

# 3<sup>rd</sup> GUAM AFFORDABLE HOUSING SYMPOSIUM

## Socio-Economic Concerns

presented by  
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# Demography

- The most recent summary population data available is from the 2000 Census – we will have to wait for the 2010 numbers
  - Guam doesn't have any Congressional districts to reapportion, so our results are always published last (along with the other Territories)
  - Accounting for the massive out-migration in 2003 and '04, I use an estimate of between 170,000 and 180,000, but I use it loosely
- In terms of interim censuses, they have been more narrow
  - Primarily to count residents from the Freely Associated States for purposes of apportioning Compact Impact funding
- Recently, Guam's homeless population is rising rapidly, too
- Public assistance participation and costs are rising more rapidly than our population – increasing economic hardship



# Demography

- Utility consumption is showing that people's budgets are more constrained than just a few years ago
  - Average residential power usage was down 9.7% from 2005 to 2010, knocking off more than one month's previous usage
  - The average amount of water flowing through residential water meters during that same time frame has fallen by 16.4%, or nearly *two months'* previous usage
- From 2000 through 2006, departures through our airport *far* exceeded arrivals as people left the island in droves
  - The mass exodus was partly due to the loss of economic opportunity, but also jumped in the wake of Supertyphoon Pongsona in late 2002
  - It led to a "hollowing-out" of Guam's middle class
- Even disregarding a surge from 2001 through 2005, bankruptcies have also risen faster than the population during the past decade

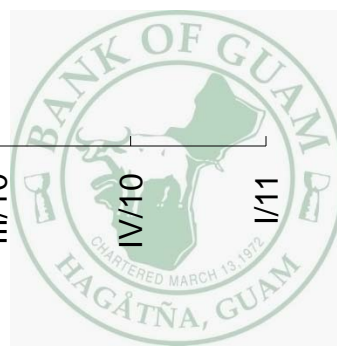
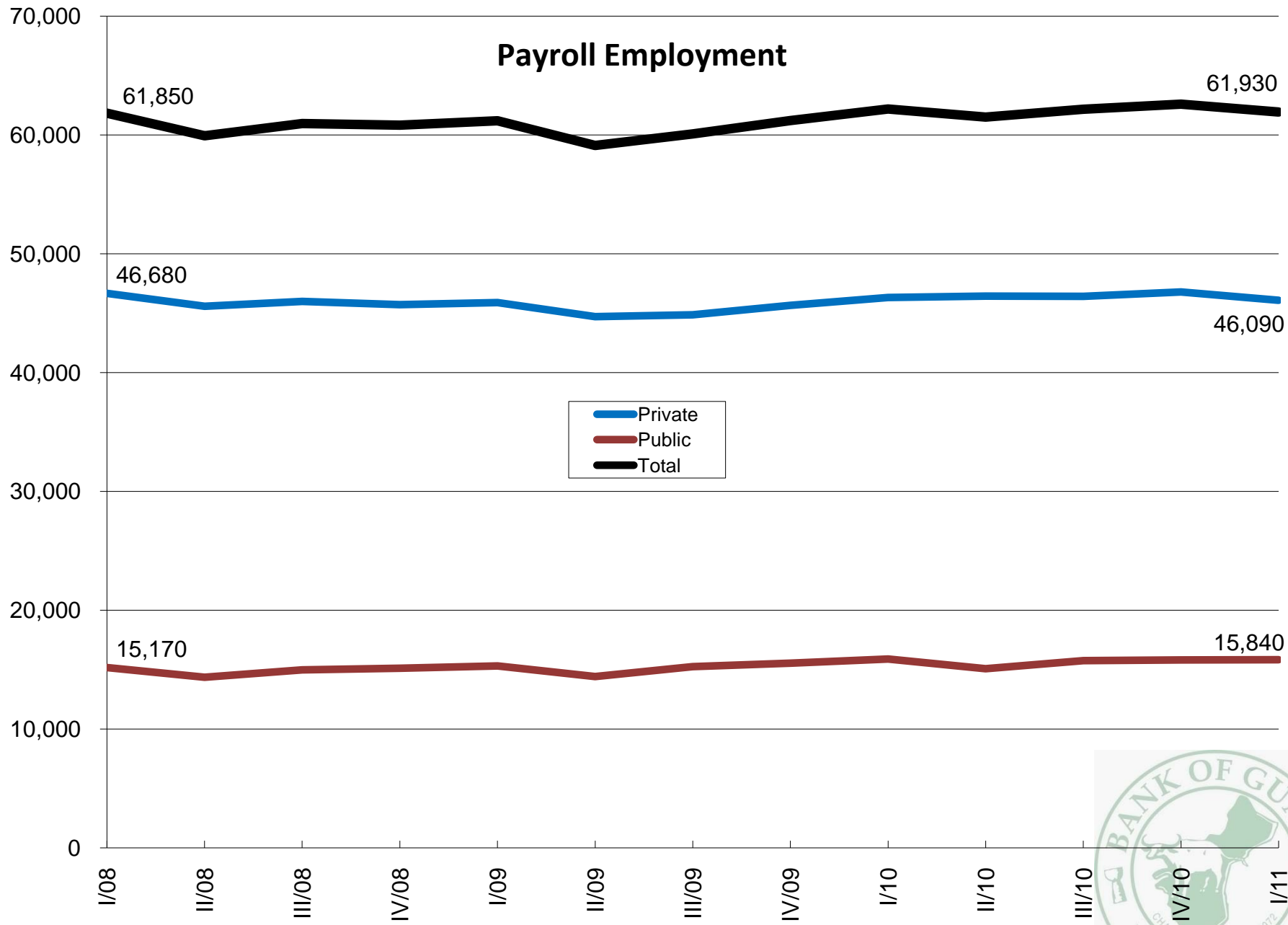


