

NORTHERN MARIANAS HOUSING CORPORATION

CITIZEN CENTRIC REPORT FISCAL YEAR 2020

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GOVERNANCE

NMHC MANAGEMENT

- Jesse S. Palacios,
Corporate Director
- Zenie (Jeannie) P. Mafnas,
Deputy Corporate Director
- Roger A. Dris, Acting Chief
Financial Officer

Board of Directors

- Vinney Atalig-Hocog
Chairman (Rota)
- Frank Lee S.N. Borja,
Secretary/Treasurer
(Tinian)
- Aubry M. Hocog, Director
(Rota)
- Ignacio L. Perez, Director
(Tinian)
- Joaquin Q. Dela Cruz,
Director (Saipan)
- Joaquin P. Omar, 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

A division of the Commonwealth Development Authority (CDA), governed by a seven (7) member Board of Directors, 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 \$3,217,500 (CY 2020) and \$3,166,875 (CY 2019) were made available to developers of affordable housing projects in the CNMI.

NMHC makes loans for providing low cost housing from both federal and local funding sources. Outstanding loans for all programs totaled \$12,118,441 in FY 2020.

In FY 2020, NMHC provided HUD Housing Rental assistance totaling \$4,130,062 including \$1,371,555 for 118 housing rental units in for very low income housing to administer the programs; \$2,758,507 distributed in monthly rental supplements for about 326 families through the Housing Choice Voucher Program; and, \$237,567 in revenues from tenants.

Lastly, NMHC administers Community Development Block Grants used in improving public facilities. NMHC distributed payments for the related construction projects and other expenses totaling \$1,374,290 (FY 2020) and \$971,886 (FY 2019).



PERFORMANCE "WHAT WE DID IN 2020"

Supertyphoon Yutu Disaster Recovery

As the State Designee to administer the CDBG-DR Grant Program by the Governor, NMHC has begun pre-award work in anticipation of the approval of the Action Plan that was submitted to HUD on August 31, 2020. The CNMI has been allocated \$243,946,000. 46% of the funding goes to housing, 43% goes to infrastructure and the remaining percentage goes to economic development, planning and administration.

Aside from the Program Manager and Finance Manager, the Project Manager, Compliance Manager and Administrative Manager have been recently hired. Other support staff will be hired starting mid-October. Two additional offices have been secured to house the CDBG-DR program staff and to serve the community. As of September 30, 2020, NMHC so far has expended \$460,971 for the ongoing preparation.



FEMA New Construction

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 executed the contract for the purchase of a mobile clinic for the Commonwealth Healthcare Corporation using CDBG-CV funds. The project's estimated completion date is July 2021. NMHC is administering the ESG-COVID program (first allocation) by providing qualified households with financial assistance (rental assistance, utility assistance). Estimated completion date for first round allocation is July 2022. As of October 1, 2020, NMHC and the US Department of Housing and Urban Development (HUD) have executed grant agreements for the CDBG-COVID and ESG-COVID second allocations. The estimated disbursement date is November 2020. NMHC is currently working on the grant requirements for the CDBG-COVID third allocation.

HOUSING	SAIPAN	TINIAN	ROTA	TRANSFER TO USA	TOTAL
VOUCHERS	310	2	10	4	326
LANDLORDS	113	2	8	3	126
WAIT LIST	219	17	17	0	253
NEW ADMISSIONS	43	1	1	0	45

RENTAL ASSISTANCE	SAIPAN	TINIAN	ROTA	TOTAL	FAMILY SELF SUFFICIENCY Guidance, education, training, document preparation, and various assistance given to 31 active participants. 19 participants were provided employment search assistance with one participant gaining employment in 2020. The balance in Escrow as of 09/30/20 is \$107,294.
OCCUPIED	82	20	15	117	
OCCUPANCY	100%	100%	94%	99%	
WAIT LIST	390	11	1	402	
NEW ADMISSIONS	7	1	5	13	

DEVELOPMENT GRANTS In FY 2020, HUD awarded NMHC funds totaling \$1,470,871 composed of Development Grants - \$963,951; HOME Program - \$429,574; and emergency shelters - \$77,346. Development Grants awarded to grantees in FY 2020 included rehabilitation for both Tinian's Gymnasium and Youth Center Basketball Court, and both Rota's Youth Center and Sinapalo Children's Park roofing. Projects ongoing from previous year's include Saipan's San Vicente Central Park, Koblerville Youth Center Expansion, and Kagman Community Center. Additional Cares Act funding awarded PY 2020 for CDBG-CV Round 1 \$549,270 and Round 2 \$274,635 Total of \$823,905 PY 2020 for ESG-CV Round 1 \$275,414 and Round 2 \$815,225. Total of \$1,090,639.

