

# Grantee: Northern Mariana Islands

## Grant: P-19-MP-69-0DD2

October 1, 2021 thru December 31, 2021

<b>Grant Number:</b> P-19-MP-69-0DD2	<b>Obligation Date:</b>	<b>Award Date:</b>
<b>Grantee Name:</b> Northern Mariana Islands	<b>Contract End Date:</b>	<b>Review by HUD:</b> Reviewed and Approved
<b>Grant Award Amount:</b> \$254,324,000.00	<b>Grant Status:</b> Active	<b>QPR Contact:</b> No QPR Contact Found
<b>LOCCS Authorized Amount:</b>	<b>Estimated PI/RL Funds:</b> \$0.00	
<b>Total Budget:</b> \$254,324,000.00		

### Disasters:

#### Declaration Number

FEMA-4396-MP  
FEMA-4404-MP

### Narratives

#### Disaster Damage:

Disaster Damage:

Typhoon Mangkhut and Super Typhoon Yutu wreaked havoc in the Commonwealth of the Northern Mariana Islands (hereafter referred to as the “CNMI”). The two back-to-back storms in September and October, 2018, respectively, caused significant destruction to housing, infrastructure, and the economy; the total damage estimated at \$1,101,238.843. The entire population—53,883—was impacted by the devastation brought on by the storms.

The islands of Saipan, Tinian, and Rota were in the path of Typhoon Mangkhut with sustained winds of 100 mph when the eye passed over Rota. Mangkhut damaged homes, caused power outages and knocked down power poles, flooded some areas, and uprooting large trees. Similarly, Super Typhoon Yutu left major damage and was a direct hit to the Islands. The overall economy and the destruction of housing were profound and critical infrastructure was compromised. The effects of both Typhoon Mangkhut and Super Typhoon Yutu continue to be wide-ranging. The islands’ main power lines were ripped apart from the over 200 mph winds, shutting down power to homes for weeks. Roadways were littered with downed power lines, tree branches, and debris. Cars were destroyed by debris and severe wind damage occurred that resulted in overturned vehicles. Multiple educational institutions as well as the local college were completely destroyed and rendered inoperable. The Saipan International Airport sustained significant damage, terminals flooded, and navigation aids were rendered inoperable. There was also the complete destruction of Saipan’s commuter terminal servicing Tinian and Rota. Initial impacts from Super Typhoon Yutu closed the Saipan International Airport for twenty (20) days with eight (8) airlines canceling flights for 22 days. Five (5) hotels sustained major damage and major tourist sites were also heavily damaged. In November 2018 following the disaster, the visitor rate dropped by 42,000 as compared to the same month from the previous year. These storms had major

impacts on employment, housing, infrastructure, and tourism. While it is nearly impossible to capture the full extent of damage to businesses affected by the storms, the impact of Typhoon Mangkhut and Super Typhoon Yutu on the CNMI's economy, small businesses, and the workforce was significant and remains a critical area of concern. Businesses, both large and small, were directly impacted by the storms, through

**Disaster Damage:**

damage to property, loss of inventory, and forced business closures and indirectly, in the form of damage to critical enabling infrastructure (i.e. power outages and blocked roads).

The CNMI's small businesses were hit especially hard given their limited access to finance and resources to withstand and recover from such devastation in furtherance worsening the challenge of recovery after the storms. The revitalization of the economy depends heavily on the renewed health of these small businesses. Projected overall business revenue for the 1st quarter of FY 2019 following the disaster event, fell by 14.53%. In total, based on a conservative outlook for the first quarter of Fiscal Year 2019, the estimated total loss in direct economic activity caused by Super Typhoon Yutu alone was \$51,586,476.69. The estimated total loss in indirect economic activity was \$83,570,092.23. (Source Marianas Visitors Authority). There are no funds available or other identified resources to address the remaining unmet need for economic development, therefore CDBG-DR funds are the only resource.

