



OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT
9CD-23069

U.S. Department of Housing and Urban Development

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February 24, 2023

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 2021

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 2021 Community Planning and Development (CPD) Program Year (October 1, 2021 to September 30, 2021). 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.

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, 2022, Guam was not in compliance with the CDBG timeliness expenditure requirement with a timeliness ratio of 3.18. Guam was also not in compliance with the CDBG timeliness expenditure requirement for the prior two years with a 2.43 CDBG timeliness ratio on August 2, 2020 and a 2.99 CDBG timeliness ratio on August 2, 2021. This placed Guam in noncompliance with the 2.00 CDBG performance standard for insular areas for three 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, 2023 to reach the 2.00 CDBG timeliness standard for insular areas. Failure to meet the standard by that date will require Guam to submit a workout plan. Guam will need to expend and drawdown at least \$4,856,647 before August 2, 2023 to meet the next CDBG timeliness test.

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 commit, expend and drawdown \$0.03 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 deadline by expending 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 \$243,471.61 in Program Year 2020 ESG funds before April 28, 2023 of which \$239,682 is not committed to an ESG activity and \$258,941.00 in Program Year 2021 ESG funds before October 25, 2023, all of which are not committed to any ESG activity.

HUD established progressive expenditure deadlines to ensure that CDBG and ESG COVID-19 (CDBG CV and ESG-CV) funds are spent quickly on eligible activities to address the public health and economic crisis caused by COVID-19. To meet the CDBG-CV 80 percent expenditure deadline on August 31, 2023, Guam needs to expend and drawn down \$2,919,096.65 in CDBG-CV funds. Guam met the ESG-CV 50 percent expenditure deadline on June 16, 2022, having drawn down 56.87 percent of its ESG-CV grant funds by the deadline. The final ESG-CV expenditure deadline is September 30, 2023. Guam needs to expend and drawdown its remaining balance of \$766,324.95 before September 30, 2023, of which \$25,503.26 is not committed to any ESG-CV activity.

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 2021, Performance
9CE Madaraka (w/enclosure)

ANNUAL COMMUNITY ASSESSMENT REPORT

Guam

Program Year 2021: October 1, 2021 to September 30, 2022

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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) 2021 performance.

In assessing Guam's performance, HUD relied primarily upon Guam's PY 2021 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:

- Guam failed the CDBG timeliness test on August 2, 2022 with a timeliness ratio of 3.18. Guam also missed its official CDBG timeliness test for the two prior years on August 2, 2020 with a timeliness ratio of 2.43 and 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 three 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. Since then, HUD has restarted the corrective actions process for untimely expenditure of CDBG funds.
- Once more, Guam is in danger of missing its next official CDBG timeliness test on August 2, 2023. Failure to meet the 2.00 CDBG timeliness standard for insular areas by that date will require Guam to submit a workout plan. Guam will need to expend and drawdown at least \$4,856,647 before August 2, 2023 to meet the next CDBG timeliness test. Guam's current CDBG timeliness ratio is 3.52 and includes \$11,192,765.96 line of credit balance and \$35,390.56 balance in program income in the Integrated Disbursement and Information System (IDIS). This 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'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.
- CDBG-CV has progressive expenditure deadlines to ensure that CDBG-CV funds are spent quickly on eligible activities to address the public health and economic crisis caused by COVID-19. Guam's 80 percent expenditure deadline is August 31, 2023, Guam needs to expend and draw down \$2,919,096.65 of its CDBG-CV grant by August 31, 2023.
- 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. To meet the HOME program expenditure requirement for PY 2015 HOME funds, Guam needs to commit, expend and drawdown \$0.03 in PY 2015 HOME funds before September 21, 2023.

- Guam met its ESG expenditure deadlines by expending PY 2019 ESG funds before the October 23, 2021 deadline. Guam's PY 2020 and PY 2021 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 \$243,471.61 in PY 2020 ESG funds before April 28, 2023 and \$258,941 in PY 2021 ESG funds before October 25, 2023.
- 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 met the ESG-CV 50 percent expenditure deadline on June 16, 2022, having drawn down 56.87 percent of its ESG-CV grant funds by the deadline. The final ESG-CV expenditure deadline is September 30, 2023. Guam needs to expend and drawdown its remaining balance of \$766,324.95 before September 30, 2023, of which \$25,503.26 is not committed to any ESG-CV activity.

