



# NORTHERN MARIANAS HOUSING CORPORATION

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## PUBLIC NOTICE

Pursuant to Section 5 A. of the Northern Marianas Housing Corporation (“NMHC”) Community Development Block Grant Disaster Recovery (“CDBG-DR”) Program’s Action Plan (“AP”), this is to notify the general public about these proposed substantial and non-substantial amendments to the CDBG-DR AP and afford citizen participation and the opportunity to comment on these proposed amendments. The general public has thirty (30) days from publication date of this Public Notice to submit comments on these proposed changes to the CDBG-DR AP.

Substantial amendments are required when there is a change in program benefit/eligibility criteria, addition/deletion of an activity, or reallocation of substantial amounts. A substantial amendment will also be required if any program changes exceed five million dollars (\$5,000,000). Substantial amendments must provide a reasonable opportunity (at least 30 days) for citizen comment. All changes must be documented by NMHC’s CDBG-DR Program to provide both necessary and reasonable justifications. All substantial amendments will include the following:

1. The exact identification of which content is being added, deleted, or changed;
2. A clear description of where funds are moved from/to; and
3. The updated and revised budget after re-allocation of funding.

Conversely, non-substantial amendments to the Action Plan are not subject to citizen participation but NMHC decided to include a non-substantial amendment to the said Plan in this Public Notice for informational purposes only.

Furthermore, all action plan amendments will be available via the CNMI CDBG-DR website at [www.cnmi-cdbg-dr.com](http://www.cnmi-cdbg-dr.com) and hardcopies may be obtained at any of the NMHC central and CDBG-DR offices located on Saipan, Tinian, and Rota by those who do not have access to the Internet. Notifying the public is of paramount importance as these funds are largely dependent on public participation and the remaining unmet need to be assessed. NMHC will utilize the following avenues/outlets to notify the public of the CDBG-DR Program:

- Notices in the local newspaper
- Radio announcements
- Social media
- CNMI CDBG-DR website

Last, NMHC will take reasonable steps to ensure very low-, low-, and moderate-income persons, including persons with disabilities, the elderly and persons with Limited English Proficiency (LEP) have meaningful access and an equal opportunity to participate in this important CDBG-DR activity and in accordance to prescribed policies and procedures embedded in the CDBG-DR Program’s Citizen Participation Plan. The aforesaid and complete Citizen Participation Plan may be accessed at the CNMI CDBG-DR website: [www.cnmi-cdbg-dr.com](http://www.cnmi-cdbg-dr.com) or found on Section 5 on the CDBG-DR Action Plan (pages 78 - 83). A copy of the Action Plan, as amended by these proposed changes, may be accessed at the CNMI CDBG-DR website at: [www.cnmi-cdbg-dr.com](http://www.cnmi-cdbg-dr.com) or obtained at any of the NMHC offices on Saipan, Tinian, and Rota.



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## PROPOSED AMENDMENTS

Proposed changes are **highlighted in yellow**. The corresponding page numbers reflect the actual page numbers of the current action plan as published on the CDBG-DR website at <https://www.cnmi-cdbgdr.com/wp-content/uploads/2020/10/CNMI-Action-Plan-1.pdf>.

### Section 1 – Executive Summary

#### Page 7

#### **A. Substantial Amendment No. 01: Summary**

Pursuant to **Subsection 5. A.** of the Northern Marianas Housing Corporation (“NMHC”) Community Development Block Grant Disaster Recovery Action Plan (Hereinafter referred to as “CDBG-DR AP”), this is to notify the general public of the following substantial amendment to NMHC’s CDBG-DR:

1. An increase to CDBG-DR Housing Programs’ allocation in the sum of \$9,859,100 and administration by \$518,900 resulting from HUD supplemental appropriation in the amount of \$10,378,000 for the Commonwealth of the Northern Mariana Islands’ (“CNMI”) unmet needs as authorized by **86 FR 569**.
2. De-obligate the amount of \$4,000,000 earmarked for “Port Facilities” and reallocate and equally distribute these freed up funds to “Public Facilities” and “Roads.”

#### Justification

As clearly indicated in the CDBG-DR AP (p. 11), NMHC reported \$420,274,767 in the CNMI’s Housing unmet needs and has allocated the sum \$113,362,000 (46% of total CDBG-DR funding) towards the program’s Housing Programs. Indisputably, the additional appropriation of \$9,859,100 will go a long way in terms of NMHC addressing the existing unmet needs.

