

NORTHERN MARIANAS HOUSING CORPORATION



CITIZEN CENTRIC REPORT FISCAL YEAR 2023

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GOVERNANCE

NMHC MANAGEMENT

Jesse S. Palacios,
Corporate Director

Zenie (Jeannie) P. Mafnas,
Deputy Corporate Director

Michelle Gibson, Acting
Chief Financial Officer

Board of Directors

Marcie M. Tomokane,
Chairwoman (Saipan)

Eric J. Reyes,
Vice Chairman (Tinian)

Vinney Atalig-Hocog,
Treasurer (Rota)

Oscar M. Babauta,
Secretary (Saipan)

Vina Saures-Ayuyu,
Director (Saipan)

Mission Statement

NMHC is committed to providing efficient and responsive delivery of housing, mortgage and community development programs to the people of the Commonwealth; affording fair and equal opportunity to housing programs and services for all, with special emphasis to very-low, low and moderate income individuals, elderly and persons with disabilities; increasing and implementing home ownership programs with houses that are safe, decent, sanitary and affordable; encouraging and promoting economic independence, self-sufficiency and upward mobility for families; and implementing programs to address the growing and future needs and economic viability of the communities in the Commonwealth.

Overview

Pursuant to the Governor's Executive Order 2020-21, the NMHC is no longer a subsidiary corporation of CDA effective September 24, 2021. Since the separation of CDA, a new set of Board of Directors was established. NMHC was established to develop and administer residential housing for very low, low, and medium income households in the CNMI, and provide subsidized low-interest loans for construction and rehabilitation of such housing. The primary purpose and functions of NMHC are to administer direct loans to qualified individuals for housing construction; participate as guarantor or trustee in housing loan programs; develop and manage rental housing; construct and/or administer other Federal and local residential and housing projects; and participate in programs subsidized by HUD. NMHC serves the low and moderate-income population on Saipan, Tinian, and Rota, by providing safe, decent, sanitary, affordable housing; and, community facilities through its housing and community development programs.

Goals

Expand the supply and improve quality of assisted housing; ensure equal opportunity and improve fair housing; improve family self-sufficiency; expand community development and home ownership opportunities.

Selected Demographics

Low Income Housing Tax Credits: IRS annual tax credits of \$3,185,000 (CY 2023), \$2,975,000 (CY 2022), \$3,245,625 (CY 2021), and \$3,217,500 (CY 2020) were made available to developers of affordable rental housing projects in the CNMI.

NMHC provides loans for low-cost housing from both federal and local funding sources. Outstanding loans for all programs totaled \$9,820,699 for FY 2023.

In FY 2023, NMHC provided HUD Housing Rental assistance totaling \$5,606,832 including \$1,490,891 for 114 housing rental units in for very low-income housing to administer the programs; \$3,843,472 distributed in monthly rental supplements for about 362 families through the Housing Choice Voucher Program and \$272,469 for 81 families for Emergency Housing Voucher Program.

Lastly, NMHC administers Community Development Block Grants used in improving public facilities. NMHC distributed payments for the related construction projects and other expenses totaling \$980,125 (FY 2023), \$980,125 (FY 2022), and \$970,416 (FY 2021).



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PERFORMANCE

Community Development Block Grant - Disaster Recovery (CDBG-DR)

The U.S. Department of Housing and Urban Development (HUD) allocated \$254,324,000 in CDBG-DR funds to the Commonwealth of the Northern Mariana Islands (CNMI). HUD had approved the CNMI's CDBG-DR Action Plan on October 14, 2020 and has executed the Grant Agreements on November 24, 2020 starting the six-year clock.

During FY 2023, for the islands of Saipan, Tinian, and Rota, the NMHC conditionally approved 87 loan applications under the CDBG-DR Homebuyer/New Construction Program (329 conditional approvals thus far) and 40 loan applications under the CDBG-DR Homeowner Rehabilitation and Reconstruction Program (87 conditional approvals thus far).

A total of 41 housing projects project broke ground, including the completion of 19 Homebuyer/New Construction projects and 6 Homeowner Rehabilitation and Reconstruction housing projects.