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 \$3,153,352 in PY 2021 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 21 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 2021 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).
- Guam Homeless Coalition Homeless Management Information System (HMIS) (funded in 2018 and 2020).

- The Salvation Army Lighthouse Recovery Center (funded in 2018, 2019 and 2020) that provided residential treatment for men recovering from substance abuse.
- The Salvation Army Family Services Center (funded in 2017, 2018, and 2019) 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 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).

During the program year, Guam expended \$164,776.88 in CDBG-CV funds on two 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 emergency housing assistance to prepare, prevent, and respond to COVID-19. Guam reported completing the CDBG-CV Emergency Mortgage Relief Program.

When HUD conducted the CDBG timeliness test on August 2, 2022, Guam had a \$10,030,852.30 balance in its line of credit and \$11,800.19 balance in program income which was 3.18 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 two years with a 2.43 CDBG timeliness ratio on August 2, 2020 and a 2.99 CDBG timeliness ratio on August 2, 2021. This placed Guam in noncompliance with the 2.00 CDBG performance standard for insular areas for three 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, 2023. Guam needs to expend and drawdown a minimum of \$4,856,647 (not including unreceipted program income) in CDBG funds between now and August 2, 2023 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.

Additionally, Guam has undisbursed CDBG funds at risk of cancelation. Any CDBG funds appropriated in federal fiscal year 2016 will not be available for CDBG grantees to expend after September 30, 2023. CDBG funds remaining in the grantees PY 2016 grant on this date

will be recaptured by the United States Treasury per the National Defense Authorization Act. To avoid recapture of funds, Guam needs to expend and drawdown \$32,442.57 in PY 2016 CDBG funds before September 21, 2023, at least seven full business days before September 30, 2023.

HUD established progressive expenditure deadlines to ensure that CDBG-CV funds are spent quickly on eligible activities to address the public health and economic crisis caused by COVID-19. Guam must expend at least 80 percent of all CDBG-CV funds no later than the end of the third year of the period of performance established by the CDBG-CV grant agreement, which is August 31, 2023. Guam needs to expend and drawdown \$2,919,096.65 before August 31, 2023 to meet the 80 percent expenditure deadline.

Guam has CDBG formula funds from PY 2016 through PY 2021 totaling \$6,243,490.43 in the line of credit that are uncommitted. Guam also has \$2,973,652.58 in CDBG-CV funds in the line of credit that are uncommitted. Guam should evaluate uncommitted funds to ensure that the community is assisted with available resources.

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 Talofofo, and Activity 826 Kurason Ysengsong (2018). Guam needs to complete the following at-risk activities with no accomplishments after three years and bring them into national objective compliance: Activity 777 Rehabilitation of the Umatac Baseball Field (2016) and Activity 800 Inarajan Basketball Court New Construction (2017). 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 831 Homeless Management Information Systems (2019) and Activity 857 Family Services Center (2020).

In addition to the above identified at-risk activities and pending at-risk activities, Guam has nine slow moving CDBG activities: Activity 809 CDBG Administration (2016), Activity 833 CDBG Administration (2017), Activity 854 CDBG Administration (2018), Activity 811 Residential Treatment Center for Women (2018), Activity 819 Central Community Arts Hall (2018), Activity 824 GHURA Housing Counseling Program (2019), Activity 830 Gala Empowerment Program (2019), Activity 865 Rehabilitation and New Construction of Mongmong-Toto-Maite Community Recreational Facility (2019), and Activity 861 Guam Police Department Eastern Substation Phase 1 (2020). Guam also has one slow moving CDBG-CV activity: Activity 839 CDBG-CV Food Pantry/Family Services Center.