Therefore, the sum of \$9,859,100 will be equally distributed among the three (3) CDBG-DR Housing Programs: 1. Homeowner Rehabilitation and Reconstruction; 2. Single-Family New Construction Development; and 3. Affordable Housing Rental Development, where each program shall be allocated \$3,286,366.

Similarly, NMHC was notified by the Commonwealth Ports Authority that this agency has completed airport facility repairs using insurance proceeds and agency funds. Therefore, the requested \$4,000,000 in CDBG-DR funds are no longer needed or required.

Consequently, and as a result of these substantial amendments, the Action Plan’s Allocation Summary is revised as follows:



<b>COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS CDBG-DR ALLOCATIONS</b>			
	<b>Previous Allocation</b>	<b>Change</b>	<b>Revised Allocation</b>
<b>TOTAL ALLOCATIONS</b>	\$243,946,000	\$10,378,000	\$254,324,000
<b>HOUSING PROGRAMS</b>	\$113,362,000	\$9,859,100	\$123,221,100
Homeowner Rehab and Recon	\$36,120,667	\$3,286,366	\$39,407,033
Single-Family New Const Dev	\$41,120,667	\$3,286,366	\$44,407,033
Affordable Rental Housing Dev	\$36,120,667	\$3,286,366	\$39,407,033
<b>INFRASTRUCTURE PROGRAM</b>	\$105,881,835		\$105,881,835
Port Facilities	\$4,000,000	[\$4,000,000]	\$0
Public Facilities	\$56,881,508	\$2,000,000	\$58,881,508
Roads	\$8,650,000	\$2,000,000	\$10,650,000
Utilities	\$36,350,327		\$36,350,327
<b>ECONOMIC DEVELOPMENT</b>	\$8,660,000		\$8,660,000
<b>ADMINISTRATION</b>	\$12,098,818	\$518,900	\$12,617,718
<b>PLANNING</b>	\$3,943,347		\$3,943,347

**Section 1 – Executive Summary**  
**Page 7**

**Figure 1. HUD Allocations.** *This is the expected CDBG-DR funding including expenditure requirements.*

<b>ALLOCATIONS (DISASTERS 4396 AND 4404)</b>	<b>HUD MOST IMPACTED AREAS –NOT LESS THAN 80%</b>	<b>ALLOWABLE UP TO 20% FOR NON-HUD MOST IMPACTED AREAS</b>	<b>TOTAL ALLOCATION</b>	<b>LMI AMOUNT – 70% OF TOTAL ALLOCATION</b>
<b>DIRECT ALLOCATION</b> \$254,324,000.00	\$203,459,200.00	\$50,864,800.00	\$254,324,000	\$178,026,800.00



Section 1 – Executive Summary

**Figure 2. Proposed Projects and Estimated Budgets.** This details the specific budgets of HUD-funded activities.

PROGRAMS	TOTAL ALLOCATION	PERCENT OF TOTAL ALLOCATION BY PROGRAM	PERCENT OF TOTAL ALLOCATION BY PROJECT TYPE
<b>HOUSING (includes delivery costs)</b>	<b>\$123,221,100</b>		
Homeowner Rehabilitation & Reconstruction	<b>\$39,407,033</b>	32%	<b>48%</b>
Single Family New Construction Development	<b>\$44,407,033</b>	36%	
Affordable Rental Housing Development	<b>\$39,407,033</b>	32%	
<b>SUB TOTAL HOUSING</b>	<b>\$123,221,100</b>	<b>100%</b>	
<b>INFRASTRUCTURE</b>	<b>\$105,881,835</b>		
Port Facilities	<b>\$0</b>	<b>0%</b>	<b>42%</b>
Public Facilities	<b>\$58,881,508</b>	<b>56%</b>	
Roads	<b>\$10,650,000</b>	<b>10%</b>	
Utilities	\$36,350,327	34%	
<b>SUB TOTAL INFRASTRUCTURE</b>	<b>\$105,881,835</b>	<b>100%</b>	
<b>ECONOMIC DEVELOPMENT</b>	<b>\$8,660,000</b>	<b>100%</b>	<b>3%</b>
<b>ADMINISTRATION</b>	<b>\$12,617,718</b>	<b>100%</b>	<b>5%</b>
<b>PLANNING</b>	<b>\$3,943,347</b>	<b>100%</b>	<b>2%</b>
<b>TOTAL ALLOCATIONS OF FUNDS</b>	<b>\$254,324,000</b>	<b>100%</b>	<b>100%</b>