**Recovery Needs:**

Recovery Needs

Housing

There are approximately 20,850 units (4,537 Owner-occupied units; 11,498 renter-occupied units; and 4,815 vacant units) in the Commonwealth of the Northern Mariana Islands combined, per the 2010 census data. Of the 20,850 housing units on the Islands and supported by data from the Red Cross, it is estimated that over 90% of the households suffered damage from the typhoons. Based on FEMA data (January 2019) 545 homes were destroyed, 2,291 had serious damage and the remaining households suffered minor damage. Approximately, 9,327 households applied for FEMA assistance. Of the households that applied for assistance, 2,291 units were declared having major damage, 4,104 with minor damage, and 239 units were completely destroyed. The cost of construction and materials has increased significantly and so has labor making it difficult to support building the homes.

Public Infrastructure

The CNMI has identified over \$680 million in potential infrastructure projects. This results in a remaining unmet need of over \$526 million. These programs and projects are intended to benefit the Islands as a whole while helping to address the remaining unmet housing need. There are over 275 projects submitted that need assistance. The estimated total value of these projects as mentioned above is over \$680 million. There are no funds available or other identified resources to address the remaining unmet need for infrastructure.

**Recovery Needs:**

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Economic Development

Tourism is the largest economic activity in the CNMI. In 2017, the total value of tourism within the CNMI economy amounted to \$1.1 billion, or 72% of overall Gross Domestic Product. The accommodations and amusement sector provided an average of 21.5% of total employee compensation within the Commonwealth. (Source: U.S. Bureau of Economic Analysis. 2018)

Total tourist arrivals in November 2018 were 5,595 with 44% of arrivals coming from destinations other than the CNMI’s top three markets of Japan, China, and Korea. In total, arrivals for the month fell by 88.35% or 42,444, marking the sharpest year-over-year downturn in recent history. Due to the influence of the tourism industry in the CNMI and the scale of the disaster brought by Super Typhoon Yutu and Typhoon Mangkhut, the impacts were wide-ranging and pronounced.

Historically, the economy relies mainly on tourism and the garment manufacturing sector. However, the economy continued to decline as a number of garment related businesses have closed.

According to the U.S. Department of Commerce Bureau of Economic Analysis, the Gross Domestic Product (GDP) increase reflected in the years 2016 and 2017 were due largely in part to increases in accommodations and amusement. These sectors are mainly driven by the tourism industry where the casino played a large role in attracting visitors to the islands.

In contrast, the effects of Super Typhoon Yutu dramatically reduced the number of visitors to the CNMI by 21.5% in 2018. Exports of services, due to decreased visitor spending, decreased by 38.8%. Revenues from casino gambling decreased by over 50% as well. In summary, the CNMI economy’s decline was due to the reduction in the export of services as well as a decrease in private investment.

Overall	This Report Period	To Date
<b>Total Projected Budget from All Sources</b>	\$4,000,000.00	\$254,324,000.00
B-19-DV-69-0001	(\$645,682.00)	\$188,652,000.00
B-19-DV-69-0002	\$4,645,682.00	\$65,672,000.00
<b>Total Budget</b>	\$4,000,000.00	\$254,324,000.00
B-19-DV-69-0001	(\$645,682.00)	\$188,652,000.00
B-19-DV-69-0002	\$4,645,682.00	\$65,672,000.00
<b>Total Obligated</b>	\$927,389.10	\$96,676,689.00
B-19-DV-69-0001	(\$36,606.00)	\$39,646,888.00
B-19-DV-69-0002	\$963,995.10	\$57,029,801.00
<b>Total Funds Drawdown</b>	\$713,234.11	\$2,480,063.49
B-19-DV-69-0001	\$0.00	\$0.00
B-19-DV-69-0002	\$713,234.11	\$2,480,063.49
<b>Program Funds Drawdown</b>	\$713,234.11	\$2,480,063.49
B-19-DV-69-0001	\$0.00	\$0.00
B-19-DV-69-0002	\$713,234.11	\$2,480,063.49
<b>Program Income Drawdown</b>	\$0.00	\$0.00
B-19-DV-69-0001	\$0.00	\$0.00
B-19-DV-69-0002	\$0.00	\$0.00
<b>Program Income Received</b>	\$0.00	\$0.00
B-19-DV-69-0001	\$0.00	\$0.00
B-19-DV-69-0002	\$0.00	\$0.00
<b>Total Funds Expended</b>	\$829,224.28	\$3,017,671.21
B-19-DV-69-0001	\$0.00	\$0.00
B-19-DV-69-0002	\$829,224.28	\$3,017,671.21
<b>HUD Identified Most Impacted and Distressed</b>	\$804,697.76	\$2,950,495.05
B-19-DV-69-0001	\$0.00	\$0.00
B-19-DV-69-0002	\$804,697.76	\$2,950,495.05
<b>Other Funds</b>	\$ 0.00	\$ 0.00
Match Funds	\$ 0.00	\$ 0.00
Non-Match Funds	\$ 0.00	\$ 0.00