Under the Affordable Rental Housing Development Program, there are 2 approved under the Gap Filler-LITHC Program, including a 56-unit apartment complex that is currently under construction. There are currently 12 pre-approved applications under the 1 to 4 Unit Program, and 2 under the 5-Plus Unit Program.

On June 2023, the CDBG-DR Homeowner Rehabilitation and Reconstruction and Homebuyer/New Construction Programs were officially converted from a combination direct and deferred loan program to a 100% grant assistance program allowing for more eligible families to receive housing repair, acquisition, or new construction assistance without the added financial repayments.

During FY2023 NMHC CDBG-DR Projects Division received a total of 15 Authorization to Use Grant Funds (AUGF) for eligible infrastructure projects. To date, a total of 4 Infrastructure projects has commenced:

- Beach Road Phase 3 & 4 Road and Drainage Improvement.
- Ghili Street Road and Drainage Improvement.
- Oleai Sewer Line Replacement, Apengahg Ave.
- A&E Design for Northern Marianas College Classroom Buildings

A total of 4 Infrastructure projects are nearing the final stage of the procurement and should commence construction soon. Other projects are in various stages of the process including application review, environmental review, procurement process, notice to proceed, and construction.

During FY 2023 NMHC CDBG-DR Project Division monitored the construction of 59 homes and processed the completion of 23 homes. A total of 36 homes are currently under construction:

- 31 Saipan
- 4 Tinian
- 1 Rota

In September 2021, NMHC and the Northern Marianas Technical Institute (NMTI) kick-started the Workforce Development Training Scholarship (WDTSP) Program for Construction Courses. Courses commenced in May 2022 and should conclude in December 2022. During this time, the program had a total of 42 scholarship recipients receiving a total of \$113,678.66 in scholarships. WDTSP applications are being accepted for the next cycle. NMTI hopes to see more interested and eligible participants enroll before the next cycle begins.

On September 27, 2023, the Northern Marianas Technical Institute (NMTI) reported to the Northern Marianas Housing Corporation (NMHC) that it has a total of 106 WDTSP scholarship recipients: **1.** 97 regular students; and **2.** Nine (9) low-risk inmates from the CNMI Department of Corrections (DOC) who are currently enrolled in NMTI's *DOC Outreach Program* and received WDTSP scholarship awards. NMTI exceeded its target of 100 scholarship recipients. As of September 30, 2023, NMHC has disbursed \$266,693.86 to NMTI to assist eligible scholarship recipients under its WDTSP. An additional \$52,736.04 will be disbursed once NMHC completes its review of NMTI's latest drawdown/payment request. Combined, the total of funds awarded to NMTI's WDTSP will then be \$319,429.90. Based on the latest award amount, NMTI is in a position to assist more than its target of 100 scholarship recipients since it has only spent 27% of its \$1,160,000 allocation.

There are currently 54 personnel hired to administer the CDBG-DR Program. NMHC has so far expended \$14,956,786.36 for the disaster recovery program.

Community Development Block Grant - Mitigation (CDBG-MIT)

In August 2019, HUD allocated \$16,225,000 in Mitigation funds to the CNMI. Funds will be utilized for mitigation activities that will increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to and loss of property, and suffering and hardship, by lessening the impact of future disasters. On June 4, 2022, HUD formally notified the CNMI that it approved the CDBG-MIT Action Plan, and subsequently executed a grant agreement with the CNMI on June 15, 2022 thereby allocating the sum \$16,225,000 to the CNMI. NMHC is now gearing up to launch the program.

The Northern Marianas Housing Corporation (NMHC) has selected two (2) infrastructure projects that will be funded by CDBG-MIT grant and they include:

- 1) Dandan (Saipan) Water Tank Replacement Project estimated to cost \$7,048,000; and
- 2) Carolinas (Tinian) Water Tank Replacement Project estimated to cost \$5,180,00.

The above independent cost estimates were updated and the applicant/implementing partner (Commonwealth Utilities Corporation "CUC") advised NMHC that previous estimated costs have increased by \$94,000. NMHC sought advice and guidance from HUD; specifically, on whether MIT planning costs could be reprogrammed to cover the \$94,000 funding shortfall at which point HUD informed NMHC that it is acceptable and permissible.