# Employment

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# Payroll Employment

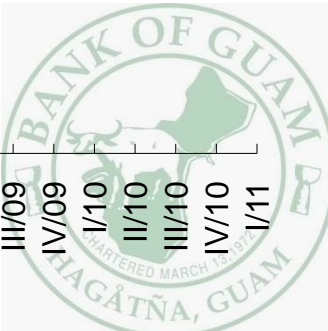
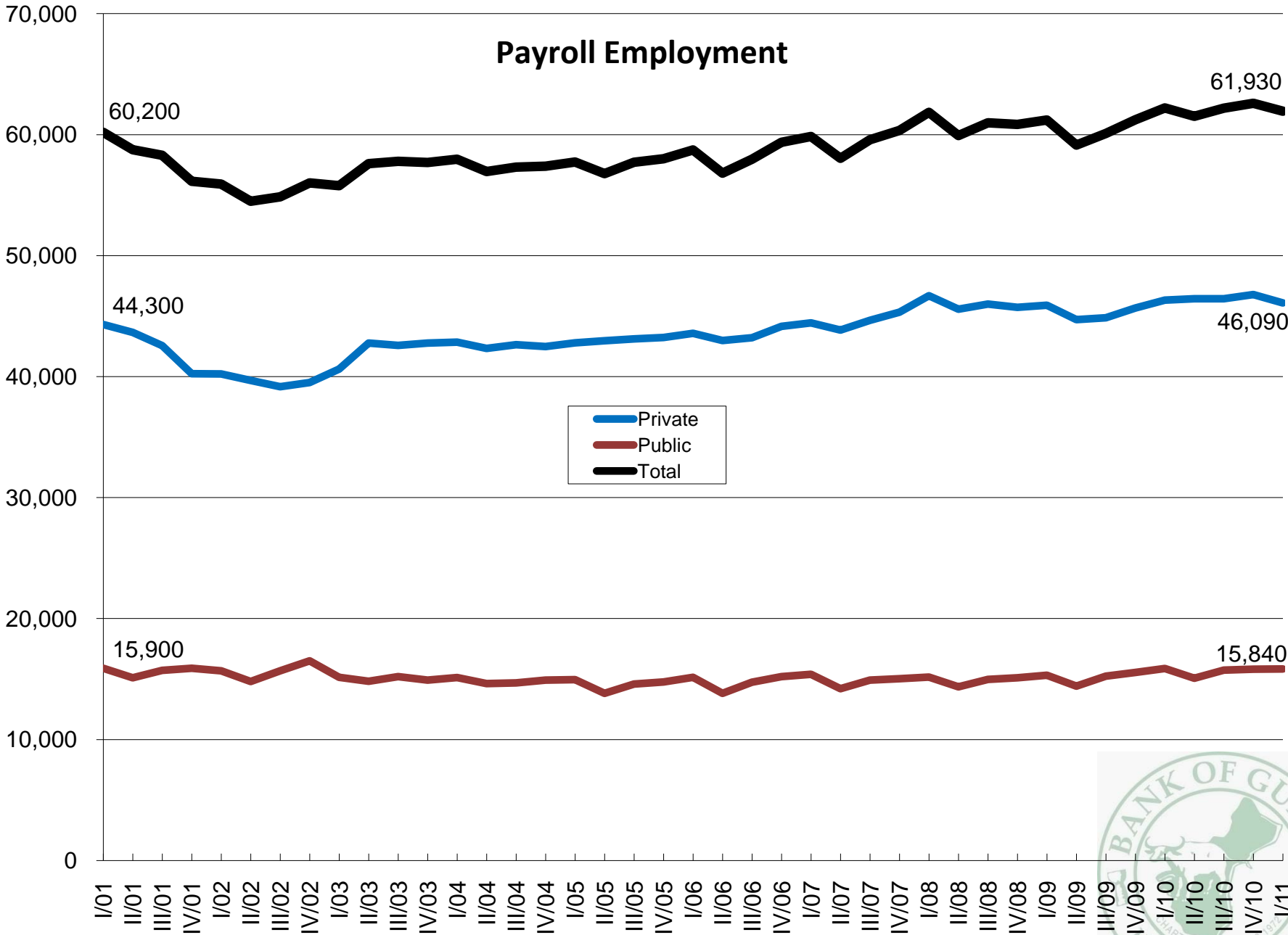