Funds Expended	This Period	To Date
<b>Overall</b>		
Northern Marianas Housing Corporation1	\$ 829,224.28	\$ 3,017,671.21

## Progress Toward Required Numeric Targets

Requirement	Target	Projected	Actual
Overall Benefit Percentage	70.00%	92.95%	N/A
Minimum Non Federal Match	\$ .00	\$ .00	\$ .00
Overall Benefit Amount	\$166,434,054.50	\$221,000,121.00	\$ .00
Limit on Public Services	\$ .00	\$ .00	\$ .00
Limit on Admin/Planning	\$ .00	\$16,561,065.00	\$ .00
Limit on Admin	\$ .00	\$12,617,718.00	\$ .00
Most Impacted and Distressed	\$ .00	\$201,459,199.00	\$2,950,495.05

## Overall Progress Narrative:

The Northern Marianas Housing Corporation’s (NMHC) CDBG-DR Division respectfully reports the following 4<sup>th</sup> Quarter 2021 progress and updates:

- Housing Programs
  - Public Infrastructure Program - Updates
  - Economic Revitalization Program
    - Tourism Marketing and Promotions
    - Workforce Development Training Scholarship Program
- The Northern Marianas Technical Institute (NMTI) has timely submitted its Monthly Performance Reports (MPRs) covering the period from October 5, 2021 to January 5, 2022. NMTI submitted its third MPR on January 6, 2022.
- In its reports, NMTI notified NMHC on the following:
- Summary of Progress
    - NMTI’s Financial Aid Office has assisted numerous construction and construction-related students complete their scholarship applications. Due to the countless holidays in November, followed by the shutdown of all CNMI schools, there was a low submission rate of completed scholarship applications from students enrolled in NMTI’s construction courses. Nonetheless, measures have been taken to assist and/or proactively follow-up with students to complete and submit applications in a timely manner. NMTI Finance and Financial Aid Office have also shared data to prepare a drawdown report.
    - NMTI’s Financial Aid Office continues to follow-up on scholarship applications from interested students to address the low submission rate and improve turnover time caused entirely to the holiday season and shutdown due to the CNMI’s surge in COVID infections.
  - Issues and Decisions Reached
    - NMTI’s Financial Aid Office informed the 1<sup>st</sup> cycle of students that their scholarship applications have been approved. The agency scheduleda meeting with eligible students to redetermine eligibility and review 2<sup>nd</sup> cycle course tuition and fees. A notice to affected students was sent on December 3, 2021. The meeting tentatively scheduled on the aforesaid date was proposed since NMTI had to reschedule the November 2021 meeting due to the Governor’s Memo on Shutdown of All CNMI Schools. The latter proposed meeting had to be postponed anew since the shutdown was extended until January 3, 2022.
    - NMTI is set to meet with 1<sup>st</sup> Cycle of Students to redetermine eligibility for 2<sup>nd</sup> cycle tuition/fees on January 13, 2022. NOTE: 2<sup>nd</sup> cycle tuition/fees are required since these courses were offered prior to the effective date of the Intergovernmental Agreement. External factors, e.g., shutdown of schools due to spike in COVID-19 cases, have prolonged the process.
  - Claims/Disbursements
    - NMTI has notified NMHC that it will submit its initial claims for scholarship funds on January 14, 2022. NMHC reminded NMTI to submit the completed application forms, signed subrogation agreements, course titles and descriptions, class schedules, etc., along with its billings/invoices.

### IV. CDBG-DR Compliance

- Summary of Activities
 

This quarter, the Compliance Division has adjusted its focus towards administrative efforts including, but not limited to: modifying the Monitoring and Compliance Standard Operating Procedures pertaining to feasibility based on the amount of personnel that the division currently has, creating Section 3 Compliance Packets consisting of forms necessary for partner businesses,

and creating various types of checklists and guides related to monitoring and inspections. In addition, the division continues to work closely with ICF regarding the monitoring plan for the 2022 Calendar Year.

