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# 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 is aware that, with an overall  
2 shortage of teachers and other school staff members, including  
3 administrators and related service professionals, many schools  
4 are hard-pressed to keep staff from accepting positions in other  
5 schools or leaving the profession altogether. The cost and  
6 availability of housing can greatly impact the recruitment and  
7 retention of teachers, especially in geographically isolated  
8 communities and in schools that are plagued with hard-to-fill  
9 vacancies. In addition, the high cost of housing in Hawaii  
10 creates added economic stress on younger teachers who are most  
11 likely to leave the profession.

12           The legislature is also aware that the current condition of  
13 state-owned teacher housing mandates that units undergo  
14 extensive repair and renovation, and will require a consistent  
15 maintenance program and dedicated oversight and support  
16 personnel when the program is transferred from the Hawaii



1 housing finance and development corporation to the department of  
2 education.

3 The purpose of this Act is to address the teacher shortage  
4 problem in Hawaii by creating a program that offers housing to  
5 teachers at affordable costs.

6 SECTION 2. Chapter 302A, Hawaii Revised Statutes, is  
7 amended by adding three new sections to part III, subpart E, to  
8 be appropriately designated and to read as follows:

9 "§302A-A Educators' affordable housing program. (a)

10 There is established an affordable housing program for qualified  
11 teachers and other employees of the department under this  
12 subpart to be administered by the department.

13 (b) The department shall offer a deferred-interest second  
14 mortgage to qualified teachers and staff (and their spouses if  
15 the property will be owned jointly) at the time they purchase a  
16 residential dwelling unit. The deferred-interest second  
17 mortgage shall be due, together with deferred interest, at the  
18 earlier of:

- 19 (1) The sale of the property;  
20 (2) Other conveyance of the property;  
21 (3) Six months after the purchaser ceases to be qualified;



1        (4) The refinancing of any mortgage on the dwelling unit  
2                    that increases the principal;

3        (5) Six months after the purchaser ceases to occupy the  
4                    unit full time; or

5        (6) Fifteen years from the date of the purchase.

6        (c) The deferred-interest second mortgage shall not exceed  
7 the lesser of one-half of the purchase price or \$125,000. The  
8 interest on the second mortgage shall be equal to a percentage  
9 of the increase between:

10        (1) The purchase price and the gross sale price on an  
11                    arms-length sale to an unrelated third party; or

12        (2) The fair market value of the property as determined by  
13                    an appraiser selected by the department.

14 The State's percentage shall be the principal amount of the  
15 second mortgage divided by the purchase price.

16        (d) The department shall adopt rules pursuant to chapter  
17 91 to carry out this section.

18        **§302A-B Qualifications for educators' affordable housing**  
19 **program. A qualified teacher or school staff member of the**  
20 **department shall be eligible to participate in the program if**  
21 **the teacher or staff member:**



- 1        (1) Is an active, full-time teacher in the Hawaii public  
2        school system;
- 3        (2) Resides on the property purchased under this subpart  
4        as the educator's permanent and primary residence for  
5        at least nine months during a twelve-month period; and
- 6        (3) Together with a spouse, if any, or the spouse  
7        individually, does not own other real estate.

8        **§302A-C Educators' second mortgage revolving trust fund.**

9        (a) There is established the educators' second mortgage  
10       revolving trust fund, into which shall be deposited:

- 11       (1) Appropriations made by the legislature to the fund;
- 12       (2) All contributions from public or private partners;
- 13       (3) All interest earned on or accrued to moneys deposited  
14       in the fund; and
- 15       (4) Any other moneys made available to the fund from other  
16       sources.

17       (b) Moneys in the fund shall be used:

- 18       (1) To provide deferred-interest second mortgages for  
19       Hawaii public school teachers as provided in 302A-A;  
20       or
- 21       (2) For any other purpose deemed necessary to carry out  
22       the educators' affordable housing program."



1 SECTION 3. The department of education shall identify and,  
2 if necessary, hire personnel or a management firm to initiate a  
3 program of repair and renovation for all existing teacher  
4 housing units, to include possible usage of school vocational  
5 education students.

6 The department of education shall determine which schools  
7 currently have had the highest staff housing needs, determine  
8 which vacancies have been hardest to fill, and provide evidence  
9 within five years that housing availability and cost have become  
10 reduced factors in recruitment and retention for high priority  
11 schools and vacancies.

12 SECTION 4. There is appropriated out of the general  
13 revenues of the State of Hawaii the sum of \$ or so  
14 much thereof as may be necessary for fiscal year 2008-2009 to be  
15 deposited into the educators' second mortgage revolving trust  
16 fund established under section 302A-C, Hawaii Revised Statutes.

17 SECTION 5. There is appropriated out of the educators'  
18 second mortgage revolving trust fund the sum of \$ or  
19 so much thereof as may be necessary for fiscal year 2008-2009  
20 for making second mortgage loans to be utilized for the  
21 educators' affordable housing program pursuant to chapter 302A,  
22 Hawaii Revised Statutes.



1 The sum appropriated shall be expended by the department of  
2 education for the purposes of this Act.

3 SECTION 6. There is appropriated out of the general  
4 revenues of the State of Hawaii the sum of \$ or so  
5 much thereof as may be necessary for fiscal year 2008-2009 to  
6 the department of education for management of the teacher  
7 housing program and to bring existing units to acceptable levels  
8 of repair and renovation.

9 The sum appropriated shall be expended by the department of  
10 education for the purposes of this Act.

11 SECTION 7. In codifying the new sections added by section  
12 2 of this Act, the revisor of statutes shall substitute  
13 appropriate section numbers for the letters used in designating  
14 the new sections in this Act.

15 SECTION 8. New statutory material is underscored.

16 SECTION 9. This Act shall take effect on July 1, 2008.

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**Report Title:**

Public Education; Teacher Housing; Appropriation

**Description:**

Establishes an affordable housing program for public school teachers and a second mortgage revolving fund. Appropriates funds for: (1) the repair and maintenance of teacher housing; and (2) second mortgage loans for public school teachers. Provides for a report on the effectiveness of housing availability in increasing teacher recruitment.

