



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Leslye Krutko  
Sara L. Hensley

**SUBJECT:** SEE BELOW

**DATE:** February 22, 2006

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Approved

Date

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**COUNCIL DISTRICT:** Citywide  
**SNI Area:** All

**SUBJECT: TEACHER HOUSING/TEACHER RECRUITMENT STATUS REPORT**

## **RECOMMENDATION**

Accept the Status Report on the efforts of the City of San José's Teacher Housing Program (THP) and Teacher Retention Initiative.

## **BACKGROUND**

Since 1999, the Mayor and the City Council have combined efforts to make the City of San José California's Most Teacher Friendly City. These efforts largely consisted of the establishment of three programs for teachers: (1) The San José Move in For Less Program; (2) The San José Future Teacher Loan Program; and (3) The San José Teacher Homebuyer Program. The purpose of each of these programs is to recruit and retain highly qualified teachers for San José public schools.

## **ANALYSIS**

### **San José Move-In For Less:**

In partnership with the Tri-County Apartment Association (TCAA), the City developed a "Move In For Less" Program for teachers. Many apartment owners in San José agreed to charge no more than 20% of the monthly rent as a security deposit. This Program saves teachers hundreds of dollars in up-front moving costs.

Any San José public school teacher earning less than the County Median Income, based on household size, can qualify to take advantage of this Program. According to TCAA, there are 45 apartment complexes in Santa Clara County that are part of this Program. In order to facilitate participation from apartment owners and tenants the Move-In For Less Program does not have any data collection or monitoring requirements. From 2001-2005, the overall demand for the

Move-In For Less Program was soft due to a lackluster local rental market. As the rental market begins to show signs of improving, teacher demand for the Program is expected to increase.

#### San José Future Teacher Home Loan Program

The Future Teacher Loan Program (FTLP) was created in 1999 in a partnership between the City of San José, San José State University, National Hispanic University, Santa Clara University, and National University to assist aspiring students become fully credentialed teachers in a San José public school.

The FTLP lends future teachers up to \$1,500 annually, with a maximum of \$7,500 over a five-year period. These loans can be used to pay for tuition, books, and other education related expenses. In exchange, the student commits to successfully complete an approved teacher preparation program at San José State University, National Hispanic University, Santa Clara University, or National University, and to serve as a teacher in a San José public school upon completion of his/her education. For each year the new teacher works in a qualified school, the City will forgive an amount equal to the annual loan amount received, up to the total maximum loan amount of \$7,500.

Since the program inception, 115 students have participated in the FTLP. Five teachers have had their FTLP loans forgiven. Three additional teachers are on track to have their loans completely forgiven in the next few years. In 2005-2006, the Department of Parks, Recreation, and Neighborhood Services is processing 15 new loan recipients, and one returning student.

Staff continues to update the status of all the past participants by researching recipient information to ensure records are current; working with local school districts to verify employment; and reconciling funds owned back to the City, if applicable.

#### Teacher Homebuyer Program

The City of San José Teacher Homebuyer Program (THP) offers qualified K-12 public school teachers interest free loans of up to \$65,000 to be used as downpayment assistance towards the purchase of a home. The Program was established by the City Council in 1999 and has assisted more than 500 teachers to become homeowners. On January 11<sup>th</sup>, 2006, The Mayor congratulated the 500<sup>th</sup> THP recipient in a special celebration at City Hall. Since 1999, the program has leveraged over \$138 million in additional funds.

Despite the downturn of the local rental economy, potential new homebuyers have continued to experience a 15%-20% annual increase in the cost of ownership housing over the last several years. In an effort to increase affordable homeownership opportunities for low- and moderate-income teachers, the City has developed strong relationships with local lending partners including Neighborhood Housing Services of Silicon Valley (NHSSV), the Santa Clara County Association of Realtors (SCCAOR), the Housing Trust of Silicon Valley (NHSSV), and the California Housing Finance Agency (CalHFA). Close collaboration with these agencies is required to help teachers obtain multiple loans from state and local agencies for downpayment and closing cost assistance. The City is also working closely with both for-profit and non-profit developers building affordable for-sale housing to market the units to eligible teachers and is

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aggressively working with builders to seek additional grant revenues through the State's Building Equity and Growth in Neighborhood (BEGIN) Program to be converted into deferred payment low-interest loans for teachers and other eligible first-time homebuyers. Since 2004, the City has been awarded over \$4 million in grant funds from this program.

The THP receives an annual budget of \$4 million. In 2005-2006, this amount will assist approximately 70 teachers to purchase homes in San José.

### **COORDINATION**

This memorandum was coordinated with the Office of the City Attorney. Staff is preparing a powerpoint presentation for the meeting on March 9, 2006.



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