



U.S. Department of Housing and Urban Development

Honolulu Field Office – Region IX
1132 Bishop Street, Suite 1400
Honolulu, Hawaii 96813-4918
www.hud.gov
espanol.hud.gov

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT
9CD-22067

March 7, 2022

Honorable Ralph DLG. Torres
Governor of the Commonwealth
of the Northern Mariana Islands
Juan S. Atalig Memorial Building
Isa Drive, Capitol Hill
Caller Box 10007
Saipan, MP 96950

Dear Governor Torres:

SUBJECT: Annual Community Assessment (ACA) Report
Program Year 2020

The U.S. Department of Housing and Urban Development's (HUD's) has reviewed the Commonwealth of Northern Mariana Islands' (CNMI's) March 4, 2022 ACA response letter and would like to thank the CNMI for the response. HUD appreciates the additional information the CNMI provided on the updated status of the CNMI's Community Development Block Grant (CDBG), HOME Investment Partnerships (HOME) Program, and Emergency Solutions Grant (ESG) programs and the efforts CNMI is undertaking to address and complete activities identified as slow moving in the ACA report. The ACA is now final, and the CNMI may make it available to the public using your standard notification process including uploading the ACA report to the Northern Marianas Housing Authority (NMHC) website, providing a notice in the newspaper identifying the report contents and where it is available for review.

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,

A handwritten signature in blue ink that reads "Mark A. Chandler".

Digitally signed by
MARK CHANDLER

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



NORTHERN MARIANAS HOUSING CORPORATION

P.O. BOX 500514, Saipan, MP 96950-0514

Email: nmhc@nmhc.gov.mp

Website: <http://www.nmhc.gov.net>

Tels: (670) 234-9447

234-6866

234-7670

Fax: (670) 234-9021

March 4, 2022

Mr. Mark A. Chandler
Director, Office of Community Planning and Development
US Department of Housing and Urban Development
Honolulu Field Office- Region IX
1132 Bishop Street, Suite 1400
Honolulu, HI 96813

Dear Mr. Chandler:

RE: Northern Marianas Housing Corporation's Comments to the PY 2020 Annual Community Assessment Report

The Northern Marianas Housing Corporation has reviewed the PY 2020 ACA Report. We appreciate the continued guidance and recommendations from HUD to improve the CPD programs in the CNMI. Please see comments below:

Timeliness

- The CNMI acknowledges that it must spend \$584,393 by August 2, 2022, to meet the CDBG timeliness test. The CNMI, through NMHC, anticipates to spend \$916,444 before the said date. There are (2) ongoing projects: Purchase of (2) Wildland Trucks for the CNMI Department of Fire and Emergency Medical Services, in the amount of \$278,000, which should be completed by July 15, 2022; Purchase of Personal, Protective Equipment (PPEs), in the amount of \$634,844, which should be completed by April 14, 2022.

HOME Program

- For the HOME Loan Program, the NMHC continues to monitor and updates its reporting to reflect current HOME related project status as well as drawdowns and overall program expenditures. HUD report indicated a drawdown balance of \$190,154 in PY 2015 HOME funds that will need to be fully expended before September 21, 2023. As of the latest IDIS PR01 report for January 2022 month-end; balance for PY2015 HOME funds, reflected a balance of \$173,234. NMHC will continue to drawdown HOME funds as new projects are committed within the next year. For the 2021 annual performance report for the HOME program, NMHC indicated two completed projects for the period which amounted to \$174,526 in total funding. Since the last report, we have completed another HOME new construction project in the amount of \$205,968. And, currently NMHC have three ongoing HOME projects that shall be in completion by mid this year. Moreover, we have a few more new construction projects in origination that NMHC hopes to

commit and expend within the coming year. NMHC will continue to monitor drawdowns with the goal in meeting the expenditure deadline of September 21, 2023 for the HOME funds for Program Year 2015.

CDBG Program

- NMHC will closely monitor IDIS #s 694, 718, and 728 to ensure that funds are spent expeditiously and projects are completed in a timely manner.
- As with IDIS #s 732 and 733, as mentioned in the “Timeliness” section above, IDIS #732 will be completed by July 15, 2022 and IDIS #733 will be completed by April 14, 2022. The projects involve the purchase of wildland trucks and a significant volume of personal, protective, equipment, hence the contractors were allowed ample time to deliver the inventory, since the CNMI’s geographical location impacts shipping times.

