



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: Leslye Krutko

SUBJECT: SEE BELOW

DATE: October 27, 2008

Approved

Date

10-30-08

COUNCIL DISTRICT: Citywide
SNI AREA: All

**SUBJECT: EXPANSION OF THE TEACHER HOMEBUYER PROGRAM DOWN
PAYMENT ASSISTANCE PROGRAM TO INCLUDE CREDENTIALLED
NON-TEACHING STAFF**

RECOMMENDATION

It is recommended that the City Council adopt a Resolution to allow the expansion of the Teacher Homebuyer Program (THP) to include credentialed, non-teaching staff and administrators in San José K-12 public schools.

OUTCOME

Upon approval of this recommendation, the Housing Department will expand the eligibility of the City's THP to income-eligible credentialed employees at local K-12 public schools. This will support affordable homeownership opportunities for additional low- and moderate-households in San José and help ensure that these education professionals continue to provide their valuable services to students and residents of the City.

BACKGROUND

On June 29, 1999, the City Council approved the creation of the Teacher Homebuyer Program. Significant modifications to the program were adopted by the City Council in April 2000, December 2003, and, most recently, in August 2005. The THP has been a highly successful program, assisting over 650 local teachers with home purchases through the use of a deferred repayment downpayment assistance loan. To date, approximately one out of eleven San Jose teachers has participated in the program. The THP has an annual budget of \$4 million and the total cumulative City investment, since 1999, exceeds \$20 million. On June 19th, 2007, the City Council approved the City's Five Year Housing Investment Plan, which called for an expansion of the THP to other K-12 public school staff.

ANALYSIS

Current Program

The Teacher Homebuyer Program provides deferred repayment loans to low- and moderate-income full-time public school classroom teachers in San José. Despite an extensive marketing campaign, the number of annual THP participants has steadily fallen from its peak in 2003. The amount of program funds used in FY 2006-07 was \$2.9 million and in FY 2007-08 was \$2.015 million, just over half of the total program budget. Although teacher loan activity has just recently increased due to falling home prices, the program has the ability to serve a greater number of teachers and educators. The program is currently limited to K-12 classroom teachers. This excludes other highly valuable administrators and support staff such as nurses, librarians, speech therapists, and guidance counselors at San José public schools.

Schools/City Collaborative

In an effort to align our efforts with the Schools/City Collaborative – Teacher Recruitment/Retention Subcommittee, City staff attended the internal school district wide meeting on October 1, 2008 attended by Human Resource Directors from all 19 school districts. Several Human Resource Directors provided data and analysis to assist in the development of this recommendation.

Legal Findings for use of 20% Housing Funds

Much of the City's funding for the THP is from the 20% Low- and Moderate-Income Housing Fund. The use of these funds, as well as other Agency Funds, outside of Agency redevelopment project areas, requires that certain findings be made: (1) The funds must be used to create low- and moderate-income housing units; (2) The use of the funds must be beneficial to redevelopment project areas; and (3) In order to use 20% Low- and Moderate-Income Housing Funds for a targeted group of employees, it is necessary to find that the specific group constitutes a unique class of employees whose distinct characteristics include the fact that they earn commensurately less (given their education) than other similarly-educated workers employed elsewhere in San José.

Staff Salaries and Job Qualifications

In 2008, the average starting salary of an incoming classroom teacher in San José was \$48,380, far less than Santa Clara County's lower-income limit of \$59,400 for a household of one person. The salaries of many non-teaching credentialed staff are not commensurate with other private sector employees with similar levels of higher education. For instance, many credentialed staff at local K-12 schools are required to obtain a Bachelors' or Masters' degree and a State Pupil Personnel Services credential, in addition to a minimum level of on-site and/or hands-on instruction. The starting salaries for credentialed school counselors, nurses, and speech pathologists are fairly close to teachers' salaries, and range from approximately \$46,000 to \$62,000 for these professions. By comparison, according to the Bureau of Labor Statistics, in 2007 the average salary for a registered nurse in California was \$78,550 and the average salary for a speech pathologist was \$74,720.

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The minimum prerequisites for credentialed administrators is even higher. Many local school districts require school administrators to have at least a Masters' degree and an Administrative Services Credential issued by the California Commission on Credentialing. In addition, some school districts require that administrators such as principals and vice-principals have a minimum of three to five years experience as a classroom teacher. Despite a higher starting salary range from \$75,000-\$103,000 for credentialed administrators, some critical onsite management positions in the public school system have been difficult to fill.

Salary ranges for non-credentialed staff are typically lower than for credentialed staff. For instance, the average starting salary for a mid-level clerical employee is approximately \$33,724. Average annual salaries for bus drivers and teachers aides are also \$35,497 and \$27,581 respectively. The level of compensation associated with these positions is lower, in part, due to the less rigid educational requirements for the positions. Most require only a high school education or higher.