As of September 30, 2023, NMHC is waiting for CUC to complete and submit the A&E plans for both projects so that our agency can begin pre-IFB activities and put the projects out to bid.

Cares Act Funding

The CNMI, through the CARES Act, was granted CDBG-COVID and ESG-COVID funding. NMHC, the State Designee, was allocated three separate allocations of Community Development Block Grant (CDBG)-COVID funding and two separate allocations of Emergency Solutions Grant (ESG)-COVID. Total allocation are as follows: CDBG-COVID (first allocation) : \$549,270; ESG-COVID (first allocation): \$275,414; CDBG-COVID (second allocation): \$274,635; ESG-COVID (second allocation): \$815,225; CDBG-COVID (third allocation): \$545,858. These funds will assist qualified households who were impacted by the Coronavirus Pandemic.

As of date, NMHC has completed the purchase of a mobile clinic for the Commonwealth Healthcare Corporation using CDBG-CV 1st allocation funds. NMHC completed the ESG-COVID program (first and second allocations) by providing qualified households with financial assistance (rental and/or utility arrears up to 6 months and rental and utility payments up to 12 months). Completion date for the ESG-CV allocation was February 2022. On October 1, 2020, NMHC and the U.S. Department of Housing and Urban Development (HUD) executed grant agreements for the CDBG-COVID and ESG-COVID allocations.

The third allocation was received by NMHC on March 15, 2021 and completed on June 2023. The allocation of \$545,858 is being administered by the NMHC as a Food Pantry program to supplement and expand ongoing efforts to procure food and infection control supplies to prepare, prevent and respond to the Coronavirus Pandemic. NMHC has sub-granted the Food Pantry Program to two non-profit organizations. Karidat Social Services (to assist the entire CNMI, considered Low-Mod Area) in the amount of \$405,268.50 and The Center for Living Independently in the CNMI (to assist their Low-Mod Clientele) in the amount of \$135,089.50.

Family Self Sufficiency

Guidance, education, training, document preparation, and various assistance given to 20 active participants. 18 participants continue to be employed in 2023. Three (3) participants successfully graduated from the FSS Program receiving a total of \$62,108 of Escrow payments. The balance in Escrow as of 09/30/23 is \$160,465.

Emergency Housing Voucher (EHV)

Performance Parameters	Saipan	Tinian	Rota	Port-out	Total	Voucher Availability	
EHV Total Issued (As of 09.2023)	93	1	1	0	95	Total Vouchers	132
EHV Total Unit Searching (As of 09.2023)	7	0	0	0	7	Total Issued	80
EHV Total Housed	77	1	1	2	81	To Be Issued (Oct 2023)	22
Comments						Available	30

Housing	Saipan	Tinian	Rota	Transfer to USA	Total
Vouchers	351	6	10	5	372
Landlords	120	5	8	2	135
Waitlist	257	6	5	0	268
New Admissions	62	0	1	0	63

Rental Assistance	Saipan	Tinian	Rota	Total
Occupied	82	20	16	118
Occupancy	100%	100%	100%	100%
Wait List	523	5	4	532
New Admissions	2	7	6	15

Development Grants

In 2022, HUD awarded NMHC funds totaling \$1,781,697 composed of Development Grants - \$980,125; HOME Program - \$515,489; and Emergency Solutions Grants - \$80,406; HTF Program - \$205,677 Development Grants awarded to grantees in FY 2022 included rehabilitation for both Rota's Youth Center and Sinapalo Basketball Court, Demolition of Perilous Structures (Rota), Renovation of the Tinian Little League Baseball field, Demolition of Perilous Structures (Tinian). Projects ongoing from previous years include Construction of Multipurpose Facility for Tinian and Phase II of the Kagman Community Park.

