

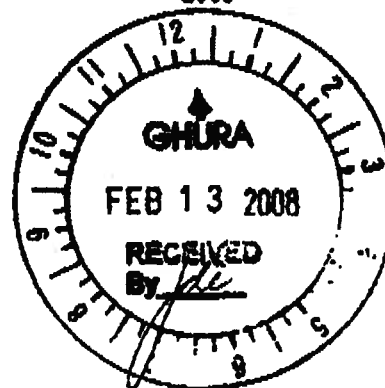


U.S. Department of Housing and Urban Development

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FEBRUARY

7 2008



The Honorable Felix P. Camacho
 Governor of Guam
 Office of the Governor
 P.O. Box 2950
 Hagatna, GU 96932

Dear Governor Camacho:

Subject: Annual Community Assessment for Program Year 2006

This letter encloses HUD's assessment of the Government of Guam's (Guam's) performance for its 2006 Community Planning and Development (CPD) Program Year. As part of HUD's annual review, the Department wants to take this opportunity to address the Community Development Block Grant (CDBG) program timeliness requirements, and the importance it plays in ensuring that the intent of the CDBG program is achieved.

The timeliness standard for the CDBG program requires Insular Area grantees to be at a 2.0 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 CDBG grant on the test date. Guam's program year ends September 30th of each year. On or about August 1st, or 60 days prior to the end of Guam's program year, Guam must have a CDBG timeliness ratio of 2.0 or less. HUD is pleased to note that Guam has met the Insular Area timeliness ratio of 2.0. HUD congratulates Guam and the Guam Housing and Urban Renewal Authority (GHURA) on its successful implementation of the CDBG program. HUD also notes that Guam is in compliance with the HOME Investment Partnerships (HOME) Program commitment and expenditure requirements. HUD encourages Guam to continue to closely monitor its CDBG and HOME projects to ensure the programs' continued success.

HUD would like to recognize that the staff responsible for Guam's CPD programs is highly committed to the programs. Their commitment to the program objectives has resulted in Guam achieving many of the CPD programs' objectives and ensuring that low- and moderate-income persons have an opportunity to succeed. To further this endeavor, HUD has provided opportunities for your staff to receive technical assistance on various topics.

In closing, should Guam wish to comment on the enclosed report, please provide your comments to HUD within 30 days of the date of this letter. Should Guam choose not to comment or fails to comment within the period identified above, the report will be considered final and must

be made available to the public. HUD recommends you handle availability of the report the same way you handle your regular program reports by providing a notice in the newspaper, identifying the report contents and where it is available for review.

Again, HUD looks forward to our continued partnership with Guam in serving the needs of its citizens. If you have any questions, please call me at 808-522-8180, extension 264.

Sincerely,



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

Enclosure

cc:

✓ Mr. Ronald De Guzman (w/enclosure)
Executive Director
Guam Housing and Urban Renewal Authority
117 Bien Venida Ave.
Sinajana, GU 96926

ANNUAL COMMUNITY ASSESSMENT REPORT**Guam****Program Year: October 1, 2006 to September 30, 2007****HUD Point of Contact:**

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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 2006 performance.

In assessing Guam's performance, HUD relied primarily upon Guam's Program Year 2006 Consolidated Annual Performance and Evaluation Report (CAPER), technical assistance, on-site monitoring, and communications with Guam's federal programs staff. During this period, HUD has determined that Guam generally met the intent of the Community Planning and Development (CPD) programs.

Significant Performance Conclusions

Based on Guam's accomplishments through the Community Development Block Grant (CDBG), the HOME Investment Partnerships Program (HOME), the Emergency Shelter Grant (ESG), and Continuum of Care programs, Guam has demonstrated its ability to carry out various housing and community development programs.

Guam satisfactorily administers the CPD grant funds. In accordance with the CDBG regulations, the timeliness ratio benchmark should be 2.00 sixty days prior to the end of Guam's program year. Guam's CDBG timeliness ratio was 1.88 as of August 2, 2007. HUD congratulates Guam on its accomplishments and encourages Guam to continue seeking ways for timely project implementation.

CPD Programs

CDBG

CDBG projects selected by Guam for the 2006 Program Year, when complete, will primarily benefit low- and moderate-income persons. During this period, HUD noted that Guam completed several CDBG activities, including completion of the Dededo Fire Station and the Northern Police Precinct. Ongoing projects include the construction of the Barrigada Fire Station, infrastructure improvements for the Ironwood Manor affordable housing project, continuation of services through the Lighthouse Recovery Center, and fair housing education. Guam's management of the CDBG program has ensured that low- and moderate-income persons will primarily benefit and receive program assistance.

Guam's Consolidated Plan describes the following three priority concerns that will be addressed through the CDBG program: homelessness, community development, and fair housing. During Program Year 2006, HUD notes that Guam achieved its homeless goal of conducting its count on unsheltered homeless and shelter count, and its community development goal of constructing a new police precinct. Guam made progress on its goals of decreasing the number of chronically homeless individuals, increasing the assistance to homeless persons and those at-risk of becoming homeless, and providing an individual assistance with establishing a microenterprise. However, Guam did not achieve several of its goals during Program Year 2006, including all of its fair housing goals. HUD looks forward to Guam's continued efforts in achieving the goals of its Consolidated Plan.

