



# Guam Housing Corporation

## Kotporasion Ginima' Guåhan

### Citizen-Centric Report

Fiscal Year 2020 (October 2019 to September 2020)



#### TABLE OF CONTENTS

About Us..... 1  
 Our Performance..... 2  
 Our Finances..... 3  
 Challenges and Outlook... 4

#### BOARD OF DIRECTORS

Francisco Florig  
*Chairman*

Tomas Flores  
*Vice-Chairman*

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*Secretary*

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*Member*

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*Member*

Gabriel A. Jugo  
*Member*

Cecilia G. Mantanona  
*Member*



Edith C. Pangelinan  
*Acting President*



Angela M. Camacho  
*Manager*

#### ABOUT US

Guam Housing Corporation was created through Public Law 8-80 on August 21, 1965. Our mandate is to help individuals and families secure mortgage financing who cannot otherwise qualify as borrowers through conventional means. We are authorized to engage in housing activities including development of residential subdivisions and construction of housing for rental or resale. As part of our programs, GHC owns 125 houses in Dededo and 24 apartment units in Yigo providing rental opportunities for low to moderate income families.

#### OUR MISSION

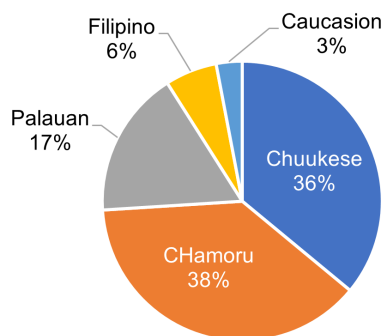
To create and preserve sustainable communities through innovative financing and the development of affordable housing in our community.

#### OUR GOALS

- Increase the number of first-time, low to moderate income families realizing their dream of homeownership.
- Secure lower interest rates, infrastructure needs, and pursue newer technologies in home construction.
- Pursue the research and planning of the development of affordable homes.

DEMOGRAPHICS	FY 2019	FY 2020	% Change
# of employees	22	23	5%
# of loans at the end of the fiscal year	362	341	(6%)
# of rental units	148	148	0%
# of active tenants	109	104	(5%)
Average interest rate for first mortgage closed	4.9%	4.0%	(18%)

#### ACTIVE TENANT COMPOSITION



#### MANAGEMENT AND STAFF

##### EXECUTIVE DIVISION

Patricia M.Q. Kier  
Audrey Topasña

##### ADMINISTRATION DIVISION

Cassandra Santos  
Arleen Ada

##### ACCOUNTING DIVISION

Alysia Leon Guerrero  
Robert Sabang  
Christine Torres  
Mel Baldoz

##### LOAN DIVISION

Mary Guerrero  
Emily Flores  
Susymae Santos  
Linda Charfauros  
Lynn Arnaiz

##### RENTAL DIVISION

John Potter  
Deborah Santos

##### MAINTENANCE DIVISION

John Muña  
Paul Techaira  
Brian Asuncion  
Randy Barcinas  
Edward Aguon, Jr.  
Albert Molo

For more information, please visit our website at [www.guamhousing.org](http://www.guamhousing.org).

## GHC LOAN PROGRAMS

### REGULAR LOAN PROGRAM

The interest rate is prevailing rate plus 2% for a term up to 30 years.

### SIX PERCENT PROGRAM

The interest rate is no lower than 4.00% and no higher than 6.00% for a term up to 30 years.

### COMMUNITY AFFORDABLE HOUSING ACTION TRUST (CAHAT) PROGRAM

An interest free rate on a second mortgage designed as a down payment assistance program for first-time homeowners for a term up to 30 years.

### FIRST-TIME HOMEOWNER ASSISTANCE PROGRAM (FTHAP)

GHC is the Administrator of the FTHAP. Eligible recipients are provided a grant up to \$10,000 or 4% of the total purchase price or construction cost of the home including closing costs. There are currently eleven (11) other participating financial institutions. In fiscal year 2020, thirty-nine (39) families were awarded totaling \$343,431, an increase of 15% compared to last fiscal year.

