

**TRANSITION REPORT**  
**NATIONAL HOUSING COMMISSION**  
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**Table of Contents**

I.	Executive Summary .....	1
II.	Current Mission Statement and Vision .....	1
III.	Citations to Enacting and Governing Legislation and Promulgated Regulations .....	1
IV.	Summaries of Current Key Agency Priorities.....	1
V.	Current Areas of Responsibility .....	2
VI.	Current Organizational Charts and Key Personnel in each Position.....	3
VII.	Lists of Political Appointee Positions that Need to be Filled.....	3
VIII.	Budget .....	3
IX.	Lists and Descriptions of Major Assets (including boats/cars, machinery, and other equipment).....	3
X.	Descriptions of Services, Programs, Tasks, and Activities Provided and/or Performed .....	3
XI.	Existing Major Agreements and Ongoing or Outstanding Major Negotiations with Foreign Governments and/or Other Internal and External Institutions and Non-Profit Organizations .....	4
XII.	Immediate, Medium, and Long-Term Challenges, and Concrete and Actionable Solutions, and Recommendations .....	4

## **I. Executive Summary**

The National Housing Commission (NHC) was created in June 2019 in order to administer the Housing Development Loan Project and address issues relating to the development of residential housing in Palau. Over the past year and a half, the NHC has distributed most of the \$15 million loan obtained from Taiwan's Mega International Commercial Bank and begun work on guidelines for the development of residential subdivisions. Although it has made good progress during its initial 18 months, there is still a significant amount of work to be done. Additional financing is needed in order to continue with the development of both individual housing units and subdivisions. In order to maximize its effectiveness, the NHC needs to be made into a permanent office with dedicated staff, experts and a budget. And Palau needs to attract more skilled professionals in the development process, from urban planners and architects to contractors.

## **II. Current Mission Statement and Vision**

The NHC's purpose is set forth at 34 PNC § 7103(b) as follows:

1. Find a solution to housing problems by making homes available at an affordable price and increasing the supply of housing;
2. Coordinate the development of green communities, revival of old villages, and establishment of new housing subdivisions;
3. Support the construction of affordable multi-family dwellings to provide temporary housing for short-term periods; and
4. Provide access to affordable housing for citizens in need, prioritizing displaced citizens and first-time homeowners.

## **III. Citations to Enacting and Governing Legislation and Promulgated Regulations**

1. RPPL 10-36;
2. Executive Order No. 425; and
3. Regulations for the Home Development Loan Project, as amended.

## **IV. Summaries of Current Key Agency Priorities**

The NHC's focus is currently on two items: first, continuing to distribute funds from the \$15 million Mega International Commercial Bank loan through the National Development Bank of Palau (NDBP), the Palau Housing Authority (PHA), and other appropriate entities; and second, creating guidelines to facilitate the development of appropriately-planned residential subdivisions.

## **V. Current Areas of Responsibility**

The NHC is responsible for:

1. Coordinating services between the NDBP, the PHA, individual state governments, relevant national and state agencies, and citizens with respect to the availability of housing;
2. The adoption of a national housing policy that:
  - a. Draws on the findings of the Republic of Palau Housing Development and Financing Committee;
  - b. Considers global sustainable development goals in the areas of social development, environmental protection, and economic growth;
  - c. Ensures that affordable housing contributes to social well-being, economic growth, and the development of healthy communities;
  - d. Provides guidance for the development of new communities, the facilitation of new financing programs, and the expansion of Palau's affordable housing stock; and
  - e. Is developed in cooperation and consultation with relevant stakeholders, including the PHA, the NDBP, the Council of Chiefs, individual state governments, and citizens;
3. The development of an urban and suburban plan with infrastructure for the Republic;
4. The development of plans for housing subdivisions within the Republic;
5. The development of a schedule of approved septic tank system designs (together with EQPB and PPUC);
6. The development of a program through which the cost of septic tank systems can be borne by the Republic; and
7. Administering the Housing Development Loan Project (HDLP) to promote affordable housing, with priority given to displaced citizens and first-time homeowners, including the Promulgation of rules, regulations, standards, and procedures for the draw-down of funds from the Mega International Commercial Bank loan.

## **VI. Current Organizational Charts and Key Personnel in each Position**

The NHC is composed of seven individuals. It is chaired by the Minister of Community and Cultural Affairs (currently Baklai Temengil-Chilton). The remaining six positions are filled by:

1. The Director of the Bureau of Budget and Planning (Casmir Remengesau);
2. The Director of the Bureau of Land and Survey (Sterlina Gabriel);
3. The Director of the Bureau of Public Works (Brian Melairei);
4. The Director of the Bureau of Cultural & Historical Preservation (Sunny Ngirmang);
5. The Chairman of the Board of the Palau Public Utility Corporation (Greg Decherong); and
6. The Executive Director of the Environmental Quality Protection Board (Roxanne Blesam).

The NHC does not have any dedicated staff. Administrative and technical support is supposed to be provided by the Ministry of Community and Cultural Affairs, while legal support has been provided by Legal Counsel to the Office of the President (Daniel Mandell).

## **VII. Lists of Political Appointee Positions that Need to be Filled**

Because membership of the NHC is set through the occupancy of specified positions in different bureaus and organizations, no independent appointments need to be made.