In FY 2023, HUD awarded NMHC funds totaling \$1,627,136.43 composed of Development Grants - \$980,125; HOME Program - \$489,268; and emergency shelters - \$81,210. Development Grants awarded to grantees in FY 2023 include (1) Office of the Mayor of Rota Construction of Multipurpose Stage, (2) Office of the Mayor of Rota Construction of Community Pavilion Shelters, (3) Department of Community and Cultural Affairs (DCCA) Construction of Childcare Facility (Rota).

Homeowner Assistance Fund (HAF)

NMHC received \$4 Million in Homeowner Assistance Fund (HAF) Program made possible through the U.S. Department of the Treasury. The program's purpose is to assist income eligible homeowners with mortgage delinquency payments, future mortgage payments, utilities and broadband arrears and future payments, and homeowner related insurance payments. The homeowner must also show proof of financial hardship as a direct result of the COVID 19 pandemic. The program provides residents of the CNMI with the opportunity to maintain homeownership and recover from the economic impact of the pandemic.

Housing Trust Fund (HTF)

NMHC received approximately \$400K in Housing Trust Fund (HTF) monies for PY 2021 and 2022. HTF funds will be used to rehabilitate approximately (2) NMHC foreclosed units on the island of Saipan to convert to rental housing for extremely low-income households. The program fulfills one of NMHC's priority goals of sustaining the affordable housing stock in the CNMI.

Loan Commitments

Total HOME entitlement funds available for commitment as of the end of Fiscal Year 2023 was \$1,720,969.54 Total HOME program income funds available was \$129,133.25; for a grand total of \$1,850,102.79 in funds that were available for commitment.

Wait List - Loans

There are approximately 32 loan applications on the waiting list; totaling over \$2.7 million in project funding.

Aging Report	No. of Loans	Balance
Active Loans	244	\$9,820,698.88
Past Due 90 Days	\$1,463,693.50	14.90%
More Than 30 Days	\$496,458.64	5.05%

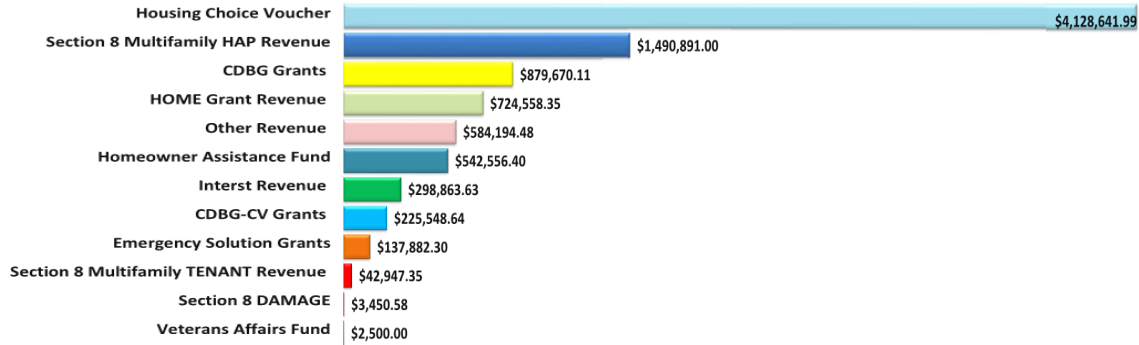
Emergency Solutions Grant

NMHC assisted one (1) homeless household in FY2022. As of date, NMHC assisted a total of 44 homeless households locate temporary housing. From the shelter program's inception, NMHC has assisted 95 households with rentals and utility assistance for up to twelve months allowable.