HOUSING MORTGAGE	FY2019	FY2020	% CHANGE
# of mortgages processed	106	59	(44%)
# of mortgages approved	19	10	(47%)
# of mortgages closed	20	10	(50%)
# of FTHAP grants processed	58	41	(29%)
# of FTHAP grants approved	33	40	21%
# of FTHAP grants closed	34	39	15%
# of mortgage loan payoffs	30	30	0%
# of accounts resolved	14	9	(36%)
# of accounts foreclosed	1	0	(100%)
Mortgage delinquency rate	9%	15%	67%

Under the Governor's Executive Order 2020-07, GHC was prohibited from proceeding with any evictions or foreclosures due to COVID-19. As a result, GHC experienced a substantial decrease in the loan and rental applications, mortgage approvals, and an increase in the mortgage delinquency rate.

#### DEFINITIONS

- Processed:** Applications that have been reviewed for eligibility.
- Approved:** Applications that have been determined eligible, approved, and funds committed.
- Closed:** Documents that were completed, signed, and funds disbursed.



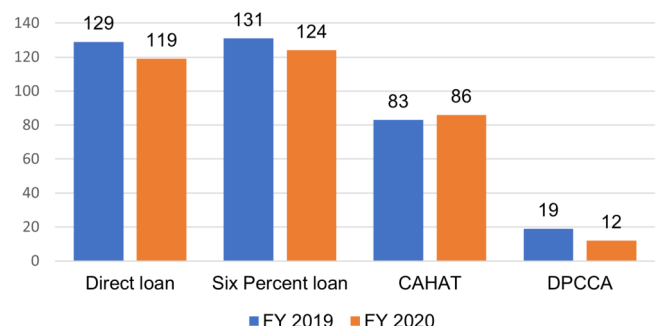
Thirty-nine (39) families were recipients of the First-Time Homeowners Assistance Program (FTHAP) Grant during fiscal year 2020.

Pictured with the families (L-R): Lt. Governor Joshua Tenorio, Governor Lou Leon Guerrero, Speaker Tina Muña-Barnes, and Senator Joe S. San Agustin.

RENTAL UNITS	FY2019	FY2020	% CHANGE
# of applications processed	37	11	(70%)
# of evictions	13	0	(100%)
# of families placed on emergency housing	9	6	(33%)
# of homeless placed	3	2	(33%)
# of units for major repairs	26	33	27%
# of maintenance work order requests	568	430	(24%)
# of delinquent accounts	81	66	(19%)
Vacancy rate	26%	28%	8%
Rental delinquency rate	14%	13%	(7%)

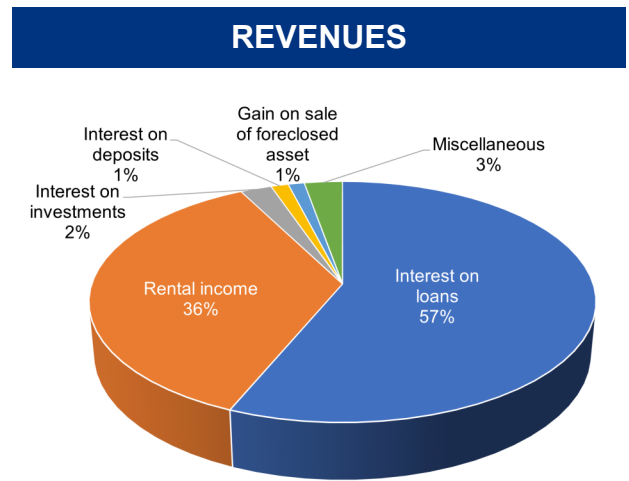
The reduction in the # of delinquent accounts and the rental delinquency rate is attributed to the write-off of 28 former tenants' unpaid accounts.

### GHC Loan Portfolio



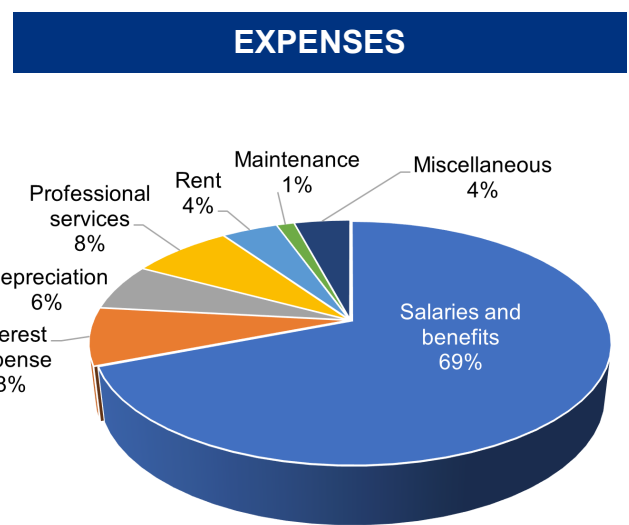
REVENUES	FY 2019	FY 2020	% Change
Interest on loans receivable	\$ 1,534,866	\$ 1,337,222	(13%)
Rental income	867,991	857,041	(1%)
Interest on investments	52,720	54,719	4%
Interest on deposits	48,261	30,576	(37%)
Gain on sale of foreclosed asset	57,188	28,100	(51%)
Miscellaneous*	72,615	66,558	(8%)
<b>Total</b>	<b>\$ 2,633,641</b>	<b>\$ 2,374,216</b>	<b>(10%)</b>