# Employment

- Payroll employment figures indicate that we are not making much headway in providing meaningful work for the People of Guam
  - In total, we have added only 80 jobs over the past three years
  - Our private sector has actually eliminated 590 jobs
  - Only public employment has risen, adding 670 jobs *in three years*
    - The federal government added 430 jobs in the three-year period
    - GovGuam only added 240 jobs in that time
  - Our hotels have only added 70 jobs
  - Retail trade employment is off by 640 jobs
  - *Even our construction industry has cut 180 jobs since the first quarter of 2008!*
- . . . And the longer term doesn't look much better



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  - Only 1,730 new jobs in the past ten years (2.9%, with average annual growth of just 0.28%, not enough to keep up with the population)





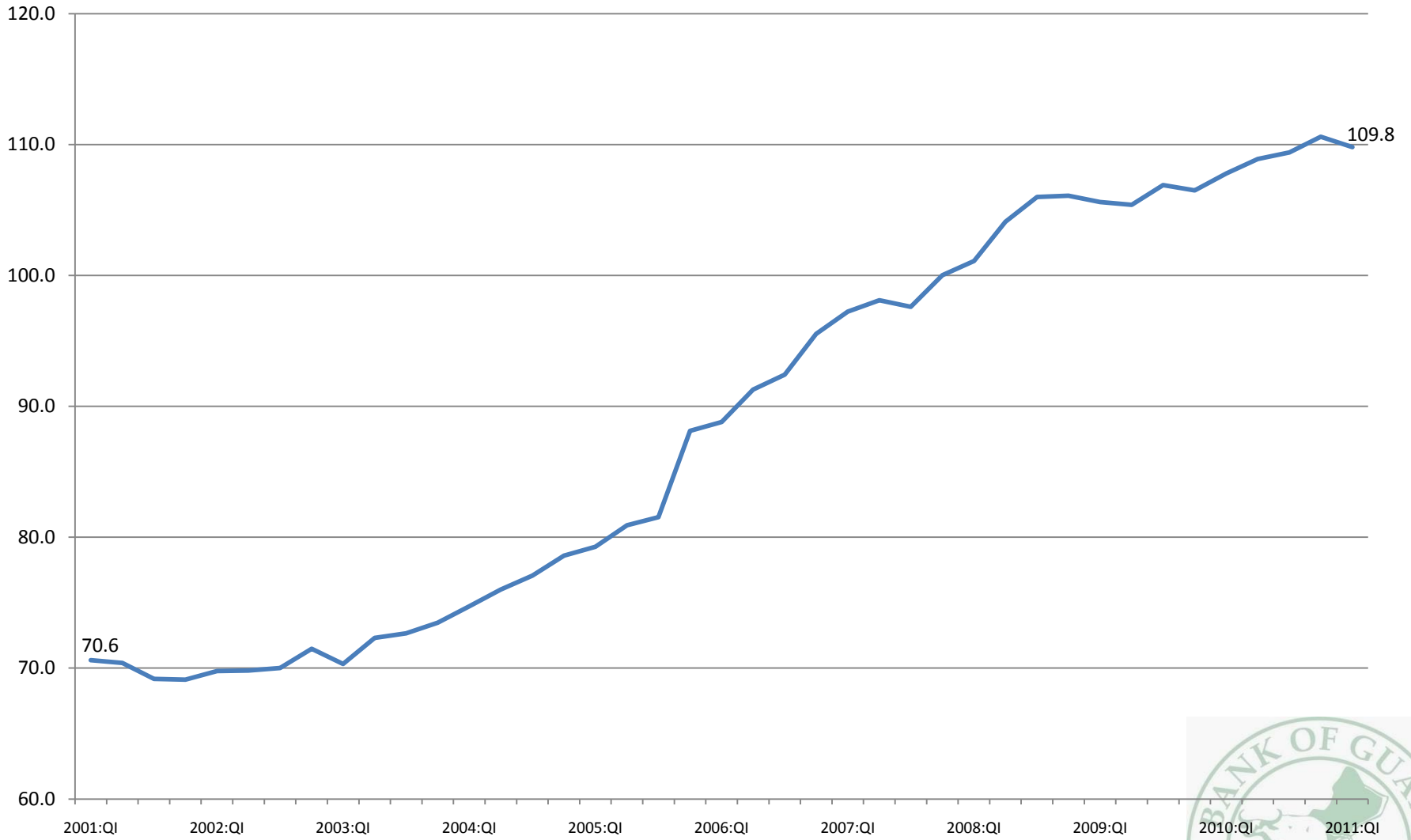
# Cost of Living

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# Guam's Consumer Price Index

(Q:IV 2007 Base Period)

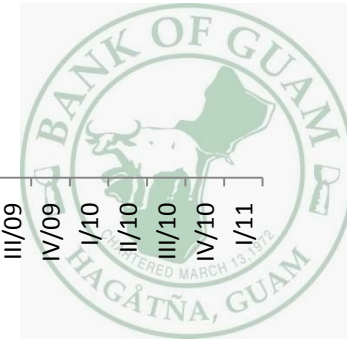
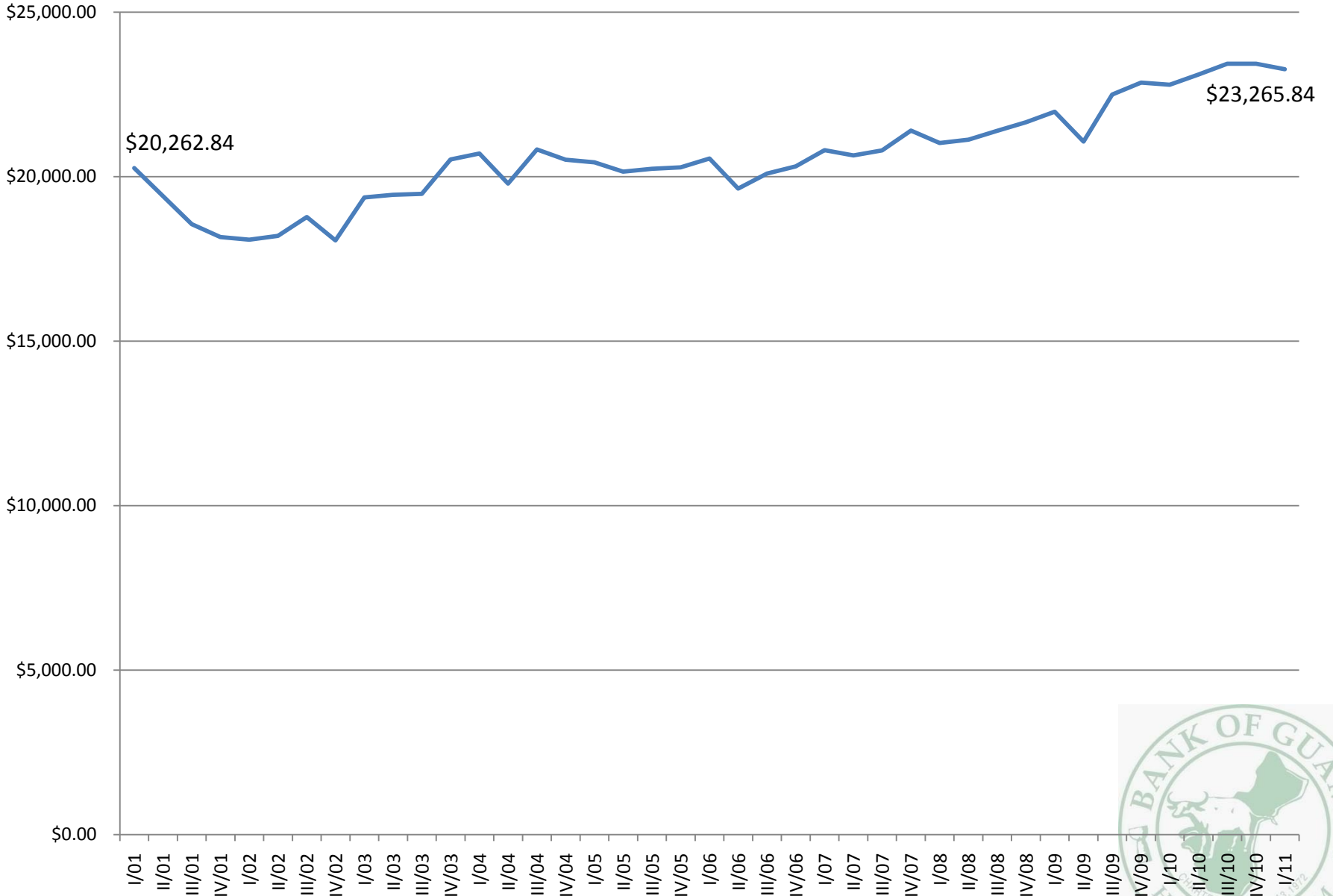