ESG Program

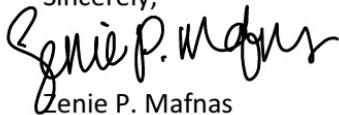
- NMHC acknowledges the deadlines to expend ESG and ESG-CV funding and will work expeditiously to ensure such deadlines are adhered to.

Continuum of Care

- The NMHC will continue its work with government agencies, nonprofit organizations, and the CNMI Homeless Prevention Coalition in their shared goal to develop a plan to more comprehensively integrate a system of housing and services to assist individuals and families who are homeless.

Should you have any questions, please contact me at the above numbers. Thank you.

Sincerely,



Genie P. Mafnas
Deputy Corporate Director

Cc: Planning file



U.S. Department of Housing and Urban Development

Honolulu Field Office – Region IX
1132 Bishop Street, Suite 1400
Honolulu, Hawaii 96813-4918
www.hud.gov
espanol.hud.gov

OFFICE OF COMMUNITY PLANNING
AND DEVELOPMENT
9CD-22067

February 3, 2022

Honorable Ralph DLG. Torres
Governor of the Commonwealth
of the Northern Mariana Islands
Juan S. Atalig Memorial Building
Isa Drive, Capitol Hill
Caller Box 10007
Saipan, MP 96950

Dear Governor Torres:

**SUBJECT: Annual Community Assessment (ACA) Report
Program Year 2020**

This letter conveys the U.S. Department of Housing and Urban Development's (HUD's) assessment of the Commonwealth of Northern Mariana Islands' (CNMI's) performance for its 2020 Community Planning and Development (CPD) Program Year. The report reflects the CNMI'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 the CNMI 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, the CNMI's CDBG line of credit cannot exceed two times its current year's grant amount. The CNMI's program year ends September 30 of each year. About August 2nd of each year, or 60 days prior to the end of the CNMI's program year, the CNMI must have a CDBG grant ratio of 2.00 or less.

When the 60-day test was conducted on August 2, 2021, the CNMI was in compliance with the CDBG timeliness expenditure requirement with a timeliness ratio of 1.90. Although the CNMI passed the CDBG timeliness test on August 2, 2021, the CNMI is in danger of missing its next official CDBG timeliness test. CNMI's current CDBG timeliness ratio is 2.60 and includes \$2,524,427.63 line of credit balance and \$797.51 balance in program income. The CNMI needs to expend and drawdown at least \$584,393 before August 2, 2022 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, the CNMI needs to expend and drawdown \$190,154 in PY 2015 HOME funds before September 21, 2023.

ESG funds must be expended within 24 months of the grant award. The CNMI missed the October 23, 2021 deadline to expend its Program Year 2019 ESG funds with a \$11,622.31 shortfall. Although the deadline passed, HUD allowed the CNMI to expend its remaining Program Year 2019 ESG funds by September 30, 2022. Should CNMI fail to expend and drawdown its remaining Program Year 2019 ESG funds by the extended deadline, HUD may deobligate the balance of Program Year 2019 ESG funds in IDS on October 1, 2022. In addition, the CNMI has not committed and has not expended any of its Program Year 2020 and Program Year 2021 ESG funds. To meet the ESG expenditure deadlines for these grants, the CNMI needs to commit expend, and drawdown \$79,870 in Program Year 2020 ESG funds before June 1, 2023 and \$79,644 in Program Year 2021 ESG funds before December 8, 2023.

HUD established progressive expenditure deadlines to ensure that ESG-CV funds are spent quickly on eligible activities to address the public health and economic crises caused by COVID-19. CNMI met the ESG-CV 20 percent expenditure deadline on September 30, 2021. To date, CNMI expended and drew down 97.64 percent of its ESG-CV funds positioning the CNMI to exceed the ESG-CV 80 percent expenditure deadline on March 31, 2022. The final ESG-CV expenditure deadline is September 30, 2022. The CNMI needs to expend and drawdown its balance of \$25,698.39 before September 30, 2022.

The enclosed Annual Community Assessment Report reflects HUD's assessment of the CNMI's implementation of its CPD programs. It notes the CNMI's successes and areas needing improvement. The CNMI will have 30 days from the date of this letter to comment on the report. Should the CNMI 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 Northern Marianas Housing Authority (NMHC) website, providing a notice in the newspaper identifying the report contents and where it is available for review.

