



Financial Highlights

Guam Housing Corporation Financial Audit

Fiscal Year 2024

June 8, 2025

The Guam Housing Corporation (GHC) received an unmodified (clean) opinion in its Fiscal Year (FY) 2024 financial statements from independent auditors Ernst & Young LLP (EY). There were no deficiencies identified in the Report on Internal Control Over Financial Reporting and on Compliance, and no management letter was issued. GHC ended FY 2024 with a decrease in net position (net loss) of \$430 thousand (K), bringing its cumulative net position to \$27 million (M), down from the net position of \$27.4M in FY 2023. The decrease was primarily driven by the significant increases in operating expenses, particularly in salaries, retirement and Medicare contributions, other expenses, and retiree supplemental health benefits.

Operating Revenues Increased by \$224K

GHC's total operating revenues increased by \$224K, from \$2.4M in FY 2023 to \$2.7M in FY 2024. The increase was mainly due to:

- 1.) \$215K increase in rental income, from \$973K in FY 2023 to \$1.2M in FY 2024, primarily from the completion of the Phase I renovations for 23 units in March 2023.;
- 2.) \$58K increase in interest income on deposits, from \$146K in FY 2023 to \$204K in FY 2024, primarily from the higher interest rates on time deposits.;
- 3.) \$34K increase in miscellaneous revenues, from \$86K in FY 2023 to \$120K in FY 2024, partially from the \$27K of American Rescue Plan Act (ARPA) funds disbursed for the Lada renovations in FY 2024; and
- 4.) \$22K increase in interest income on loans receivable, from \$1.1M in FY 2023 to \$1.2M in FY 2024, due to the growth in the interest-bearing loan portfolio.

However, there was a \$105K decrease in interest income on investments held by bond trustees.

Operating Expenses Increased by \$1.1M

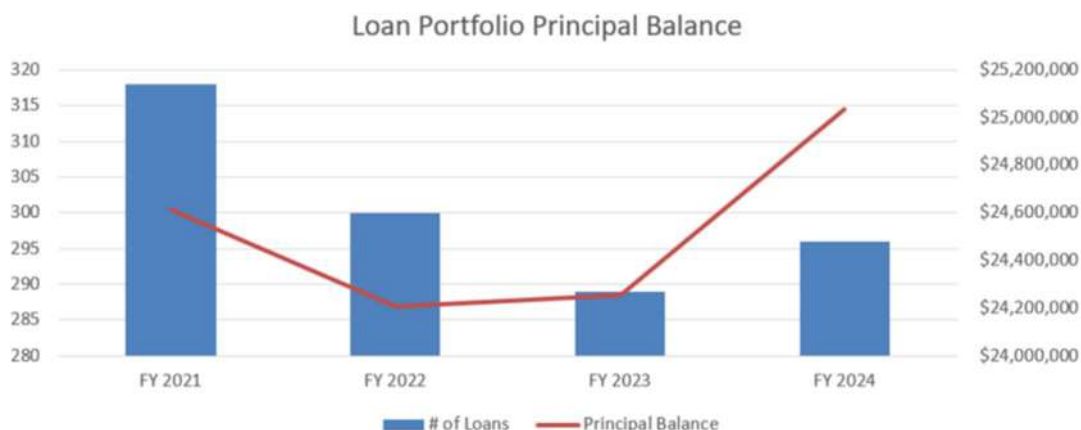
GHC's total operating expenses increased by \$1.1M, from \$2.4M in FY 2023 to \$3.5M in FY 2024. This increase was primarily driven by the increases on the following:

- 1.) retiree supplemental and health benefits by \$504K from a credit balance of \$575K in FY 2023 to decreased credit balance of \$71K in FY 2024 due to changes in actuarial assumptions in both years that affected Other Post-Employment Benefits (OPEB) adjustments. These changes resulted in a \$301K decrease in expenses in FY 2024;
- 2.) retirement and Medicare contributions by \$189K, from \$361K in FY 2023 to \$550K in FY 2024 due to a decrease in the pension's deferred outflows of resources, and an increase in salaries and the government's rate of contribution to the retirement fund.
- 3.) other expenses by \$159K, from \$493K in FY2023 to \$652K in FY2024, due to an increase in First Time Homeowners Assistance Program (FTHAP) grants disbursements; and
- 4) salaries by \$141K, from \$1.3M in FY 2023 to \$1.4M in FY 2024, due to the 22% adjustment for employees on the general pay plan implemented in April 2023 plus the addition of one employee, and regular increments in FY 2024.

Loan Portfolio Increases

GHC added seven (7) loan accounts to its portfolio, bringing the cumulative total from 289 in FY 2023 to 296 as of FY 2024. This increased its loan portfolio amount by \$779K, going from \$24.3M to \$25M in FY 2024.

