



**FOURTH REGULAR SESSION
FINANCE AND ADMINISTRATION COMMITTEE
Tumon, Guam, USA
02-07 December 2007**

HOUSING ISSUES

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Paper prepared by the Secretariat

Introduction

1. The availability of suitable housing in Pohnpei ranks high amongst the several fundamentals that need to be in place for the Commission to secure its long term presence as the issue of housing has great influence on whether persons will apply for jobs, accept contracts and remain contracted. Accordingly it is considered important the Committee be kept informed about the housing situation in Pohnpei. At the Third Annual Session the Commission was asked to note that housing generally in Pohnpei could be problematic but that the Secretariat would monitor the situation and gather what market intelligence it could.

Current status

2. The positive aspect is that all existing expatriate and support staff are suitably housed with long term leases and no real indication from landlords that this situation will change.

3. In regard to future demand, the Committee will be asked to agree at this Session to the recruitment of two expatriate staff in 2008 (ICT Manager and VMS Manager) and a further two in 2009 (Director Technical Operations and Systems Developer). Also in 2009 and 2010 several staff contracts expire and it is likely that there will be some staff turnover either then or possibly earlier. Whether currently houses under lease will remain available and be accepted by new staff is obviously unknown. The Secretariat understands that the UNDP and the Secretariat of the Pacific Community have intentions to increase their staff numbers in Pohnpei and if this eventuated it will create further demand and may encourage land owners to invest in residential building projects.

4. On the supply side two suitable houses have been recently completed however it is unlikely that these will remain unoccupied for long. The Secretariat had strongly considered the possibility of taking out leases on these houses in anticipation of additional staff recruitment, however a straw poll of members at the Third Session of the Technical and Compliance Committee Meeting (27 August to 02 October 2007, Pohnpei, FSM) indicated there was no support for the prospect of paying "dead rent". In addition, while the houses are of a very high standard, the landlord was seeking onerous lease conditions including high rent, a five year lease period, a deposit of three months rent forfeited in the event of early lease cancellation, and several months notice for lease cancellation. There was also uncertainty about whether any recruit would in fact accept either house. Further the payment of "dead rent" did not have formal budgetary cover. Given these factors and the absence of a positive reaction from the members polled it was judged extremely unlikely that anticipatory rental of the houses would be generally viewed with favour by the Finance and Administration Committee. Elsewhere a group of eight two bedroom apartments is under construction and is

scheduled to be completed in late 2008 and long term apartment accommodation in hotels can usually be found. It is also to be expected that from time to time currently occupied houses may become available as tenants move.

Recommendation

5. The Committee is invited to note the status of housing stock in Pohnpei.