**B. Non-Substantial Amendment No. 01: Summary**

1. To replace the three (3) year residency requirement on eligibility for housing assistance afforded to Low- and Moderate Income individuals under Section (g) of the Homebuyer Program with **"Must be a resident of the CNMI at the time of application or have been a resident of the CNMI at the time of the qualifying event."**
2. To amend Subsection 2. d. of the Local Infrastructure Program to add language that allows DR funds to be used for 10% FEMA Local Match under the subsection: "Eligible Activities" and to include a corresponding Table delineating these eligible activities on page 74 of the Action Plan.

**Eligible Activities [HCDA and 24 CFR 570.201]**

<b>Eligible Activities</b>	<b>HCDA Eligible Activities (Section 105(a))</b>	<b>24 CFR 570.201</b>
Acquisition of Real Property	HCDA Section 105(a)(1)	24 CFR § 570.201(a) - Acquisition
Public Facilities and Improvements	HCDA Section 105(a)(2)	24 CFR § 570.201(c) - Public facilities and improvements
Clearance, Rehabilitation, Reconstruction, and Construction of Buildings	HCDA Section 105(a)(4)	24 CFR § 570.201(d) – Clearance and remediation activities
Payment of Non-Federal Match	HCDA Section 105(a)(9)	24 CFR § 570.201 (g) - Payment of non-Federal share

The NMHC CDBG-DR AP requires citizen participation when a substantial amendment to the said administrative plan occurs and when “any program changes exceed five million dollars (\$5,000,000).” Further, “Substantial amendments must provide a reasonable opportunity (at least 30 days) for citizen comment. All changes will be documented by NMHC’s CDBG-DR program to provide both necessary and reasonable justifications.” Non-substantial amendments do not require citizen participation.



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**Section 2 – Needs Assessment**  
**Page 11**

**Figure 3. Unmet Need Summary.** This chart demonstrates the unmet need vs the proposed allocation amounts.

CATEGORY	ESTIMATED TOTAL DAMAGE	FUNDING AWARDED OR OBLIGATED	UNMET NEED	% OF UNMET NEED	CNMI PROGRAM ALLOCATION AMOUNT*	% OF CNMI PROGRAM ALLOCATION
Housing	\$520,317,836	\$100,043,069	\$420,274,767	38%	\$123,221,100	48%
Infrastructure	\$789,101,580	\$163,926,464	\$625,175,116	57%	\$105,881,835	42%
Economic Development	\$74,078,260	\$18,289,300	\$55,788,960	5%	\$8,660,000	3%
Administrative	N/A	N/A	N/A	N/A	\$12,617,718	5%
Planning	N/A	N/A	N/A	N/A	\$3,943,347	2%
<b>Total</b>	<b>\$1,383,497,675</b>	<b>\$282,258,832</b>	<b>\$1,101,238,843</b>	<b>100.00%</b>	<b>\$254,324,000</b>	<b>100.00%</b>

**Section 2 – Needs Assessment**  
**G. Low- and Moderate-Income Analysis**  
**Page 23**

**Figure 6: HUD Income Limits.** This is the latest HUD Area Median Income (AMI) Income Limits (FY2020) for the CNMI

HUD INCOME LIMITS NORTHERN MARIANA ISLANDS								
Family Size	1	2	3	4	5	6	7	8
30% of AMI	\$10,150	\$11,600	\$13,050	\$14,450	\$15,650	\$16,800	\$17,950	\$19,100
50% of AMI	\$16,850	\$19,250	\$21,650	\$24,050	\$26,000	\$27,900	\$29,850	\$31,750
60% of AMI	\$20,220	\$23,100	\$25,980	\$28,860	\$31,200	\$33,480	\$35,820	\$38,100
80% of AMI	\$26,950	\$30,800	\$34,650	\$38,500	\$41,600	\$44,700	\$47,750	\$50,850
120% of AMI	\$40,400	\$46,200	\$51,950	\$57,700	\$62,350	\$66,950	\$71,550	\$76,200

\*For most current HOME program or Section 8, or CDBG-DR 120% income limits published by U.S. Department of Housing and Urban Development, please go to <https://www.huduser.gov/portal/datasets/il.html> and <https://www.hudexchange.info/incomecalculator/>.