HUD would like to recognize that the NMHC staff responsible for CNMI's CPD programs are highly committed to the programs. Their commitment to the program objectives has resulted in CNMI 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 the CNMI 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,



Digitally signed by
MARK CHANDLER

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

Enclosure

cc:

Mr. Jesse Palacios, Corporate Director, NMHC (w/ enclosures)
9CD Official Files, CNMI, PY 2020, Performance

ANNUAL COMMUNITY ASSESSMENT REPORT

Commonwealth of the Northern Mariana Islands Program Year 2020: October 1, 2020 to September 30, 2021

HUD Point of Contact:

Ms. Rebecca Borja
Senior CPD Representative
Office of Community Planning
and Development
HUD Honolulu Field Office
1132 Bishop Street, Suite 1400
Honolulu, HI 96813
(808) 457-4673

CNMI Point of Contact:

Mr. Jesse S. Palacios
Corporate Director
Northern Marianas Housing
Corporation
Commonwealth of Northern
Mariana Islands
P.O. Box 500514
Saipan, MP 95960
(670) 234-9447

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. The U.S. 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. Per 24 CFR 91.525, HUD's comments below and the cover letter above incorporate the Department's assessment of the Commonwealth of Northern Mariana Islands' (CNMI's) Program Year (PY) 2020 performance.

In assessing the CNMI's performance, HUD relied primarily upon the CNMI's PY 2020 Consolidated Annual Performance and Evaluation Report (CAPER), technical assistance, on-site and remote monitoring, and communications with the Northern Marianas Housing Corporation (NMHC) staff. During this period, the CNMI 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 the CNMI's implementation of its CPD programs.

Significant Performance Conclusions

Overall, the CNMI has had issues with its management of its CPD programs which consists of the CDBG, HOME, and ESG programs as follows:

- Although the CNMI passed the CDBG timeliness test on August 2, 2021 with a timeliness ratio of 1.90, the CNMI is in danger of missing its next official CDBG timeliness test that will take place on August 2, 2022. CNMI's current CDBG timeliness ratio is 2.60. The CNMI's timeliness ratio includes \$2,524,427.63 line of credit balance and \$797.51 program income balance in Integrated Disbursement and Information System (IDIS). The CNMI's current 2.60 ratio does not take into account if the CNMI has any CDBG program income not receipted in IDIS. CDBG program income cash balances on hand will be calculated in the official timeliness test. The CNMI must expend a minimum of \$584,393 (not including unreceipted program income) in CDBG entitlement funds between now and August 2, 2022 to pass the CDBG timeliness test. The CNMI's current rate of CDBG expenditures combined with an increase in CDBG program income receipts may negatively impact the CNMI's ability to meet timeliness requirements. The CNMI should carefully review its anticipated CDBG program income and expenditures, monitor program income receipts and CDBG draws for the next few months and take any necessary steps to increase the CDBG drawdown in order to meet the timeliness standard.
- Any HOME funds appropriated in federal fiscal year 2015 will not be available for HOME Participating Jurisdictions (PJs) to expend after September 30, 2023. CNMI is at risk of having its remaining \$190,154 PY 2015 HOME funds recaptured on this date by the United States Treasury, per the National Defense Authorization Act. To meet the HOME program expenditure requirement for PY 2015 HOME funds, the CNMI needs to expend and drawdown \$190,154 in PY 2015 HOME funds before September 21, 2023.
- The CNMI missed the October 23, 2021 deadline to expend its PY 2019 ESG funds with a \$11,622.31 shortfall. Although the deadline passed, HUD allowed the CNMI to expend its remaining PY 2019 ESG funds by September 30, 2022. Should CNMI fail to expend and drawdown its remaining PY 2019 ESG funds by the extended deadline, HUD may deobligate the balance of PY 2019 ESG funds in IDIS on October 1, 2022.

The CNMI has also not committed and expended any of its PY 2020 and PY 2021 ESG funds. To meet the next ESG expenditure deadlines, the CNMI needs to commit expend, and drawdown \$79,870 in PY 2020 ESG funds before June 1, 2023 and \$79,644 in PY 2021 ESG funds before December 8, 2023.