The division has assisted the Projects Division to aid in quality assurance of on-going projects, and those that will be commencing in the upcoming quarter, as well as updating Intergovernmental Agency Agreement addendums to provide information on Implementing Partner responsibilities, and correcting obsolete provisions. The primary focus regarding the sole contractor is assisting them and their subcontractor by providing technical assistance to ensure that they are fulfilling Davis Bacon requirements. In addition, the division has continued to review project applications. Also, the Compliance Division continues to work with the Housing Division for the completion of Duplication of Benefits reviews and providing recommendations for specific loan applicant scenarios.

2. Training

The Compliance Division has successfully participated in and completed a number of Trainings for the fourth quarter. These trainings include: Blueprint Reading, Lead-Based Paint Compliance, Davis Bacon Certified Payroll Review, and Energy Efficiency.

3. Federal Cross-Cutting Requirement Presentation/Outreach

The Compliance Division has successfully executed its first wide-ranging Federal Cross-Cutting Requirement Presentation via Zoom, encompassing the subjects of Environmental Assessments, Fair Labor and Related Acts with an emphasis on Davis Bacon and Women/Minority-Owned Business Enterprises, and Section 3. The delivery was deemed successful as a total of 18 businesses participated in the hour and a half-long virtual presentation.

4. Staffing

The Compliance Division, along with the Administrative Division, has successfully completed interviews to fill the Compliance Specialist vacancy for the island of Saipan. With the addition of this position, it will bring the total of Compliance Specialists for the island of Saipan to four. Filling the position is necessary to be able to carry out the tasks outlined in the division’s Standard Operating Procedures.

5. Goals for the Upcoming Quarter

- a. The Compliance Division will finalize the Compliance and Monitoring Policies and Procedures to reflect the modified Compliance and Monitoring Standard Operating Procedures and Process Maps.
- b. The Compliance Division will complete three Desktop Monitoring Reviews for:
  - 1. Internal Monitoring
    - 1) CNMI CDBG-DR Housing Programs
      - 1. Homebuyer
      - 2. New Construction
      - 3. Reconstruction/Rehabilitation
      - 4. Affordable Rental
  - 2. Infrastructure:
    - 1) Department of Public Works
      - 1. Apengahg Street and Ghilis Street Road Drainage Improvement Project
  - iii. Economic Revitalization
    - 1) Northern Marianas Technical Institute
      - 1. Workforce Development Training Scholarship Program

Project Summary

Project #, Project Title	This Report	To Date	
	Program Funds Drawdown	Project Funds Budgeted	Program Funds Drawdown
9999, Restricted Balance	\$0.00	(\$10,378,000.00)	\$0.00
B-19-DV-69-0001	\$0.00	\$0.00	\$0.00
B-19-DV-69-0002	\$0.00	(\$10,378,000.00)	\$0.00
ADM, Administration	\$372,830.90	\$12,617,718.00	\$1,686,467.61
B-19-DV-69-0001	\$0.00	\$9,359,548.00	\$0.00
B-19-DV-69-0002	\$372,830.90	\$3,258,170.00	\$1,686,467.61
ECO, Economic Development	\$4,713.25	\$8,660,000.00	\$4,847.59
B-19-DV-69-0001	\$0.00	\$6,423,800.00	\$0.00
B-19-DV-69-0002	\$4,713.25	\$2,236,200.00	\$4,847.59

HOU, Housing		\$272,189.53	\$123,221,100.00	\$584,344.95
B-19-DV-69-0001		\$0.00	\$91,402,726.00	\$0.00
B-19-DV-69-0002		\$272,189.53	\$31,818,374.00	\$584,344.95
INF, Infrastructure		\$62,225.40	\$105,881,835.00	\$112,259.41
B-19-DV-69-0001		\$0.00	\$78,540,837.00	\$0.00
B-19-DV-69-0002		\$62,225.40	\$27,340,998.00	\$112,259.41
PLA, Planning		\$1,275.03	\$3,943,347.00	\$92,143.93
B-19-DV-69-0001		\$0.00	\$2,925,089.00	\$0.00
B-19-DV-69-0002		\$1,275.03	\$1,018,258.00	\$92,143.93