

JAN 19 2007

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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 is due, together with deferred interest, at the earlier  
18 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 in 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' revolving trust fund,  
10       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 2007-2008, to  
15 be deposited into the educators' second mortgage revolving fund  
16 established under section 302A-C, Hawaii Revised Statutes.

17 SECTION 5. There is appropriated out of the educators'  
18 second mortgage revolving fund established under section 302A-C,  
19 Hawaii Revised Statutes, the sum of \$ , or so much  
20 thereof as may be necessary for fiscal year 2007-2008, and the  
21 same sum, or so much thereof as may be necessary for fiscal year  
22 2008-2009, for making second mortgage loans to be utilized for



1 the educators' affordable housing program pursuant to chapter  
2 302A, Hawaii Revised Statutes.

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 2007-2008, and  
6 the same sum, or so much thereof as may be necessary for fiscal  
7 year 2008-2009, to the department of education for management of  
8 the teacher housing program and to bring existing units to  
9 acceptable levels of repair and renovation.

10 SECTION 7. The sums appropriated shall be expended by the  
11 department of education for the purposes of this Act.

12 SECTION 8. In codifying the new sections added by section  
13 2, 4, and 5 of this Act, the revisor of statutes shall  
14 substitute appropriate section numbers for the letters used in  
15 designating the new sections in this Act.

16 SECTION 9. Statutory material to be repealed is bracketed  
17 and stricken. New statutory material is underscored.

18 SECTION 10. This Act shall take effect on July 1, 2007.

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INTRODUCED BY: Norman S. Sakuma



**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.

