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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 educational staff members,  
3 including administrators and related service professionals, many  
4 schools are hard-pressed to keep staff from accepting positions  
5 in other schools or leaving the profession altogether.

6           The cost and availability of housing can greatly impact the  
7 recruitment and retention of teachers, especially in  
8 geographically isolated communities and in schools plagued with  
9 hard-to-fill vacancies. In addition, the high cost of housing  
10 in Hawaii creates added economic stress on younger teachers who  
11 are those most likely to leave the profession.

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



1 development corporation to the department of education on July  
2 1, 2008.

3 The purpose of this Act is to address the teacher shortage  
4 problem in Hawaii by:

5 (1) Establishing and appropriating funds for a program  
6 that offers deferred-interest second mortgages to  
7 qualified teachers and educational staff; and

8 (2) Appropriating funds to manage teacher housing and for  
9 the repair and renovation of existing teacher housing  
10 units.

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

14 "§302A-A Educators' affordable housing program. (a)

15 There is established an affordable housing program for qualified  
16 teachers and other educational staff of the department of  
17 education to be administered by the Hawaii housing finance and  
18 development corporation.

19 (b) The Hawaii housing finance and development corporation  
20 shall offer a deferred-interest second mortgage to qualified  
21 teachers and other educational staff, and their spouses if the  
22 property will be owned jointly, at the time a residential



1 dwelling unit is purchased. The deferred-interest second  
2 mortgage is due, together with deferred interest, at the earlier  
3 of:

4 (1) The sale of the property;

5 (2) Other conveyance of the property;

6 (3) Six months after the purchaser ceases to be qualified;

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

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

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

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

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

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

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



1        (d) The department shall adopt rules pursuant to chapter  
2 91 to carry out this section.

3        **§302A-B Qualifications for educators' affordable housing**

4 **program.** A qualified teacher or other educational staff of the  
5 department of education shall be eligible to participate in the  
6 program if the teacher or educational staff member:

7        (1) Is an active, full-time teacher or educational staff  
8 member within the Hawaii public school system;

9        (2) Resides on the property purchased under this subpart  
10 as the teacher or educational staff member's permanent  
11 and primary residence for at least nine months in a  
12 twelve-month period; and

13        (3) Together with a spouse, if any, or the spouse  
14 individually, does not own other real estate.

15        **§302A-C Educators' second mortgage revolving trust fund.**

16        (a) There is established the educators' revolving trust fund,  
17 into which shall be deposited:

18        (1) Appropriations made by the legislature to the fund;

19        (2) All contributions from public or private partners;

20        (3) All interest earned on or accrued to moneys deposited  
21 in the fund; and



1       (4) Any other moneys made available to the fund from other  
2           sources.

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

4       (1) To provide deferred-interest second mortgages for  
5           Hawaii public school teachers and other educational  
6           staff as provided in 302A-A; or

7       (2) For any other purpose deemed necessary to carry out  
8           the educators' affordable housing program."

9       SECTION 3. The department of education shall identify and  
10   if necessary, hire personnel or a management firm, which may  
11   include vocational education students, to initiate a program of  
12   repair and renovation for all existing teacher housing units.

13       In determining the order of priority for schools that need  
14   repair and renovation of existing teacher housing units, the  
15   department of education shall consider:

16       (1) Which schools currently have the highest staff housing  
17       needs; and

18       (2) Which vacancies have been hardest to fill.

19       The department shall, within five years, provide evidence  
20   that housing availability and cost have become reduced factors  
21   in the recruitment and retention of teachers for high priority  
22   schools and vacancies.



1 SECTION 4. There is appropriated out of the general  
2 revenues of the State of Hawaii the sum of \$ for  
3 fiscal year 2007-2008 to be deposited into the educators' second  
4 mortgage revolving trust fund established under section 302A-C,  
5 Hawaii Revised Statutes.

6 SECTION 5. There is appropriated out of the educators'  
7 second mortgage revolving trust fund established under section  
8 302A-C, Hawaii Revised Statutes, the sum of \$ or so  
9 much thereof as may be necessary for fiscal year 2007-2008 and  
10 the same sum or so much thereof as may be necessary for fiscal  
11 year 2008-2009 to provide deferred-interest second mortgages for  
12 qualified teachers and educational staff under the educators'  
13 affordable housing program pursuant to chapter 302A, Hawaii  
14 Revised Statutes.

15 The sums appropriated shall be expended by the Hawaii  
16 housing finance and development corporation for the purposes of  
17 this section.

18 SECTION 6. There is appropriated out of the general  
19 revenues of the State of Hawaii the sum of \$ or so  
20 much thereof as may be necessary for fiscal year 2007-2008 to  
21 the Hawaii housing finance and development corporation to manage



1 teacher housing and to repair and renovate existing teacher  
2 housing units.

3 The sum appropriated shall be expended by the Hawaii  
4 housing finance and development corporation for the purposes of  
5 this section.

6 SECTION 7. There is appropriated out of the general  
7 revenues of the State of Hawaii the sum of \$ or so  
8 much thereof as may be necessary for fiscal year 2008-2009 to  
9 the department of education to manage teacher housing and to  
10 repair and renovate existing teacher housing units.

11 The sum appropriated shall be expended by the department of  
12 education for the purposes of this section.

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

17 SECTION 9. New statutory material is underscored.

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



**Report Title:**

Public Education; Teacher Housing; Appropriation

**Description:**

Establishes and appropriates funds for the Educators' Affordable Housing Program to offer deferred-interest second mortgages to qualified teachers and educational staff. Appropriates funds to manage teacher housing and for the repair and renovation of existing teacher housing units. (HB599 HD1)

