
A BILL FOR AN ACT

RELATING TO TEACHER HOUSING.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that there is a pressing
2 need to provide housing assistance for the recruitment and
3 retention of teachers in the Hawaii public school system.

4 The purposes of this Act are to provide housing for
5 teachers at affordable prices, enable teachers to benefit from
6 appreciation equal to investment in the purchase of a house, and
7 address the critical teacher shortage by creating an incentive
8 program for teachers to settle and work in Hawaii.

9 PART I

10 SECTION 2. Act 204, Session Laws of Hawaii 2005, is
11 amended by amending section 1 to read as follows:

12 "SECTION 1. Chapter 302A, Hawaii Revised Statutes, part
13 III, is amended by adding a new subpart to be appropriately
14 designated and to read as follows:

15 " . Teachers' Housing

16 **§302A-A Purpose.** The purpose of this subpart is to
17 transfer the administration of the teachers' housing program
18 from the housing and community development corporation of Hawaii



1 to the department of education. This subpart [~~also~~] establishes
2 a revolving fund for the accounting and control of receipts and
3 disbursements in connection with the department of education's
4 functions of planning, constructing, purchase, repairing,
5 maintaining, and operating housing programs for teachers
6 employed and assigned by the department of education. This
7 subpart also establishes an affordable housing program for
8 teachers to purchase an interest in residential property.

9 **§302A-B Teachers' housing program; administration.** (a)

10 The department shall administer the teachers' housing program
11 under this subpart. The department shall:

- 12 (1) Administer the teachers' housing revolving fund under
13 section 302A-C;
- 14 (2) Provide annual statements under section 302A-D;
- 15 (3) Conduct annual reviews of units under section 302A-E;
- 16 and
- 17 (4) Perform any other duty necessary to effectuate this
18 subpart.

19 (b) The department may adopt rules pursuant to chapter 91
20 to effectuate this subpart.

21 **§302A-C Teachers' housing revolving fund.** (a) There is
22 established in the state treasury a revolving fund to be known



1 as the teachers' housing revolving fund to be administered by
2 the department of education. The director of finance shall
3 transfer any moneys appropriated for the purposes of teacher
4 housing to the teachers' housing revolving fund. All unexpended
5 balances of appropriations, allocations, allotments, special
6 revolving funds, or other funds heretofore created and made
7 available for the purposes of developing or administering
8 teachers' housing projects shall be transferred to the teachers'
9 housing revolving fund. Notwithstanding any law to the
10 contrary, all moneys, including refunds, reimbursements, and
11 rentals, for housing from teacher tenants shall be deposited in
12 the revolving fund.

13 (b) The revolving fund may be used by the department of
14 education for any and all of the purposes of teachers' housing,
15 including the planning, construction, purchase, maintenance, and
16 operation of teachers' housing, as well as for the salaries of
17 the necessary personnel in charge thereof.

18 (c) Whenever the governor determines that the amount in
19 the teachers' housing revolving fund exceeds the requirements of
20 the teacher housing program, the department shall transfer the
21 excess to the state general fund.



1 **§302A-D Annual statements.** The department of education
2 shall annually prepare for the director of human services and
3 the director of finance a full, detailed description and
4 financial statement of the planning, construction, purchasing,
5 repair, maintenance, and operation of teachers' housing.

6 **§302A-E Annual review; disposal of units.** The department
7 of education shall annually review the status of and necessity
8 for subsidized teachers' housing throughout the State and, upon
9 determination that any particular housing unit is no longer
10 necessary, shall dispose of that unit by sale, demolition, or
11 otherwise. Any net proceeds from the disposal of a unit shall
12 be paid to the governmental entity vested with fee title to the
13 unit at the time of disposition, and any deficit incurred in the
14 disposal shall be paid by the State.

15 §302A- Teachers' affordable housing program. (a) There
16 is established an affordable housing program for qualified
17 teachers under this subpart to be administered by the department
18 of education.