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 for which Guam did not report in Guam's PY 2021 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. GHURA was unable to meet the

September 30, 2020 deadline to draw down the \$12,000,000. On December 3, 2020, HUD approved Guam's request to reissue the undisbursed, original \$12,000,000 CDBG Section 108 Loan Guarantee commitment for the new construction of the iLearn Academy Charter School. A ribbon cutting ceremony was held for the main school building on August 10, 2022 and a conditional certificate of occupancy was issued on August 18, 2022. The main school building has been occupied and in use since the start of the 2022 – 2023 school year. Changeout of all temporary doors and air condition temperature cooling package in the main school building conform to contract specifications was completed by 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 anticipates obtaining a full occupancy permit for the campus in March 2023 after the fire pump system and generator are installed. Guam expended \$11,075,000 of its Section 108 loan guaranteed funds. Guam has a \$925,000 balance in CDBG Section 108 Loan Guarantee commitment.

HOME

Guam received \$1,063,975.00 in PY 2021 HOME funds and 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 \$237,433.66 HOME funds on homebuyer acquisition and rehabilitation activities. Guam reported the following HOME activity completed in PY 2021 in IDIS:

- Rehabilitation of Isla Apartments (funded in PY 2017, 14 HOME rental housing units).

Guam reported the results of an on-site inspections of Isla HOME funded affordable rental housing in its PY 2021 CAPER. Guam's inspection on October 25, 2021 noted multiple areas where housing units failed to meet Uniform Physical Condition Standards (UPCS). Guam reported that exigent health and safety deficiencies identified in four housing units were corrected within 24 hours. Observed deficiencies identified in ten (10) units were corrected within 90 days. Guam's CAPER noted that Catholic Social Service, the landlord, reported other deficiencies related to the HOME-funded rehabilitation and GHURA is currently assessing these deficiencies. Guam needs to notify HUD of the corrective actions it has taken to address any noncompliance issues at Isla Apartments reported by Catholic Social Service.

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. 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 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 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 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 began April 10, 2020 and ended December 31, 2021. 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 remedied the situation of those properties that were not inspected by June 29, 2022.

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 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. 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 commit, expend, and drawdown \$0.03 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 2021 totaling \$3,846,688.02 in the line of credit and \$1,111,498.21 in program income 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 set to expire on December 31, 2023. In addition, Guam

should evaluate uncommitted funds to ensure that the community is assisted with available resources.

Guam has two slow moving HOME funded activities: Activity 818 and Activity 821 Acquisition and Rehabilitation of Single-Family Dwellings for Homebuyers. PJs must complete HOME funded activities within four (4) years of the date of commitment of funds. Any activity not completed within four (4) years of commitment is considered to be terminated, and the PJ must repay all HOME funds invested in the activity.

Guam needs to closely monitor these slow-moving HOME activities and ensure that they progress in a timelier manner. Guam is responsible for oversight of its HOME activities and subrecipients, this includes monitoring activities and subrecipients for progress and for compliance with HOME requirements while an activity is underway and after the activity is completed throughout the affordability period.

ESG

Guam received \$258,941 in ESG funds for PY 2021. During the reporting period, Guam expended \$32,869.49 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 82 homeless persons in 28 households received rapid rehousing assistance and a total of 34 persons at-risk for homelessness in 10 households received homeless prevention assistance 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 \$2,210,496.15 in ESG-CV funds. Guam reported that a total of 294 homeless persons in 136 household stayed in emergency shelter, 275 homeless persons in 177 households received street outreach services, 401 homeless persons in 110 households received rapid rehousing assistance, and 106 persons at-risk for homelessness in 32 households received homeless prevention assistance during the program year.

ESG funds must be expended within 24 months of the grant award. Guam met its ESG expenditure deadlines by expending PY 2019 ESG funds before the October 23, 2021 deadline. Guam's PY 2020 and PY 2021 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 \$243,471.61 in PY 2020 ESG funds before April 28, 2023 of which \$239,682.00 is not committed to any ESG activity. Guam also needs to commit, expend, and drawdown \$258,941.00 in PY 2021 ESG funds before October 25, 2023 all of which is not committed to any ESG activity.

