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Guam Housing Corporation's FY 2016 Citizen-Centric Report

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Guam Housing Corporation
Kotporation Ginima' Guåhan
Fiscal Year 2016 Citizen-Centric Report

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GHC'S MISSION

Founded in 1965 Guam Housing Corporation was established for the purpose of providing mortgage financing for first time homeowners in the low to moderate income range, borrowers whom may otherwise not be able to obtain financing.

As part of its program Guam Housing Corporation owns 125 houses and 24 apartment units for providing rental opportunities for low to moderate income families.

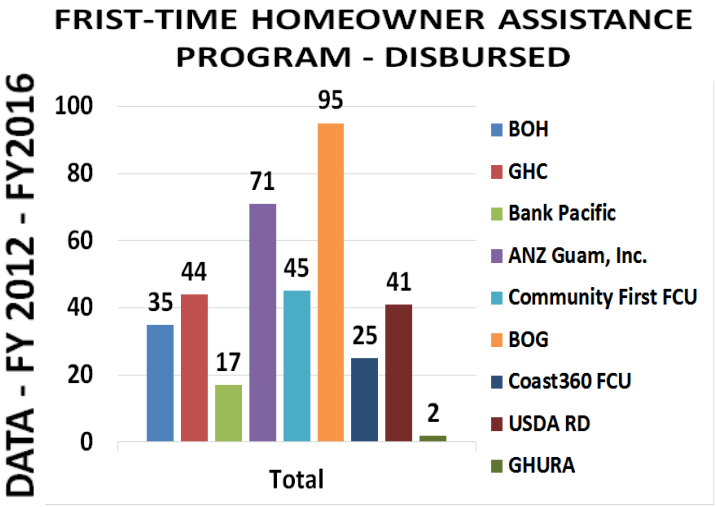
GHC'S GOALS

- Ensure that everyone has the opportunity to be a homeowner and that the corporation has the resources to fund these programs.
- To assist in securing funding sources for low to moderate income families with lower interest rates, infrastructure needs, or to seek, newer technologies for lower costs in home construction.
- To secure funding for the programs under the Housing Trust Fund, ie First Time Homeowner Assistance Program.
- To promote the development of affordable homes.

DEMOGRAPHICS

Description	2016	2015
Employees	23	26
Loans at the end of the fiscal year	401	411
Average loan amount closed for first mortgages	$ 125,613	$ 149,308
Average interest rate for first mortgages closed	4.45%	4.65%
Occupied rental units at the end of the fiscal year	123	120
Vacant rental units at the end of the fiscal year	26	29
Foreclosed properties held for resale at the end of the FY	4	5

The First-time Homeowners Assistance Program (FTHAP) provides eligible recipients a grant up to $10,000 to be applied to their down payment and closing costs. The table on the right shows the participating lenders and the amount of grants disbursed with each lender for FY 2012 to FY 2016.



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OUR PERFORMANCE

Description	2016	2015
Housing Division		
Prequalification interviews	406	438
Housing applicants processed	525	233
Loans approved	14	19
Loans closed	16	14
Grants processed	72	130
Grants approved	71	131
Grants disbursed	53	121
Loans packaged for Veteran Affairs	0	1
Trust fund disbursements	615	612
Foreclosures	1	0
Foreclosed property sold	2	0
Rental Division		
Rental applicants processed	71	101
Applicants approved	43	65
Evictions	26	11
Units renovated	0	4
Responses to service calls	530	574
Emergency housing families placed	7	8
Homeless placed	13	17

Newly completed home



Because the Lada rental units are over 50 years old, both major and minor repairs are needed to maintain these homes. The major renovations include changing out worn electrical wiring, impaired interior walls, counter tops, cabinets, tiles, doors and metal louvers to glass windows. There are 6 vacant units in need of major renovations, which is causing part of the high vacancy rate, and are pending funding. As shown in the table on the left, numerous service calls were made for these aged units mostly due to deteriorating plumbing and sewer.



Vacant Lada house in need of major repairs

Another 14 families realize home ownership through the FTHAP grant. (Families photo with GHC staff)



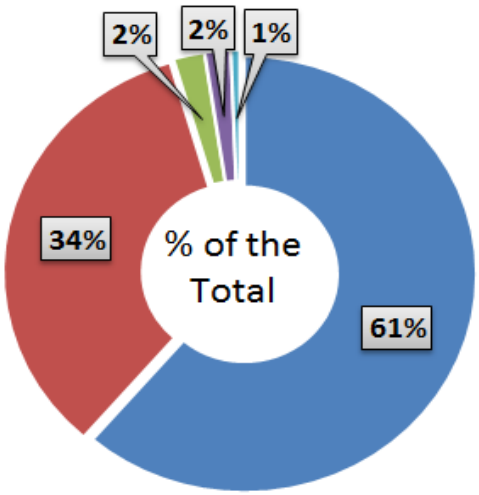
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OUR FINANCES