Principal disbursements increased by \$431K, from \$1.6M in FY 2023 to \$2M in FY 2024, pay offs decreased from 20 loans totaling \$530K in FY 2023 to six loans totaling \$174K in FY 2024. The decrease in payoffs are caused by the rising interest rates on mortgage loans at banks.



GHC continues to experience delays in principal disbursements for committed loan funds. Borrowers aiming to build homes are facing challenges in securing contractors who can offer affordable home construction. This is largely due to the limited availability of skilled local construction labor. Additionally, homebuyers are encountering difficulties due to the lack of available inventory in the low to moderate price range. GHC is actively collaborating with industry partners to address the housing needs of our island residents. Despite these challenges, GHC remains committed to marketing all available programs and assisting potential borrowers with the goal of loan closing and home ownership.

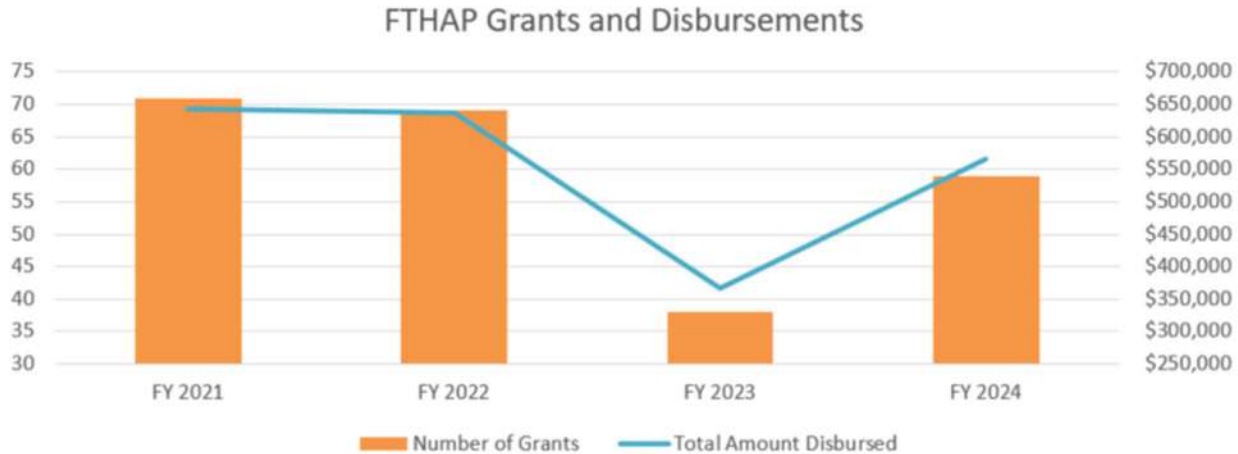
In FY 2024, GHC interviewed 98 applicants, of whom only 14 pursued the application process and 13 were approved and closed. During the fiscal year, GHC closed three loans totaling \$1M under the Direct Loan Program, four loans totaling \$891K under the Six Percent Loan Program, and six loans totaling \$224K under the Community Affordable Housing Action Trust (CAHAT) loan program.

Decline in Loan Delinquencies

GHC provides mortgage loans to qualified applicants who have been denied financing from conventional financial institutions for the construction or purchase of their new homes. Thus, GHC assumes a higher lending risk with mortgage loans from the outset. Delinquent loans, 30 days and over, decreased by \$212K, from \$2.2M in FY 2023 to \$2M in FY 2024. Overall, loans delinquent for 30 days and over decreased from 9% in FY 2023 to 8% in FY 2024.

FTHAP Grants Disbursements Increased

In FY 2024, FTHAP's total number of disbursed grants increased to 59 from 38 in FY 2023. GHC received \$278K of escheated funds during FY 2023 and \$500K of ARPA funds in 2024 from the Department of Administration and the Office of the Governor, respectively. The program continues to be well-received by the general public.



Future Events and Goals for FY 2025

Despite numerous challenges, GHC continues to pursue its mission and has established several goals to be completed in FY 2025 based on its ability to secure lending capital at affordable rates.

- (1) Begin major renovations of units identified under Phase II of the Lada Gardens Renovation Project utilizing \$1.6M in ARPA funds;
- (2) Continue working as a member of the Governor's Interagency Council on Homelessness to examine challenges associated with homelessness and develop and implement strategies and programs for a coordinated, effective response
- (3) Upon completion of renovations of identified units, apply for a FEMA Hazard Mitigation Program grant to support the installation of typhoon shutters for housing units at Lada Gardens.

For more details, refer to the GHC's FY 2024 Financial Statements, Report on Internal Control Over Financial Reporting and on Compliance, and Auditor's Communication With Those Charged with Governance at www.opaguam.org and <http://www.guamhousing.org>.