CPD Programs

CDBG

The CNMI's Consolidated Plan describes the following high priority concerns that will be addressed through the CDBG program: public facilities and improvements, special needs and low-mod income housing, increase homeowner education and counseling, and sustain affordable housing stock. The CNMI received \$961,222 in PY 2020 CDBG funds to address community needs for public services and public facilities during the reporting period. Additionally, the CNMI received \$1,369,763 in CDBG-CV funds for public services and emergency housing assistance to prepare, prevent, and respond to COVID-19 during the reporting period.

During the reporting period, the CNMI expended \$638,630.61 in CDBG funds on six (6) out of 14 projects active during the period and \$350,917.16 in CDBG-CV funds on seven (7) projects active during the period. One hundred percent of CDBG funds were spent on activities that benefited low and moderate-income persons. The CNMI completed four (4) CDBG activities in PY 2020:

- Koblerville Youth Learning Center Expansion and Enhancement Project,
- Rehabilitation and Expansion of the Kagman Community Center,
- PY 2018 CDBG Planning and Administrative Costs, and
- Acquisition of Two Fire High Pressure Pumps for the Department of Fire and Emergency Services.

When HUD conducted the CDBG timeliness test on August 2, 2021, the CNMI had a \$1,829,206.95 balance in its line-of-credit and \$1,541.74 in balance in program income which was 1.90 times its annual grant for the CDBG timeliness test. Accordingly, the CNMI was in compliance with 2.00 CDBG timeliness standard for insular areas in accordance with 24 CFR 570.902.

CNMI's next official CDBG timeliness test will take place on August 2, 2022. CNMI's current CDBG timeliness ratio is 2.60. The CNMI's timeliness ratio includes \$2,524,427.63 line of credit balance and \$797.51 balance in program income. The CNMI's current 2.60 ratio does not take into account if the CNMI has any CDBG program income not receipted in IDIS. CDBG program income cash balances on hand will be calculated in the official timeliness test. The CNMI must expend a minimum of \$584,393 (not including unreceipted program income) in CDBG entitlement funds between now and August 2, 2022 to pass the CDBG timeliness test. A slowdown in CDBG expenditures combined with an increase in CDBG program income receipts may negatively impact the CNMI's ability to meet timeliness requirements. The CNMI should carefully review its anticipated CDBG program income and expenditures, monitor program income receipts and CDBG draws for the next few months and take any necessary steps to increase the CDBG drawdown to meet the timeliness standard.

The CNMI needs to complete the following pending at-risk activities and bring them into national objective compliance: Activity 694 Super Typhoon Yutu Debris Removal, Activity 718

CDBG-CV Planning and Administrative Costs for the Purchase of Mobile Clinic for the Commonwealth Healthcare Corporation, and Activity 728 CDBG-CV Food Pantry Program by the Center for Living Independently to prevent, prepare, and respond to COVID-19. In addition to the above identified pending at-risk activities, CNMI has slow moving CDBG activities that did not draw down any CDBG funds in PY 2020: Activity 732 Purchase of Two Wildland Trucks for the CNMI Department of Fire and Emergency Medical Services and Activity 733 Purchase of Personal, Protective Equipment for the Department of Fire and Emergency Medical Services. The CNMI needs to closely monitor these pending at risk and slow-moving activities and ensure that they progress in a timelier manner.

HOME

The CNMI received \$463,940 in PY 2020 HOME funds and allocated funds for the NMHC's Homeowner Rehabilitation Program. The CNMI also has remaining prior year HOME funds allocated for NMHC's Homebuyer Program and Homeowner Rehabilitation Program. During the program year, the CNMI expended \$336,924.86 HOME funds on homebuyer activities.

CNMI updated the NMHC's Homebuyer Program and Homeowner Rehabilitation Program written policies and procedures to address current market conditions, to reevaluate the loan and subsidy options for CNMI's low-income target households, and to bring them into compliance with HOME program requirements under 24 CFR 92. The process spanned two program years and concluded on November 10, 2020, when HUD approved the final version of the NMHC's Homebuyer Program and Homeowner Rehabilitation Program.

With NMHC's policies and procedures finalized and approved at the start of the program year, CNMI was able to assist low-income homebuyers purchase their homes. CNMI committed HOME funds to provide homebuyer assistance to assist six low-income homebuyers purchase their homes and completed one homebuyer activity during the program year. CNMI did not have any open or completed homeowner rehabilitation activity to assist low-income existing homeowners bring their homes up to housing code during the program year.