HUD congratulates Guam on meeting its CDBG timeliness requirement for Program Year 2006. As a reminder, please be informed that maintaining timeliness for the CDBG program 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

In Program Year 2006, Guam received \$1,302,614 in HOME funds and expended \$3,067,589, of which \$385,309 was program income. 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. During the program year, the Caridad Single-Room Occupancy residential housing facility was completed, and the Caridad Apartments (Mongmong) was slated to be completed and ready for occupancy by December 2007. Ongoing projects include the homcowners rehabilitation loan program and the Sagan Bonita affordable homeownership program.

ESG and Continuum of Care

Guam has implemented its ESG and Continuum of Care (CoC) programs in a manner that is assisting Guam's homeless population. HUD encourages Guam to continue its successful homeless programs. During the program year, Guam and its sub-recipients have utilized its homeless funds to operate a transitional shelter for homeless youth, provide tenant-based rental assistance to homeless and disabled individuals, and provide permanent supportive housing to homeless adults with disabilities. HUD must note, however, that there have been some issues with the reporting of accomplishments of program goals for its homeless grants. HUD will continue to work with the staff at GHURA and provide guidance on the reporting requirements of the homeless grants. HUD appreciates the timely responsiveness from the GHURA staff in addressing these concerns.

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 planning and the reporting process for the CPD programs. Despite the opportunities available for public participation in the reporting process, no public comments were received for the 2006 CAPER. 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 implementation of the financial management system and its impact on CDBG and HOME program timeliness. HUD is pleased, however, to learn that GHURA has filled the position of General Accounting Supervisor during this program year, and looks forward to more timely and proper handling of CDP funds. As timely project implementation and expenditure of funds are a priority with HUD, the Department is confident that Guam will continue to achieve its timeliness goals to ensure future CPD funding will not be compromised.

Areas for Improvement and Recommendations

Guam has made efforts to conduct technical assistance sessions with its subrecipients in an effort to improve program implementation and timeliness. Since GHURA has recently hired an additional Planner, it needs to continue to focus its attention on monitoring its ongoing CDBG and HOME projects to ensure timely progress. HUD recommends that Guam continue to identify project obstacles and develop plans to address these obstacles in order to strengthen its programs.

CAPER Submission

HUD notes that the CAPER was completed using the CPMP tool. The CAPER submission has markedly improved from the previous submission. The pre-formatted CPMP Tool questions contained more complete responses from GHURA and included the appropriate IDIS reports. In addition, GHURA created a spreadsheet which reflects Guam's priority needs and actual accomplishments towards meeting those needs. The spreadsheet summarizes Guam's goals for the five-year Consolidated Plan period, and citizens can readily review the spreadsheet and evaluate Guam's progress towards its goals.

Overall, Guam's revised report was informative and generally educated the public regarding the status of Guam's CPD projects. HUD commends the GHURA staff for its efforts in improving the CAPER. However, there are areas for improvements, including:

1. Guam should elaborate on the "Managing the Process" section on page 17 to include actions it has taken during the program year to ensure program or planning compliance. A discussion of its outreach, technical assistance provided, citizen participation efforts, and/or monitoring actions would improve this section.
2. Additional discussion should be provided on Guam's monitoring efforts for the CPD programs. Although Guam reported on the monitoring conducted on the Liheng Apartments (HOME funded), no discussion was included on the monitoring efforts of the CDBG, ESG, or homeless programs. Monitoring actions and a summarization of the results should be included in the CAPER.
3. A review of Guam's projects reflected on the Housing and Special Needs, Homeless, Community Development and Fair Housing charts should be analyzed and a narrative should be provided which reports on the activities falling behind schedule and discusses the reasons for the activities not being on target.

Fair Housing & Equal Opportunity

HUD notes that Guam's Analysis of Impediments (AI) was completed in March 2005, and that an update to the AI, through the Comprehensive Housing Study, is scheduled to be completed in Program Year 2007. HUD encourages Guam to continue its activities that address the impediments identified in the AI document. The CAPER was forwarded to Mr. Jelani Madaraka, Lead Civil Rights Analyst, Honolulu Field Office, to review for compliance with Fair Housing and Equal Opportunity requirements. He will forward any comments or questions he may have under separate cover.

Conclusion

Overall, Guam is meeting its community needs by planning and executing a Consolidated Plan with a vision for the future, and by implementing this Plan through its Annual Action Plan. As a result, Guam has assisted many communities and especially low- to moderate-income persons. HUD encourages Guam to continue its support of various housing and community development programs, and especially want to recognize Mr. Michael Duenas and his staff for their dedication to the CPD programs. Their hard work and efforts are a credit to Guam and its CPD programs.