# Cost of Living

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  - Living on a remote island, where almost everything we consume has to be brought in from other places, this is understandable
  - Shipping costs, in particular, tied primarily to energy prices, have fueled the fire (so to speak)
- During the past ten years, the Average Annual Wages of private sector production workers have only increased by \$3,003 (14.8%), or at an average annual rate of 1.4%



# Average Annual Labor Income, Private Production Workers



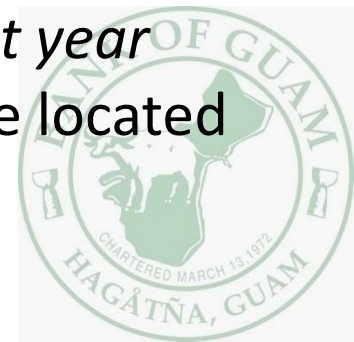
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  - Obviously, anyone depending solely on labor income to survive has seen their standard of living fall precipitously over the past decade
  - The loss in purchasing power over the period has been 26.2%, or an average annual rate of decline of almost exactly 3%
- Affordable housing is only a part of the issue
- Affordable *anything* has become a more general problem



# Housing

- I won't pretend to be an expert on this subject – there are many others here today who are far more well-versed than I will ever be
- However, even through casual observation, many problems are evident
  - I see more and more homeless people roaming the streets
  - I see more and more people asking for money from passers-by
  - I hear stories about relatively large groups of people “squatting” on public and private property
- The preliminary numbers that I have received from the Guam Housing and Urban Renewal Authority indicate that our homeless population increased by 42% *during the last year alone*, to 1,541 . . . and these are the ones who can be located

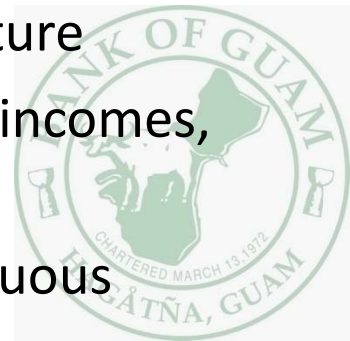


# *Affordable* Housing

- I stated it in this same forum two years ago tomorrow, and I will say it again now:

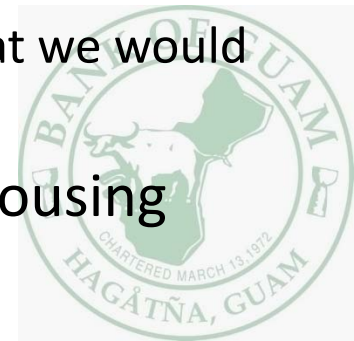
In Guam, in large part because of our remote location and because our houses must be Category 5 wind resistant and Zone 4 earthquake resistant, there is no such thing as, “Affordable Housing” (at least without first asking the question, “affordable by whom?”)

- This has not changed, and it is unlikely to change in the future
- The only solutions are to relax our building code, increase incomes, or subsidize housing for more people
- That first one is not really an option, and the second is tenuous



# *Affordable* Housing

- Subsidizing housing is, by itself, only a part of the solution
- *Building* more housing will be necessary, too
  - We have had a rapid influx of population over the past several years
  - Assuming the military buildup occurs on anything like the proposed scale, we will see an even larger increase in demand over the course of the next decade
- This latter brings with it an altogether different sort of problem: When the boom goes bust, we are likely to have a surplus of housing, with all of the problems that brings
- One problem that it will *not* bring, though, is a housing shortage
  - In fact, we can expect to have a surplus, and prices are very likely to fall
  - Affordable housing will at last become available, fulfilling what we would like to have happen immediately, today
- Be prepared to retire older housing and improve our housing inventory for those in need along with many others





Thank you for your time and attention

I hope that what I have said here this morning will stimulate thought and conversation throughout the rest of this Symposium

Again, thank you