## **VIII. Budget**

The NHC does not currently have any budget.

## **IX. Lists and Descriptions of Major Assets (including boats/cars, machinery, and other equipment)**

The NHC does not currently have any major assets.

## **X. Descriptions of Services, Programs, Tasks, and Activities Provided and/or Performed**

The NHC's primary activity thus far has approved requests from the NDBP and PHA for drawdowns from the Mega Commercial International Bank loan. As of October 13, 2020, the NHC had approved the distribution of just over \$9 million to fund the construction or purchase of 123 homes. With remaining balance for individual homes and to the Airai Subdivision Project. As of October 27, 2020, NDBP has requested drawdown of 2million and Palau Housing Authority has requested drawdown of \$1million. This brings to total of \$12.2 million for total of 162 individual homes. The remaining \$2.8 million will go towards the Airai Subdivision of 12 homes and individual homes per request of NDBP and PHA.

**XI. Existing Major Agreements and Ongoing or Outstanding Major Negotiations with Foreign Governments and/or Other Internal and External Institutions and Non-Profit Organizations**

In accordance with its statutory mandate, the NHC entered into a Subsidiary Loan Agreement with the Ministry of Finance, NDBP, and PHA.

The NHC does not have any existing agreements or negotiations with foreign governments or institutions. It has had initial discussions with the USDA regarding potential funding for infrastructure development. Including work with international trade association (Urban Land Institute) that may be able to provide some advisory services for the NHC.

**XII. Immediate, Medium, and Long-Term Challenges, and Concrete and Actionable Solutions, and Recommendations**

The NHC faces two challenges: first, the \$15 million Mega International Commercial Bank loan is not sufficient to satisfy all of the demand for housing in Palau; second, the NHC does not have the staff or relevant expertise to be able to draft the planning documents that it is tasked with completing.

The NHC has also had initial discussions with PHA about a subdivision in Aimeliik State, with NDBP about a subdivision it wants to develop, and with State governments of Melekeok, Ngarchelong, Ngatpang, and Ngiwal State governments about subdivisions in their states. These six subdivisions developments have an initial projected cost of \$19.885 million.

Because of this need, President Remengesau has requested a second loan from Taiwan to fund further housing construction and have requested OEK for a resolution to support the second loan for housing. Until this money becomes available, though, the NHC will not be able to continue funding additional housing development.

Moreover, NDBP and PHA are currently incurring significant losses as a result of their participation in the HDLP. Although the OEK guaranteed to provide funds to both institutions in order to cover their losses, no such repayment has yet been made, threatening NDBP's and PHA's abilities to continue participating in the HDLP.

Second, with respect to the additional projects that NHC is tasked with completing, the NHC has begun to work on:

- the development and adoption of a National Housing Policy (pursuant to 34 PNC § 7103(a) and Executive Order No. 425);
- the development of an urban and suburban plan with infrastructure for the Republic (pursuant to 34 PNC § 7104);
- the development of plans for housing subdivisions within the Republic (pursuant to 34 PNC § 7105);

- the development and implementation of a process, in cooperation with the Environmental Quality Protection Board, to expedite the permit system for earthmoving and other construction activities (pursuant to 34 PNC § 7107(a));
- the development, in cooperation with the Environmental Quality Protection Board and Palau Public Utility Corporation, of a schedule of approved septic tank system designs (pursuant to 34 PNC § 7108(a)); and
- the development of a program through which the cost of approved septic tank systems may be borne by the Republic (pursuant to 34 PNC § 7108(b)).

Due to a lack of dedicated staff with appropriate technical expertise, the NHC has been limited to make significant progress on these tasks. In particular, the comprehensive set of guidelines for the development of residential subdivisions. The NHC has learned, however, that the GEF6 project managed under MNRET and the KBUDSAP work with Ministry of Finance are working on documents that will overlap with the NHC's responsibilities in the areas of housing and rural/urban planning and development. Therefore, the NHC has requested to coordinate with both projects to help support meet the NHC tasks as well as the objectives of both GEF6 project and KBUDSAP. This coordination work with the two projects representatives is ongoing.

The NHC has also requested to the Minister of Finance, in his capacity as Governor for Republic of Palau in the Asian Development Bank, to request a Technical Assistance from the Asian Development Bank to assist the Commission with its work.

The NHC believes that its functions should be placed within a new, permanent office that is either located within an existing ministry or directly under the Office of the President. This new office should become the focal point for all residential development activity, creating efficiencies where there is now redundancy. The office should have not only dedicated administrative staff, but also experts in sustainable urban and rural planning and development. In addition to housing development and planning, this office could also be tasked with developing and implementing national building safety codes, which do not currently exist.

The NHC has identified related challenges of domestic capacity in Palau. There are currently only a handful of individuals with urban planning qualifications in Palau, and few architects, affecting delays in planning and design (or a lack of proper planning entirely). Government offices lack adequate number of qualified skilled professionals – such as land surveyors, home inspections, etc.– leading to delays in the permitting process. And there is also the challenge of qualified contractors in Palau who can build new homes. With Palau ability to secure additional financing for housing needs, there is an additional need for skilled professionals to support the need for standards sustainable development and planning for housing.

Baklai Temengil  
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