Given the requirement to make findings supportive of the eligible use of funds for unique classes of employees, Housing Department Staff is not able to make those findings for non-credentialed support staff due to the minimum levels of formal education required for the positions. Therefore, an expansion of the program can only include credentialed staff at this time.

Alignment with State Policy

Expansion of the THP to include all full-time credentialed classroom teachers, administrators, and credentialed support staff is consistent with other policy initiatives at the State and local level. First, the City's effort to expand housing opportunities for teachers and support staff is consistent with the goals of the California Extra Credit Teacher Program (ECTP). Administered by the California Housing Finance Agency, the ECTP offers up to \$15,000 in deferred repayment loans to teachers and other credentialed faculty and administrators in the State's bottom half of low-performing schools - those with an Academic Performance Index (API) rating of 1-5 out of 1-10. Counselors, nurses, and other credentialed administrators are eligible to participate in the ECTP, provided they have obtained an approved credential from the California Commission on Credentialing. The State's list of acceptable non-teaching credentialed staff is listed in the Appendix, and the City's program would be broadened to include the same list of eligible credentials adopted by the State.

Second, the expansion of the THP to include all full-time credentialed classroom teachers and credentialed support staff that provide direct and specialized services for students is aligned with the recent expansion of the SJSU Faculty and Staff Homebuyer Program (FSHP) to all full-time staff at SJSU. This action was approved by the City Council on June 9, 2006.

Lastly, the credentialed support staff working in our schools are highly-educated, talented, and committed. They contribute greatly to the overall educational experience of San José public students. As such, they should be eligible to enjoy the same benefits as classroom teachers. Providing homeownership opportunities to these individuals will help retain these vital services in our community. For these reasons, staff recommends that the THP eligibility be broadened to include all full-time credentialed support staff at K-12 public schools in San José.

EVALUATION AND FOLLOW-UP

Upon approval of this recommendation by the City Council, Housing Department staff will immediately expand the THP to other eligible credentialed staff and post quarterly status reports on the THP and other homebuyer programs on the Department's website.

POLICY ALTERNATIVES

To arrive at this proposal, Staff considered the following option(s):

Alternative #1: *Do not expand the THP to credentialed K-12 public school staff*

Pros: Only K-12 public school classroom teachers would remain eligible for the program. When demand for THP funds from classroom teachers does not equal the annual budget, unused funds are re-budgeted to other projects and programs serving lower-income households.

Cons: School districts in San Jose find it difficult to recruit and retain credentialed support staff, who are highly trained and provide specialized and technical services to public school students. Without the proposed changes, this group of educators would not be eligible to enjoy the same benefits currently offered to only classroom teachers.

Reason for not recommending: School nurses, administrators, psychologists, counselors, speech pathologists, and other highly trained staff provide essential supportive services to San José's public school students. Expanding the THP to other credentialed staff will improve the ability of San José public school districts to recruit and retain this unique group of employees and enhance homeownership opportunities for additional low- and moderate-income families in San José.

PUBLIC OUTREACH/INTEREST

This item does not meet any of the criteria below; however, this item will be posted on the internet via the City Council's website for the November 18th 2008 meeting.

- Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

COORDINATION

The preparation of this report has been coordinated with the Office of the City Attorney and the Office of the City Manager.

FISCAL/POLICY ALIGNMENT

This recommendation is aligned with the most recent Council-adopted "Five-Year Housing Investment Plan for FY 2007/2008 through FY 2011/2012," which sets forth a goal of expanding the THP to other educational professionals, including non-classroom teachers, support staff, bus drivers, and other public education employees.

COST SUMMARY/IMPLICATIONS

1. AMOUNT OF RECOMMENDATION:

The proposed action will have no impact on the budget.

2. COST ELEMENTS: There are no additional costs associated with this action.

3. SOURCE OF FUNDING:

No additional funds are required as a result of this action. The THP is funded by both the Federal HOME Investment Partnership Program (Fund 445), and the City's Low- and Moderate-Income Housing Fund (Fund 443).

4. FISCAL IMPACT: No ongoing fiscal impact.

BUDGET REFERENCE

There is no budgetary impact resulting from this action.

CEQA

Not a project.



Leslye Krutko
Director of Housing

For Questions Contact: Leslye Krutko, Director of Housing at (408) 535-3851.



Appendix

List of Qualified Credentials for Non-Teaching Staff

For Staff Members:

- School Nurse Credential
- Clinical or Rehabilitation Service Credential
- Pupil Personnel Services Credential - (e.g. School Counseling, School Social Work, School Psychology and Child Welfare and Attendance)
- Library Media Teacher Service Credential
- Designated Subjects Vocational Education Teaching Credential

For Administrators:

- Administrative Services Credential
- General Secondary School Administration Credential
- Administrative Services Credential (Examination)
- General Secondary School Supervision Credential
- Standard Supervision Credential
- General Administration Credential
- Standard Administration Credential
- General Supervision Credential
- General Elementary School Administration Credential
- The Supervision Credential
- General Elementary School Supervision Credential
- General School Principal or Supervisor Credential