Previous 120% of AMI:

120% of AMI	\$40,440	\$46,200	\$51,960	\$57,720	\$62,400	\$66,960	\$71,640	\$76,200
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**Section 4 – Disaster Recovery Program**

**E. Use of Funds**

**1. Housing Programs**

**D. Program Budget**

**Figure 22. Proposed Projects and Estimated Budgets.** *This details the specific budgets of HUD-funded activities.*

<b>PROGRAMS</b>	<b>TOTAL ALLOCATION</b>	<b>PERCENT OF TOTAL ALLOCATION BY PROGRAM</b>	<b>PERCENT OF TOTAL ALLOCATION BY PROJECT TYPE</b>
<b>HOUSING (includes delivery costs)</b>	<b>\$123,221,100</b>		
Homeowner Rehabilitation & Reconstruction	\$39,407,033	32%	<b>48%</b>
Single Family New Construction Development	\$44,407,033	36%	
Affordable Rental Housing Development	\$39,407,033	32%	
<b>SUB TOTAL HOUSING</b>	<b>\$123,221,000</b>	<b>100%</b>	
<b>INFRASTRUCTURE</b>	<b>\$105,881,835</b>		
Port Facilities	\$0	0%	<b>42%</b>
Public Facilities	\$58,881,508	56%	
Roads	\$10,650,000	10%	
Utilities	\$36,350,327	34%	
<b>SUB TOTAL INFRASTRUCTURE</b>	<b>\$105,881,835</b>	<b>100%</b>	
<b>ECONOMIC DEVELOPMENT</b>	<b>\$8,660,000</b>	<b>100%</b>	<b>3%</b>
<b>ADMINISTRATION</b>	<b>\$12,617,718</b>	<b>100%</b>	<b>5%</b>
<b>PLANNING</b>	<b>\$3,943,347</b>	<b>100%</b>	<b>2%</b>
<b>TOTAL ALLOCATIONS OF FUNDS</b>	<b>\$254,324,000</b>	<b>100%</b>	<b>100%</b>



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## Section 4 – Disaster Recovery Program

### E. Use of Funds

#### 1. Housing Programs

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#### Homeowner Rehabilitation and Reconstruction

The Homeowner Rehabilitation and Reconstruction Program is designed to cover the eligible costs to rehabilitate or reconstruct storm-related damaged properties in order to restore homeowner properties to decent, safe, and sanitary conditions. The Governor of the CNMI has placed housing as the highest recovery priority. HUD identified “most impacted and distressed” areas of Saipan and Tinian which are earmarked for, at a minimum, 80 percent of the CDBG-DR funding.

##### a. Allocation Amount

PROPOSED PROJECT	ESTIMATED COST
Homeowner Rehabilitation and Reconstruction	\$39,407,033
Performance Outcome	Approximately 233 - 302 units will be assisted

## Section 4 – Disaster Recovery Program

### E. Use of Funds

#### 1. Housing Programs

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#### Single Family New Construction Development

The devastation to the CNMI housing stock from a previous typhoon (in 2015) and the two subsequent typhoons resulted in an unprecedented loss of homes that were either destroyed or remain uninhabitable. New construction of single-family homes will help restore communities impacted by the typhoons and improve neighborhoods in need of new, infill development. The Single-Family New Construction Development Program will provide new affordable single-family homes through two program options: 1) Turnkey Home Development Program and 2) Have a Lot, Build a Home Program.

Beneficiaries for the programs include low- and moderate-income homeowners/leaseholders and homebuyers/leaseholders whose incomes are up to 120 percent AMI. Under this program, the CNMI through NMHC will utilize CDBG-DR funds to install infrastructure and construct homes on public lands or private lands if available. The development of land will include construction activities including infrastructure (roads, lighting, etc.), grading, installation of utilities, and land preparation.

NMHC will ensure that it recoups all or a portion of the CDBG-DR loan assistance provided to the homebuyer(s)/leaseholder(s) if the housing unit ceases to be the principal residence of the homebuyer(s)/leaseholder(s) for the duration of the period of affordability. All subsidy amounts (in the form of loans) that directly benefited the property owner (i.e., through down payment and/or closing cost assistance, deferred payment loans, interest rate buy-downs, property discount, etc.) are also subject to



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recapture. Recapture is capped at what is available out of net proceeds. Net proceeds are defined as the sales price less superior non-CDBG-DR debt (if any) less closing costs.