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. 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.

To meet the next HOME program expenditure requirement for PY 2015 HOME funds which occurs on September 30, 2023, the CNMI needs to expend and drawdown \$190,154 in PY 2015 HOME funds before September 21, 2023. These funds, if not expended by the deadline, will be deobligated. Although CNMI expended and drew down \$336,924.86 in HOME funds

during the reporting period, none of those funds expended and drawn were PY 2015 HOME funds. Furthermore, the CNMI has not expended and drawn down its PY 2015 HOME funds since September 2019.

The CNMI has HOME funds from PY 2015 through PY 2020 totaling \$1,902,506.62 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. The CNMI should monitor HUD announcements if HUD should decide not to extend its suspension of the 24-month commitment requirement. In addition, CNMI should evaluate uncommitted funds to ensure that the community is assisted with available resources.

The CNMI has two HOME funded projects that are slow moving: Homebuyer Program and Homeowner Rehabilitation Program. The CNMI needs to closely monitor these projects and ensure that they progress in a timelier manner. Failure to complete these projects in a timely manner may result in repayment of HOME funds.

In addition to regular HOME funds, HUD awarded CNMI \$1,692,522 in HOME America Rescue Plan (HOME-ARP) program funds at the end of the program year. Upon execution of the grant agreement on September 20, 2021, CNMI obtained access to five percent (\$84,626.10) of the total award for administrative and planning costs. Before HUD can make available to the CNMI the remaining HOME-ARP award of \$1,607,895.90, the CNMI needs to submit to HUD the CNMI's HOME-ARP Allocation Plan.

ESG

The CNMI received \$79,870 in ESG funds for PY 2020. Additionally, the CNMI received \$1,090,639 in ESG-CV funds for homeless assistance and homeless prevention activities to prepare, prevent, and respond to COVID-19 and mitigate the impacts of COVID-19 among individuals and families who are homeless. During the reporting period, the CNMI expended \$40,845.53 in ESG funds and \$1,046,505.50 in ESG-CV funds and carried out three activities funding rapid rehousing, homeless prevention, Homeless Management Information System (HMIS), and administration. CNMI reported that a total of 193 persons in 50 households received rapid rehousing assistance and a total of 271 persons in 69 households received homeless prevention assistance during the program year.

ESG funds must be expended within 24 months of the grant award. The CNMI missed its PY 2018 ESG Program Expenditure Deadline which occurred on October 3, 2020 with a shortfall of \$0.10. Although the deadline passed, HUD allowed the CNMI to expend its remaining PY 2018 ESG funds. The CNMI took until March 1, 2021 to fully expend and draw down its PY 2018 ESG funds.

The CNMI also failed to expend its ESG PY 2019 funds by the October 23, 2021 deadline with a \$11,622.31 shortfall. Although the deadline passed, HUD allowed the CNMI to expend its remaining PY 2019 ESG funds by September 30, 2022. Should CNMI fail to expend

and drawdown its remaining PY 2019 ESG by the extended deadline, HUD may deobligate the balance of PY 2019 ESG funds in IDIS on October 1, 2022.

Furthermore, the CNMI has not committed and has not expended any of its PY 2020 and PY 2021 ESG funds. To meet the ESG expenditure deadlines for these grants, the CNMI needs to commit, expend, and drawdown \$79,870 in PY 2020 ESG funds before June 1, 2023 and \$79,644 in PY 2021 ESG funds before December 8, 2023.

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. CNMI met the ESG-CV 20 percent expenditure deadline on September 30, 2021. To date, CNMI expended and drew down 97.64 percent of its ESG-CV funds putting the CNMI in position to exceed the ESG-CV 80 percent expenditure deadline on March 31, 2022. To meet the final expenditure deadline, the CNMI needs to expend and drawdown its balance of \$25,698.39 before September 30, 2022.