EMERGENCY SOLUTION GRANT NMHC assisted 14 homeless households locate temporary housing in FY 2020. From the shelter program's inception, NMHC has assisted 67 households with rentals and utility assistance for up to ten months.

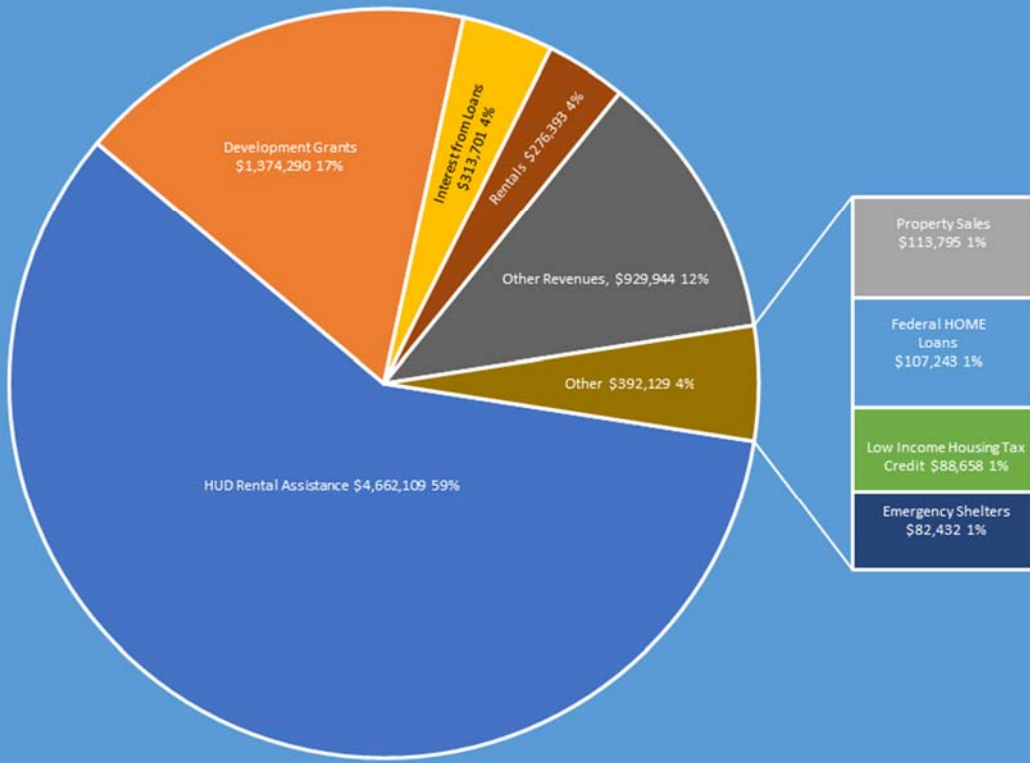
DISASTER RECOVERY \$300,000 was reallocated to disaster recovery with HUD approval in January 2019 for recovery programs.

LOAN COMMITMENTS Total funds available for loan commitment as of January 2020 was \$2,374,502.