\*Miscellaneous revenues include late fees, administrative fees, and other revenues.



EXPENSES	FY 2019	FY 2020	% Change
Salaries and benefits	\$ 1,679,884	\$ 1,743,330	4%
Interest expense	202,973	192,477	(5%)
Depreciation	186,037	155,254	(17%)
Professional and contractual services	205,603	189,628	(8%)
Rent	105,054	105,054	0%
Maintenance	70,252	32,802	(53%)
Retiree supplemental and benefits	(623,856)	(365,880)	41%
Miscellaneous*	80,215	104,968	31%
<b>Total</b>	<b>\$ 1,906,162</b>	<b>\$ 2,157,633</b>	<b>13%</b>

\*Miscellaneous expenses include loss on foreclosed assets, supplies, utilities, advertisements, training, emergency housing, bond trustee fees, director fees, and other expenses.



## SIGNIFICANT CHANGES EXPLAINED

Total revenues decreased by 10% mainly from:

- Interest on loans due to a reduced number of loans on hand, and the weighted average interest rate.
- Interest on deposits due to the weighted average interest rate on bank accounts; and lower interest rates on the Certificate Deposits and checking accounts due to the COVID-19 pandemic.
- Gain on sale of foreclosed assets due to the location and poor condition of the property sold.

Total expenses increased by 13% mainly from:

- Retiree supplemental and benefits credits were lower due to the OPEB and pension liability.
- Salaries and benefits increased due to a new hire of one (1) personnel assigned to research grant funding and assist with GHC's mandates. Furthermore, some of GHC's personnel assisted our local government's COVID-19 activities.
- Miscellaneous expenses increased due to retrofitting the customer service areas and personnel workstations; purchases of personal protective equipment and sanitizing supplies due to the COVID-19 pandemic; and the loss on foreclosed assets.



## OUR CHALLENGES

### AFFORDABLE HOUSING INVENTORY

The availability of homes for purchase in the low to moderate price range poses a challenge to borrowers as the affordable home inventory continues to decrease. Very few homes in this price range are listed as most homes are currently priced well above what low to moderate income residents are qualified to borrow. Furthermore, borrowers choosing to construct homes are facing similar challenges.

### RENTAL HOUSING MARKET

The rental market continues to see rates priced beyond the reach of low to moderate income families due in large part to the higher rents paid by the Military market in Guam. An increase in affordable rental units is crucial. GHC is challenged with renovating our aging rental units to add to the inventory of affordable rental units for families in the low to moderate income range.

### COVID-19

The financial impact of the COVID-19 pandemic was felt throughout Guam. Thousands of workers experienced furloughs or a reduction in work hours. Both mortgagors and tenants have experienced difficulties managing their financial obligations. As a result, delinquencies in loans have increased. GHC is challenged with identifying tools and strategies to assist in navigating these unprecedented financial difficulties.



The GHC Maintenance Team participated in the Islandwide Beautification Clean-Up 2020, "Give Us A Moment" on July 31, 2020. They cleaned up both sides of Route 4 in Hagåtña from Kepuha Loop to Agana Shopping Center.



GHC retrofitted a dutch door with clear plexiglass at its ITC office to ensure safety when receiving payments, loan applications, and documents.

## OUR OUTLOOK

The following are upcoming projects and events for fiscal year 2021:

- Renovate approximately 25 rental units at the Lada Gardens properties to increase the inventory of affordable rental units.
- Administer and implement the COVID-19 Mortgage Relief Program. An emergency relief program for mortgagors that experienced a reduction in their household income from COVID-19 related circumstances.
- Implement the amended Home Improvement Loan Program to expand our current loan services.
- Apply for a mitigation grant to support the installation of typhoon shutters for 33 units at the Lada Gardens properties.



GHC Rental Office has installed a walk-up window for applicants to submit their documents and for tenants to make payments.