Continuum of Care

During PY 2020, the NMHC was the collaborative applicant for the Northern Mariana Islands Continuum of Care (CoC) known as the CNMI Homeless Prevention Coalition and the recipient of CoC planning grants. NMHC expended only 27.64 percent of its fiscal year 2018 CoC planning grant that expired on September 30, 2020 and left \$10,307.51 to be deobligated. During the reporting period, NMHC did not expend any of its fiscal year 2019 CoC planning grant of \$13,3983, for which the grant agreement was executed on February 24, 2021. The NMHC also did not sign its fiscal year 2020 CoC planning grant agreement for \$15,509 that HUD sent to NMHC on July 19, 2021. During a January 19, 2022 web meeting, NMHC communicated its intent, after consulting with the CNMI Homeless Prevention Coalition, to return its fiscal year 2019 CoC planning grant with no funds drawn and fiscal year 2020 CoC planning grant agreement unsigned. NMHC explained that NMHC and the CNMI Homeless Prevention Coalition came to the difficult decision after considering the group's current capacity to undertake all the responsibilities of planning and operating a CoC, struggles to establish a coordinated entry system, expand its membership, and regularly conduct meetings of the full membership.

Despite the CoC struggles, NMHC did collaborate with government and nonprofit organizations serving the homeless to plan and execute activities serving the homeless including CDBG-CV funded emergency housing assistance, and ESG and ESG-CV funded rapid rehousing and homeless prevention assistance.

HUD encourages the NMHC to continue its work with government agencies, nonprofit organizations, and the CNMI Homeless Prevention Coalition in their shared goal to develop a plan to more comprehensively integrate a system of housing and services to assist individuals and families who are homeless.

Community Empowerment

As part of its Consolidated Plan, the CNMI 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. The CNMI reported that no oral or written comments were received. HUD encourages the CNMI to continue its efforts to foster public participation and encourages the CNMI to explore additional opportunities to involve the public in its planning process.

Management of Funds

Although the CNMI passed the CDBG timeliness test on August 2, 2021 with a timeliness ratio of 1.90, the CNMI is in danger of missing its next official CDBG timeliness test that will take place on August 2, 2022. CNMI's current CDBG timeliness ratio is 2.60. The CNMI's timeliness ratio includes \$2,524,427.63 line of credit balance and \$797.51 program income balance in IDIS. The CNMI's current 2.60 ratio does not take into account if the CNMI has any CDBG program income not receipted in IDIS. CDBG program income cash balances on hand will be calculated in the official timeliness test. The CNMI must expend a minimum of \$584,393 (not including unreceipted program income) in CDBG entitlement funds between now and August 2, 2022 to pass the CDBG timeliness test.

To meet the CNMI's approaching HOME program expenditure requirement for PY 2015 HOME funds which occurs on September 30, 2023, the CNMI needs to expend and drawdown \$190,154 in PY 2015 HOME funds before September 21, 2023. These funds, if not expended by the deadline, will be deobligated.

The CNMI met the ESG-CV 20 percent expenditure deadline on September 30, 2021. To date, CNMI expended and drew down 97.64 percent of its ESG-CV funds putting the CNMI in position to exceed the ESG-CV 80 percent expenditure deadline on March 31, 2022. The CNMI needs to expend and drawdown its balance of \$25,698.39 before September 30, 2022, the final ESG-CV expenditure deadline.

The CNMI failed to expend its ESG PY 2019 funds by the October 23, 2021 deadline with a \$11,622.31 shortfall. Although the deadline passed, HUD allowed the CNMI to expend its remaining PY 2019 ESG funds by September 30, 2022. These funds, if not expended by the extended deadline may be deobligated.

The CNMI has not committed and has not expended any of its PY 2020 and PY 2021 ESG funds. To meet the ESG expenditure deadlines for these grants, the CNMI needs to commit, expend, and drawdown \$79,870 in PY 2020 ESG funds before June 1, 2023 and \$79,644 in PY 2021 ESG funds before December 8, 2023.

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

Areas for Improvement and Recommendations

Areas for improvement and recommendations are included in the respective program sections above. The CNMI 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.

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. CNMI 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 CNMI's Analysis of Impediments (AI) document.

Conclusion

HUD has determined that the CNMI is generally meeting the intent of the CPD programs, although there is concern over the timely implementation of activities and expenditure of CDBG, HOME, and ESG funds.

Overall, the CNMI is addressing community needs by planning executing a Consolidated Plan with a vision for the future and by implementing this Plan through its Action Plan. As a result, the CNMI has assisted the entire community, especially low- and moderate-income individuals. HUD encourages the CNMI to continue its support of various housing and community development programs and wants to recognize the NMHC staff for their dedication to the CPD programs. HUD will continue to work with the CNMI to improve the efficiency and effective administration of CPD programs.