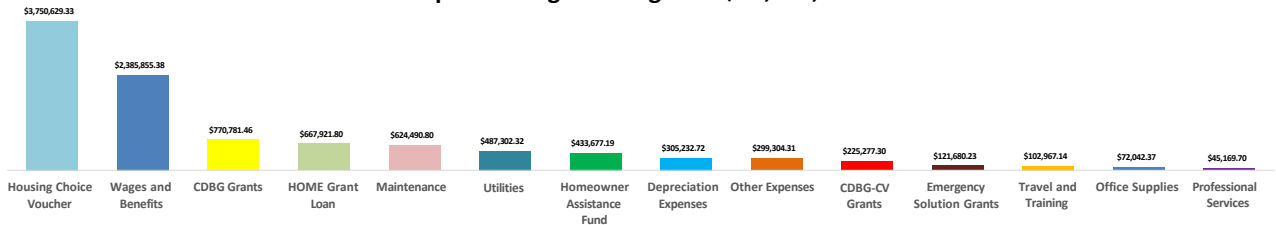
FINANCES

YOUR TAXPAYERS' DOLLARS AT WORK

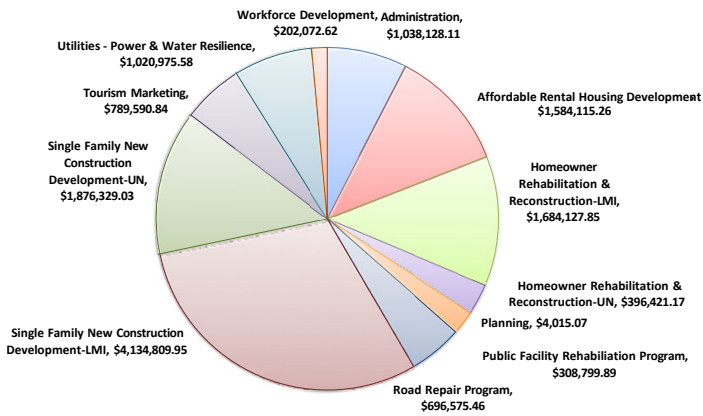
Regular Programs Revenue \$9,061,704.83 FY 2023



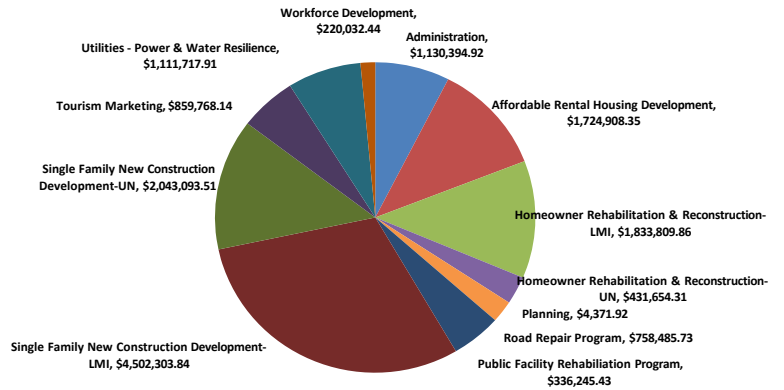
Expenses Regular Programs \$10,292,332.05 FY 2023



CDBG-DR Revenue \$13,735,960.82 FY 2023



CDBG-DR Expenses \$14,956,786.36 FY 2023



Staffing Summary	Positions
Executive	2
Admin Division	5
Rota Field Office	2
Mortgage & Credit Division	4
Asset Management Division	7
Program & Housing Division	6
Fiscal Division	10
CDBG-DR Division	54
Planning Division	4
Tinian Field Office	2
Total	96

CHALLENGES AND OPPORTUNITIES

The Corporate Director's Desk

Hafa Adai and Tirow. Our Board of Directors, Management, and Staff are pleased to provide the community with an update on our various housing, infrastructure, and economic development programs that we administer on behalf of the CNMI.

To recap, the U.S. Department of Housing and Urban Development (HUD) has allocated a total of \$254,324,000 to the CNMI for Disaster Recovery to be expended over the course of six (6) years. The CNMI received approval of its CDBG-DR Action Plan (Action Plan) on October 14, 2020 and executed the grant agreements on November 24, 2020 starting the six-year clock. The Action Plan entails a comprehensive analysis of the recovery needs and long-term disaster recovery efforts for the CNMI. Proceeds of the funding will go toward housing, infrastructure, and economic revitalization. New construction and rehabilitation of fully-concrete housing have begun in various villages as well as for infrastructure projects and preliminary A&E work for water tanks, public facilities, sewer line, and roads. The Northern Marianas Technical Institute has launched its Workforce Development Training Scholarship Program as funded by disaster recovery money to provide training for eligible residents in the construction trades. The MVA has a budget of \$7.5 million at its disposal for marketing and promotional activities. The CNMI was also allocated \$16,225,000 in CDBG Mitigation (CDBG-MIT) funds that will be used towards infrastructure projects to free up funds for housing. The CDBG-MIT Action Plan was approved by HUD on June 4, 2022. In addition, the CDBG-MIT Policies and Procedures were published in the Commonwealth Register on September 28, 2022 in order to provide guidance to subrecipients regarding the general requirements for activities using CDBG-MIT funds to “increase resilience to disasters and reduce or eliminate the long-term risk of loss of life, injury, damage to or loss of property, and suffering and hardship, by lessening the impact of future disasters.”

