standard would result in Guam being placed on a CDBG Timeliness Workout Plan and the potential loss of future funds. Therefore, HUD strongly encourages Guam to continue its timely implementation of the CDBG program.

HOME

Guam received \$1,446,698 in HOME funds and expended \$2,304,717 during the program year and no program income was reported in IDIS. All funds are required to be committed within 24 months and expended within 60 months of the grant award. Failure to commit and expend funds within the required time period will result in the deobligation of the funds. HUD recognizes that Guam is expending its HOME funds toward projects that will assist low and moderate-income persons.

ESG and Continuum of Care

Guam has implemented its ESG program in a manner that is assisting Guam's homeless population. HUD encourages Guam to continue its successful homeless program. We must point out that a few Guam subgrantees have continued to experience problems in meeting their stated service goals. Please be aware that a subgrantee's failure to meet the anticipated service goals may result in reduced funding at the time of renewal. As the first insular area to be awarded a HUD Supportive Housing Program grant, HUD encourages Guam to pursue the means to further its programs and when possible to share its success with other insular areas.

Community Empowerment

As part of its Consolidated Plan, Guam developed a Citizen Participation Plan. The Plan is intended to generate ways to involve the public in the development of the Consolidated/Action Plan. Opportunities were provided for citizen participation in the development of the Plan and review the performance report through public hearings. HUD encourages Guam to continue to foster public participation, as well as to explore additional opportunities to involve the public in its planning process.

Management of Funds

HUD remains concerned about Guam's overall fiscal controls and its impact on CDBG and HOME program timeliness. Over the past eight years, Guam has taken steps to improve CPD fiscal management and is continuing to implement a CPD financial management component. It is noted that the CAPER reported the receipt of \$290,000 in combined program income for CDBG and HOME. However, the use of these funds was not reported. It is also noted that IDIS reports do not reflect the program income reported in the CAPER. GHURA is reminded that HUD requires the program income be receipted in the IDIS system on a timely basis and that U.S. Treasury rules require program income be used prior to a drawdown of grant funds. The failure to properly report program income in IDIS may also result in the failure to comply with other federal requirements. GHURA is cautioned to review its handling and reporting of CPD program income very carefully and to make such changes as necessary to ensure that all program income is entered timely in IDIS and that local procedures are in place to ensure that the program income funds are expended prior to a drawdown of federal grant funds.

Areas for Improvement and Recommendations

As noted in prior reports, GHURA continues to need to focus on financial management to ensure that progress made during the past few years is maintained and the monitoring and oversight functions continue to develop and mature. Additional recommendations are noted in the appropriate section and are not repeated here.

CAPER Submission

HUD notes that the initial CAPER submission was determined to be insufficient to meet HUD requirements and required Guam to submit a revised report. The revised report represented a significant improvement. However, there remain a few areas that need improvement. These are:

1. The CAPER narrative for each program area needs to specifically identify all activities that were open at the beginning of the program year, new activities undertaken, and the status of each of these activities at the end of the program year. Any project that is more than two years old must be considered a slow moving project and the comments must provide more detailed information on the status and project progress, including an expected timeline for completion.
2. The CAPER needs to report for each program area the amount of program income that was anticipated to be received as estimated in the Annual Action Plan (AAP), the amount actually received, and an explanation for the variance. The CAPER must also report on the use of the program income and whether or not that was consistent with the proposed activities in the AAP.

3. The CDBG narrative must include a statement on Guam's compliance with the limitation on public service and administration expenditures. This section should identify the CDBG funded activities undertaken for each area, the actual funds expended, and the percentage of CDBG expenditures for each area.
4. Although Guam provided a short report on its monitoring activities in section 4.4, it needs to provide substantially more detail including a summary of the results of its monitoring. Additionally, the HOME program requires rental housing inspections and the results of the inspections are to be summarized in the CAPER.

Overall, Guam's revised report was informative and generally educated the public regarding the status of Guam's CPD projects.

Consolidated Planning

HUD has revised its consolidated plan regulations at 24 CFR 91. The revisions will impact the planning and reporting requirements for future reports. Guam is also reminded that future submissions for both the Annual Action Plan and Consolidated Annual Performance and Evaluation Report will need to be prepared and submitted using the Consolidated Plan Management Process tool available on the HUD website.

Fair Housing & Equal Opportunity

Guam's CAPER summarized its actions to identify and eliminate impediments to fair housing choice was acceptable. The information provided by Guam concerning affirmative marketing actions and outreach to minority-owned and women-owned businesses was adequate. The CAPER was provided to Office of Fair Housing and Equal Opportunity. No comments were received.

Conclusion

Overall, Guam is meeting its community needs by planning and executing its Consolidated Plan. HUD notes that Guam has planned, developed, and implemented several successful CPD program activities. As a result, Guam has assisted the entire community, especially low to moderate-income individuals.