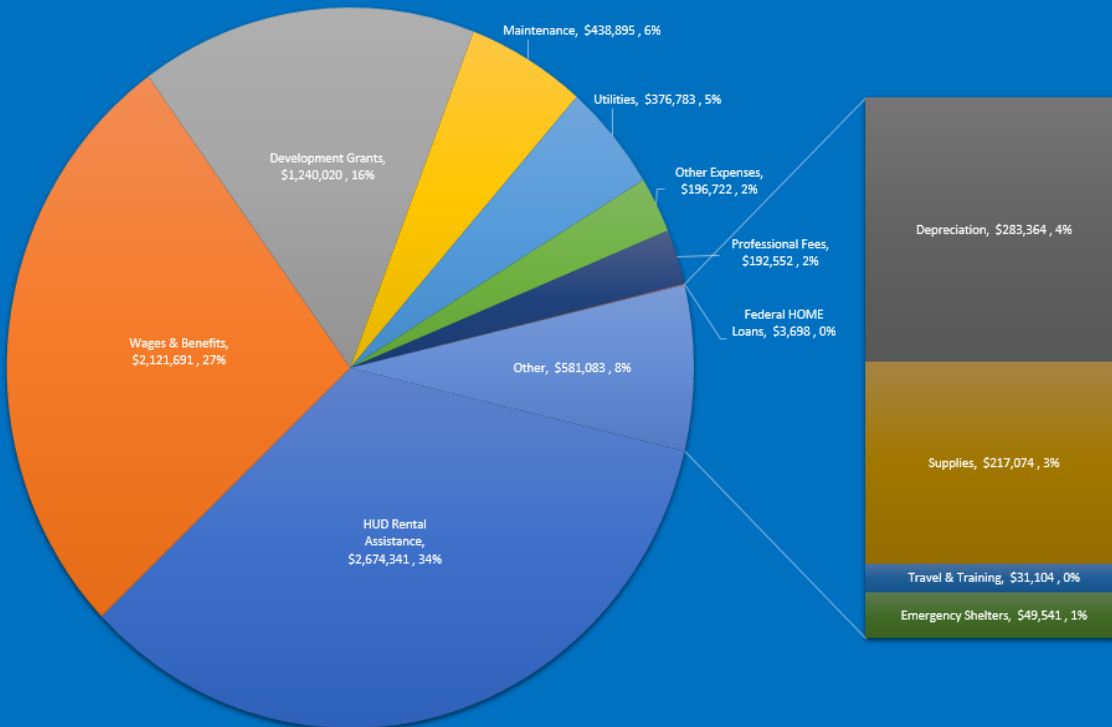
AGING REPORT	NO. OF LOANS	BALANCE	PAST DUE 90 DAYS	PAST DUE 90 DAYS	MORE THAN 30 DAYS	MORE THAN 30 DAYS
ACTIVE LOANS	243	\$8,649,364	\$1,282,875	14.83%	\$1,922,701	22.23%

FINANCES "YOUR TAXPAYER DOLLARS AT WORK"

How is revenue generated? FY 2020 \$7,948,566



How were your tax dollars spent? FY 2020 \$7,825,784



Staffing Summary	Positions
Executive	3
Housing Division	7
Fiscal Division	6
Mortgage Division	4
Administration	4
AMD Division	6
Development Grants	2
Disaster Recovery	5
Rota Field Office	2
Tinian Field Office	2
Total	41

The CNMI, as a whole, was catastrophically affected by Super typhoon Yutu. NMHC acted immediately to secure safety and housing quality of our renter households including typhoon repairs, and significant deferments of loan payments, interest, and rental related collections. This negatively affected operating margins; however, the Board and management worked closely to provide expeditious, maximum assistance and have submitted FEMA reimbursements to partially offset the related expenditures.—Acting CFO

CHALLENGES AND OPPORTUNITIES

THE CORPORATE DIRECTOR'S DESK

Governor Ralph DLG. Torres and Lt. Governor Arnold I. Palacios have tapped NMHC to administer the Community Development Block Grant Disaster Recovery program (CDBG-DR). NMHC is the lead agency responsible in developing the recovery plan for this particular funding.

The U.S. Department of Housing and Urban Development (HUD) will be allocating \$243,946,000 upon approval of the CNMI Action Plan that was submitted on August 31, 2020. 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.

The CNMI has so far been 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. Governor Torres and Lieutenant Governor Palacios have assigned NMHC to administer these programs to purchase a mobile clinic for CHCC and to assist eligible applicants with their rental and mortgage payment needs.

Rental assistance and utility assistance may be provided for up to 12 months under the ESG-CV program; whereas, the mortgage payment assistance may be provided for up to 6 consecutive months under the CDBG-CV program. These are very challenging times for the CNMI. NMHC's goal is to expedite the release of these funds and into the hands of those who need it the most.

CHALLENGES

Reduced cash flow due to business interruptions for both government and the private sector from Super typhoon Yutu, and the coronavirus pandemic. 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.

NMHC runs lean, and funding to manage disaster recovery is unbudgeted; therefore, must be secured from external resources to cover initial expenditures.

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.

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 is working 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, 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.

Want more information or have questions? Please reach us at (670) 234-6866/9447 www.nmhcgov.net