NMHC, on behalf of the CNMI, has submitted a Request for a Waiver on the Federal Register Notice concerning Build America, Buy America (BABA) as Applied to Recipients of HUD Federal Financial Assistance. Because of our location and by way of BABA, coupled with the unavailability of US-made products or lack of supplies, this will force the CNMI to procure and import these items directly from the U.S. mainland and the importation of these “Made in the USA” products will unquestionably drive-up costs exponentially and cause further delays on NMHC’s time-sensitive and time-barred infrastructure projects.

The CNMI was awarded funding through the CARES Act to prevent, prepare for, and respond to the coronavirus. HUD has allocated \$1,369,763 for CDBG-CV and \$1,090,639 for ESG-CV. A portion of the CDBG-CV funds was used to purchase a mobile clinic for CHCC to boost its community health outreach services. The rest of the CARES Act funding received were used to assist eligible applicants with their mortgage and rental payment needs.

ESG-CV \$1,090,639

HUD has allocated a total of \$1,090,639 ESG-CV funds for the CNMI. A total of 968 Pre-Applications were received from February 2020 through December 2020. Due to the limited funding, NMHC was only able to assist 111 applicants. The two components for the rental assistance are to prevent individuals and families from becoming homeless and to help those who are experiencing homelessness to be quickly re-house and stabilized. Program assistance includes Rental and/or utility assistance up to 12 months; Rental and/or utility arrears up to 6 months; Rental Security Deposit; and Utility Security Deposit. Rental payments are paid directly to the landlord and utility payments are paid directly to CUC. As of date, 100% of the funding has been expended.

Challenges

Reduced cash flow due to business interruptions for both government and the private sector from Super Typhoon Yutu, the coronavirus pandemic, and now with the Touchback Provision for CW-1 Workers. Changing regulatory rules are time constricted which may reduce program delivery and response times.

Increased CNMI obligations in recovery efforts for unreserved extraordinary expenditures, and vulnerability from future disasters including related economic impacts.

CNMI’s remote location and limited resources. Prior to, and exponentially after the disaster, the CNMI as a whole, had critical shortages in construction services and labor. Labor and material costs have increased and continue to increase thereby reducing the total number of families that can be assisted.

Recovery agencies and other stakeholders in the mainland unfamiliarity with CNMI needs plus the magnitude of the destruction and limitations imposed by the disaster, potentially affecting grant delivery. NMHC management continues to work to educate mainland stakeholders and reduce potential delays.

Current estimates for rentals, new housing and reconstruction are significantly higher than allowed by US guidelines potentially impeding new loans, rentals and other programs.

Opportunities

NMHC was designated as the Program Administrator for CDBG-DR funds by the Office of the Governor. CDBG-DR grants for unmet housing needs, economic recovery, and infrastructure have been approved by US Congress.

CDBG-DR grants, when delivered and construction completed, will reduce the net effect of the next disaster.

NMHC is considered the subject matter expert by community leaders on related programs and ongoing coordination with other entities for related projects adds quality to existing programs.

New projects will have a significantly larger scope of work and higher funding threshold to provide needed services effectively and efficiently.

Strong relationships and ongoing support from US Government entities including HUD, FEMA, SBA, Treasury, Office of the Governor and related CNMI agencies, non-profit organizations, and private sector.

Creation of new typhoon resistant homes will reduce future economic and safety impacts. More families will be able to shelter-in-place.

Contact us for more information! Call us at (670) 234-6866/9447 | www.nmhcgov.net