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 improved its performance in PY 2021 and met the ESG-CV 50 percent expenditure deadline on June 16, 2022, having drawn down 56.87 percent of its ESG-CV grant funds by the deadline. The final ESG-CV expenditure deadline is September 30, 2023. Guam needs to expend and drawdown its remaining ESG-CV balance of \$766,324.94 before September 30, 2023, of which \$25,503.26 is not committed to any ESG-CV activity.

In addition to timeliness issues, HUD identified issues with Guam's reporting of ESG accomplishments for PY 2021. Guam submitted its PY 2021 ESG CAPER in the Sage HMIS Reporting Repository more than 50 days after the December 29, 2022 deadline and did not make its PY 2021 ESG CAPER available to the public for review. As a result, citizens were not provided an opportunity to comment on Guam's PY 2021 ESG performance report. Guam needs to make its PY 2021 ESG CAPER available to the public for a 15 -day comment period.

Continuum of Care

During PY 2021, 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 \$1,440,394 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 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.

Guam mistakenly submitted its ESG CAPER for PY 2020 with Guam's PY 2021 CAPER. Guam was required to submit the ESG CAPER for the PY 2021 reporting period, October 1, 2021 to September 30, 2022. Instead, Guam submitted the ESG CAPER for the PY 2020 reporting period, October 1, 2020 to September 30, 2021. Guam did not submit its PY 2021 ESG CAPER in the Sage HMIS Reporting Repository until 50 days after the December 29, 2022 deadline, and Guam did not make its PY 2021 ESG CAPER available to the public for review with Guam's PY 2021 CAPER. As a result, citizens were not provided an opportunity to comment on Guam's PY 2021 ESG performance report. Therefore, Guam needs to make its PY 2021 ESG CAPER available to the public for a 15 -day comment period. HUD recommends that Guam publish a combined notice for Guam's PY 2021 ESG CAPER and HUD's PY 2021 ACA report for at least a 15-day comment period.

Management of Funds

Guam is in danger of missing its next official CDBG timeliness test will take place on August 2, 2023. Guam's current CDBG timeliness ratio is 3.52. Guam's timeliness ratio includes \$11,192,765.96 line of credit balance and \$35,390.56 program income balance in IDIS. Guam's current 3.52 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 \$4,856,647 (not including unreceipted program income) in CDBG funds between now and August 2, 2023 to pass the next CDBG timeliness test.

Additionally, Guam has undisbursed CDBG funds at risk of cancelation. Any CDBG funds appropriated in federal fiscal year 2016 will not be available for CDBG grantees to expend after September 30, 2023. To avoid recapture of funds, Guam needs to expend and drawdown \$32,442.57 in PY 2016 CDBG funds before September 21, 2023, at least seven full business days before September 30, 2023.

To meet the CDBG-CV 80 percent expenditure deadline, Guam needs to expend and drawdown \$2,919,096.65 before August 31, 2023.

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 \$0.03 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 \$243,471.61 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 \$766,324.95 before September 30, 2023.

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

In addition to timeliness issues, HUD identified issues with Guam's reporting of HOME program income receipts and disbursements in Guam's CAPER. HUD cannot reconcile HOME program income reported as received during the program year and HOME program income balances at the end of the program year in the CAPER with IDIS.

- Guam reported receipt of \$362,351 in HOME program income in its CAPER. HUD cannot reconcile Guam's CAPER with IDIS, which shows Guam receipted zero (\$0.00) HOME program income during the reporting period.
- Guam reported a balance of \$1,473,849 in HOME program income in its CAPER. HUD cannot reconcile Guam's report with IDIS. At the end of the reporting period, IDIS reported Guam had a balance of \$1,111,498.21 in HOME program income, a difference of \$362,350.79.

Guam is not reporting into IDIS its receipt of HOME program income in a timely manner. Guam cannot ensure to HUD that Guam is committing and expending HOME program income 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 program income funds.

Guam needs to make entries into IDIS on at least a quarterly basis to accurately capture Guam's accomplishment and funding data, including program income. Guam also needs to reconcile Guam's accounting system with IDIS. Guam needs to explain the differences between the HOME program income 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.

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, ESG, and ESG-CV.

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.