REVENUES AND EXPENSES

FY 2016 Revenue



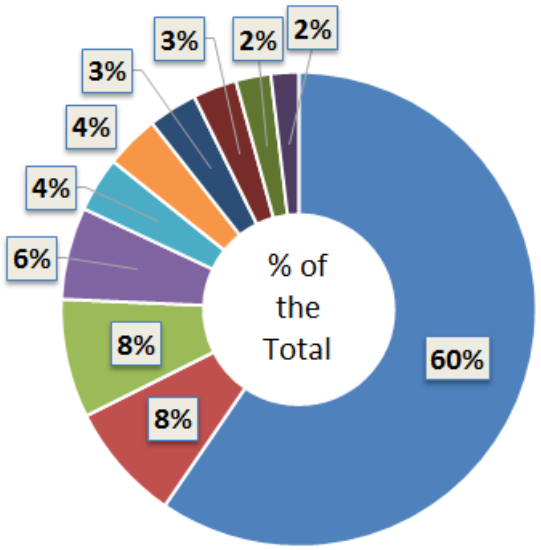
Revenue Sources	FY 2016	FY 2015	% Change
Interest on loans receivable	$1,540,861	$1,559,195	-1.18%
Rental Income	$ 856,680	$ 879,291	-2.57%
Interest on bond investments	$ 54,219	$ 79,619	-31.90%
Other Income	$ 44,645	$ 55,359	-19.35%
Interest-bearing deposits	$ 15,473	$ 14,275	8.39%
Total Revenue	**$2,511,878**	**$2,587,739**	**-2.93%**

Significant Changes to Revenues

Interest on Investment Held by Bond Trustees decreased due to the decrease in market value and the decrease in the Investment Held by Bond Trustee

FY 2016 Expense

Expenses	FY 2016	FY 2015	% Change
Salaries and benefits	$1,711,157	$1,484,781	15.25%
Interest expense	$ 232,278	$ 241,017	-3.63%
Retiree expense	$ 232,125	$ 224,961	3.18%
Depreciation	$ 180,994	$ 178,360	1.48%
Other	$ 107,507	$ 89,010	20.78%
Rent	$ 105,054	$ 105,054	0.00%
Professional services	$ 96,486	$ 105,143	-8.23%
Contractual services	$ 85,867	$ 96,771	-11.27%
Loss on sale of foreclosed asset	$ 68,577	$ -	100.00%
Maintenance expense	$ 54,185	$ 72,773	-25.54%
Impairment loss on foreclosed assets	$ -	$ 112,210	-100.00%
Total Expenses	**$2,874,230**	**$2,710,080**	**6.06%**



Significant Changes to Expenditures

Salaries and Benefits increased due to the increase in the net pension liablility.
Other expense increased due to the disbursements of four grants totaling $26,339 from GHC's funds due to the lack of DOA funds. In fiscal year 2015 no grants were disbursed under GHC's funds.
In fiscal year 2016, there was a net loss of $68,577 from the sale of two foreclosed properties
Loss on impaired assets was recorded in fiscal year 2015 due to the decrease in appraisal value of two of the foreclosed properties.

An independent audit was conducted, resulting in a clean audit opinion. To view the complete audited financial statements, visit http://guamhousing.org/.

CHALLENGES MOVING FORWARD

1. The Housing Trust Fund Initiative,

Visit our website at guamhousing.org

A. Funding:

GHC has come a long way in garnering strong support from many of the major players in obtaining a permanent funding source in favor of the "Housing Trust Fund Act". It is accepted that these programs are of great importance in solving many of Guam's housing problems. Even though the corporation has been successful in securing escheated funds for one of the housing programs (The First Time Homeowner Program) it is still short in meeting the many other housing needs.

GHC continues to investigate the funding sources as practiced in other housing trust fund programs across the country including the use of:

- Penalties on late payment of Real Property taxes
- Fees on the transfer of Real Property

B. Programs:

There are home or housing problems that other lenders, non-profit housing corporations or HUD can not help with and that is where Guam Housing Corporation steps in;

- First-Time Home-Owner Assistance program
- Solutions for the island's homeless families
- Funding Land Trust applicants
- Financing alternative building systems
- Financing for first time home-owners, who have not been accepted by other lenders, etc.

All of which, plus others, are in use successfully across the country, however the funds in many of the sources noted above are already being used for other programs or otherwise out of reach.

GHC is appreciating a measured progress in securing a solid funding source in ensuring the success of the Housing Trust Fund Act, and its housing programs, however, there is still a long way to go.

2. Partnership:

GHC is also continuing the pursuit of developing affordable housing through alternative building systems. An Invitation For Design Submission (IDS) was announced to potential developers interested in constructing affordable homes by utilizing cost effective materials (i.e., metal, composite concrete, fiber panes, etc,…) to significantly reduce the price of building a home. Collaboration with Chamorro Land Trust Commission and Department of Land Management resulted in indentifying ten (10) lots in the Sagan Linahyan Subdivision to build model homes from these materials to promote interest and market affordable/ alternative building systems. The first of many model homes have been completed with more soon to follow. These alternative buildings will make the Guamanian dream of home ownership a reality for many.



Model Home: 3 bedroom, 2 bathrooms for approximately $130,000.

We want to hear from you. Do you like this report? Do you think it should include any other information? Please let us know by contacting Alysia Leon Guerrero at 647-4143 ext. 130 or via email at alysia.leonguerrero@ghc.guam.gov