

JAN 25 2006

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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 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, purchasing, 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, purchasing, maintenance,  
16 and operation of teachers' housing, as well as for the salaries  
17 of 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.

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13 INTRODUCED BY: Donner  
Clemente Restrepo  
Joe Deane Jr  
Rosalyn de Boker  
Carol Fukunaga  
Will Syro  
Franne Chun Oakland

*[Handwritten signature]*

SB220

**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.