**a. Allocation Amount**

PROPOSED PROJECT	ESTIMATED COST
Single Family New Construction Development	\$44,407,033
Performance Outcome	Approximately 176 to 215 units will be assisted

**Section 4 – Disaster Recovery Program**

**E. Use of Funds**

**1. Housing Programs**

**Page 65**

**c. Level and Terms of Assistance**

Option I: Turn-Key Solution: \$22,203,516.50 (one project site proposed).

- ▶ The per household cap (including program delivery costs) to construct homes and underlying infrastructure is \$250,000.
- ▶ The sales price of the home will be established based on the most current 95 percent of the area median purchase price for single-family housing (existing or new homes), as determined by HUD.

Option II: Have a Lot, Build a Home Solution: \$22,203,516.50

**Section 4 – Disaster Recovery Program**

**E. Use of Funds**

**1. Housing Programs**

**Page 66**

**First-Time Homebuyer Program**

**a. Allocation Amount**

PROPOSED PROJECT	ESTIMATED COST
First-Time Homebuyer Program	* Included in number above
Performance Outcome	Approximately 176 to 215 buyers will be assisted



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## Section 4 – Disaster Recovery Program

### E. Use of Funds

#### 1. Housing Programs

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#### Affordable Rental Housing Development

This program will address both the direct and indirect impacts of Typhoon Mangkhut and Super Typhoon Yutu of the CNMI affordable rental housing stock. Affordable rent essentially is defined as a household where not more than 30% of the adjusted monthly income goes to rent and utilities. This program seeks to redevelop and create new affordable rental housing stock. What rental units that were available prior to the disaster were quickly rented creating an even bigger shortage of available and affordable rental units. The development of new multifamily rental housing will address the shortage and meet the needs of disaster-impacted rental households, including those in assisted housing and rental needs for special populations. Non-multifamily units are also eligible for funding assistance. The affordability period for rehabilitation or reconstruction of multi-family rental projects with 8 or more units is 15 years. New construction of multi-family rental projects with 5 or more units is 20 years. Note: Scattered unit owners of less than 8 units that receive funds for reimbursement of the cost of repairs will be required to adhere to an affordability period of 10 years, while new construction of scattered units with less than five units will be required to adhere to an affordability period of 15 years.

##### a. Allocation Amount

PROPOSED PROJECT	ESTIMATED COST
Affordable Rental Housing Development	\$39,407,033
Performance Outcome	Approximately 270-310 units will be assisted

##### a. National Objective

LMI, LMH

## Section 4 – Disaster Recovery Program

### E. Use of Funds

#### 1. Housing Programs

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##### b. Maximum Assistance

For Multifamily projects, the maximum CDBG-DR award amount for a housing project is \$30,000,000, and a per-unit construction cost cap of up to \$200,000 for rehabilitation and \$250,000 for new construction or reconstruction has been set. Circumstances where additional costs may be incurred, will be reviewed against cost reasonableness requirements approved on a case-by-case basis. Awards will be in the form of either a loan or a grant; however, in some instances, a loan will be the required structure for financing rental development. If this is the case, the terms of the loan may be forgivable.



For **small multifamily (2-4 units) and individual (scattered) housing** projects, the maximum CDBG-DR award amount for the program that is used or to be used for rental housing of LMI residents is **\$8,286,366 [Previous Amount: \$5,000,000]**. A cap of up to \$200,000 per **rehabilitated** unit has been set. Reimbursement of actual costs of rehabilitation must be provided and materials used must not be luxurious. New construction or reconstruction of individual houses to be used as rental housing is capped at **\$250,000**. The affordability period is mentioned above.

**Section 4 – Disaster Recovery Program**

**E. Use of Funds**

**2. Local Infrastructure Program**

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**a. Allocation Amount**

<b>PROPOSED PROJECT</b>	<b>ESTIMATED COST</b>
Port Facilities	<b>\$0</b>
Public Facilities	<b>\$58,881,508</b>
Roads	<b>\$10,650,000</b>
Utilities	\$36,350,327
<b>TOTAL FOR INFRASTRUCTURE</b>	<b>\$105,881,835</b>
<b>Performance Outcome</b>	<b>About 20-30 public facilities will be assisted</b>