19 (b) The department of education shall make available an
20 interest in residential properties to qualified teachers for
21 purchase at twenty per cent of the current fair market values of
22 the properties. Fair market value shall be that of comparable



1 residential properties sold in the surrounding area as
2 determined from tax assessed valuation.

3 (c) Under this program, the qualified teacher will pay
4 property taxes on the property's current full market value at
5 the rate established by the county governments responsible for
6 property tax assessments.

7 (d) The qualified teacher under this program shall be
8 solely responsible for securing a mortgage, and paying principal
9 and interest, mortgage insurance, maintenance, and other
10 associated costs on the residential property.

11 (e) The department shall adopt rules pursuant to chapter
12 91 to carry out the purposes of this section.

13 §302A- Qualifications for teachers' affordable housing
14 program. (a) A qualified teacher shall be eligible to
15 participate in the program if the teacher:

16 (1) Is an active, full-time teacher in the Hawaii public
17 school system; and

18 (2) Resides in the property purchased under this subpart
19 as the teacher's permanent and primary residence for
20 at least nine months in a twelve-month period.

21 (b) No teacher who owns a residential property elsewhere
22 shall be eligible to purchase a residential property under this



1 subpart. A teacher shall be deemed to own a residential
2 property if the teacher, the teacher's spouse, or both (unless
3 separated and living apart under a decree of a court of
4 competent jurisdiction) own a majority interest in a residential
5 property.

6 §302A- Occupation of residential property by teacher and
7 spouse upon termination of service, retirement, death, or
8 divorce. (a) If the qualified teacher is terminated from
9 service with ten years or less of service, the teacher must
10 vacate the residential property. Twenty per cent of the fair
11 market value of the property at the time of the purchase of the
12 property by the teacher shall be returned to the teacher.

13 (b) If the qualified teacher is terminated from service
14 with more than ten years of service, the teacher shall vacate
15 the residential property. Twenty per cent of the fair market
16 value of the property at the time of termination shall be
17 returned to the teacher.

18 (c) If the qualified teacher retires from the public
19 school system and does not reside in the property for at least
20 nine months in a twelve-month period, the property shall be sold
21 back to the state at fair market value. Twenty per cent of the



1 fair market value of the property at the time of the sale shall
2 be returned to the teacher.

3 (d) The surviving spouse of a deceased qualified teacher
4 may live in the home until the surviving spouse's death. Upon
5 the death of both the qualified teacher and the spouse, twenty
6 per cent of the fair market value of the property at the time of
7 death of the teacher or spouse, whichever is later, shall be
8 paid to the teacher's estate.

9 (e) If the qualified teacher is divorced from the
10 teacher's spouse, the residential property will be divided in
11 accordance with section 580-47. If the qualified teacher has
12 lived on the property for ten years or less, the teacher shall
13 be entitled to twenty per cent of the fair market value of the
14 property at the time of the purchase of the property by the
15 teacher. If the qualified teacher has lived on the property for
16 more than ten years, the teacher shall be entitled to twenty per
17 cent of the fair market value of the property at the time of the
18 divorce."

19 PART II

20 SECTION 3. There is appropriated out of the general
21 revenues of the State of Hawaii the sum of \$ _____, or so
22 much thereof as may be necessary for fiscal year 2006-2007 to be



1 deposited in the teachers' housing revolving fund for purchase
2 of residential properties to be utilized as part of the
3 teachers' affordable housing program pursuant to chapter 302A.

4 SECTION 4. The sum appropriated shall be expended by the
5 Hawaii department of education for the purposes of this Act.

6 PART III

7 SECTION 5. Statutory material to be repealed is bracketed
8 and stricken. New statutory material is underscored.

9 SECTION 6. This Act shall take effect on July 1, 2008;
10 provided that sections 3 and 4 shall take effect on July 1,
11 2006.

SB2228, SD1

Report Title:

Teacher Housing; Affordable Housing

Description:

Creates an affordable housing program for active full-time public school teachers to purchase an interest in residential properties. (SD1)

