3rd 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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  • 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!

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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

- During the past ten years, Guam’s Consumer Price Index has risen by 55.5%, or at an average rate of 4.5% annually.
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

$20,262.84

$23,265.84
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• 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%
  • 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, 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