



# Good Housing for Great Teachers Project

## Executive Summary Report

**To:** Public Education Foundation (PEF)  
**From:** PFM Group Consulting LLC supported by Heron Community Consulting LLC

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### INTRODUCTION

Teachers are the cornerstone of all communities and successful education systems. They directly shape the minds of children, preparing them for the demands of the world ahead. Student outcomes are closely tied to the effectiveness of educators (though not exclusively), which school districts can bolster through their retention and development over time. Nationwide, rising rental and homeownership costs are pushing teachers out of their communities, resulting in longer commutes, increased absence and turnover rates, lower quality of instruction, and decreased workplace satisfaction.<sup>1</sup> School districts and organizations across the country are working to develop solutions to teacher housing affordability challenges.

To that end, the **Good Housing for Great Teachers Project** was commissioned by the Public Education Foundation (PEF) alongside multiple partners, as a collaborative effort to address and alleviate some of the housing affordability challenges felt by Hamilton County teachers. PFM Group Consulting LLC (PFM), alongside Heron Community Consulting, were engaged to provide a report analyzing the issue of affordable housing for teachers, providing tailored recommendations, and an implementation plan.

PFM set out to achieve this by conducting a phased approach which included local and national research into best practices, analysis of quantitative school district data, as well as analysis of anecdotal evidence gathered from teacher roundtable discussions<sup>2</sup> and a teacher survey.<sup>3</sup> PFM also met with several local stakeholders and organizations to understand the feasibility of recommendations and the needs of Hamilton County. This report provides a range of solutions catered to the unique housing concerns of teachers in the County with hopes to improve housing options, bolster teacher retention in the community, and support the school district's ability to develop quality educators.

### HIGH-LEVEL FINDINGS

Analysis of teacher data, anecdotal information from teacher surveys and focus groups, and collaboration with Hamilton County Schools (HCS or the District) and PEF have spotlighted the ongoing housing affordability challenges facing teachers in the District. Housing is a challenge felt by teachers of all tenure and income levels, whether related to securing, affording, and/or maintaining housing. This is driven by some of the following pressure points:

- The majority of HCS teachers are on the lower half of the salary step schedule, which is synonymous with the lower end of the compensation range. It also indicates lower affordable housing payment levels, assuming a teacher is the single earner in their household.
- Over half of HCS teachers, including single teachers and those with multiple family members, earn at or below 80% of Chattanooga's area median income (AMI).

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<sup>1</sup> Learning Policy Institute – Addressing Teacher Shortages (2025).

<sup>2</sup> Roundtable discussions were held with three cohorts of teachers, teachers of color, first year teachers, and experienced teachers

<sup>3</sup> The teacher survey was conducted over 30 days and included responses from 277 current HCS teachers



- Based on a survey of 270+ HCS teachers and roundtable discussions with teacher groups, teachers reside in temporary housing such as Airbnb's or RVs, live with their parents or roommates out of necessity, and 55% of survey respondents pay over 30% of their gross income on housing.
- Between 2021 and 2023, median monthly rental costs outpaced compensation growth for HCS teachers, meaning career progression-based raises did not buy teachers more purchasing power.
- There is a growing gap between HCS compensation, and the level of income needed to afford median monthly owner costs.

While this report and analysis focuses largely on identifying viable housing options, compensation will continue to be a key factor in a teacher's ability to afford quality housing in the region. The County and School District's ability to invest in their teachers by funding compensation increases will undoubtedly contribute to advancing housing opportunities for teachers. HCS is committed to supporting its teachers and staff as they navigate immense housing market growth and related challenges.

Teachers play a pivotal role in the Hamilton County community and quality housing options are a key factor that contribute to teacher satisfaction, recruitment and retention. This report focuses on affordable housing for teachers, however, it is important to note that these solutions could also be tailored to other public sector employees or any member of the community with a similar salary. Everyone in Hamilton County has a role to play in the solution to rising housing costs. In addition to the many collaborators in our report, school staff should continue to be engaged in the evaluation and implementation of potential solutions.

## FINDINGS: HOUSING AFFORDABILITY IN HAMILTON COUNTY

Housing affordability is a product of two main variables – income and the housing market. Income levels determine what is affordable to a given teacher, while the housing market dictates what housing is available in the area, and at what cost. In Hamilton County, teachers face housing affordability challenges related to both variables – teacher compensation, and the recent and rapid growth of the local housing market.

### Teacher Income Levels

In HCS, teacher salaries are defined by a salary schedule, where teachers are positioned on the schedule based on their level of education and years of experience in teaching.<sup>4</sup> Step 0 is for entry level salaries, whereas step 25 or 30 is for the most tenured teachers. **In 2025-26, 70% of HCS teachers are on the early half of the salary schedule, indicating lower income levels. As a result, around one-third of teachers earn below \$55,000 in base pay, and 62% of teachers earn under \$65,000.**

**Teacher Counts by Salary Band**

Salary Range	Teacher Count	Percent of Total
\$50 - 54,999	1,040	35.4%
\$55 - 59,999	419	14.3%
\$60 - 64,999	371	12.6%
\$65 - 69,999	469	16.0%
\$70 - 74,999	462	15.7%
\$75,000+	173	5.9%
<b>Total</b>	<b>2,934</b>	<b>100.0%</b>

**Teacher Counts by Affordable Housing Payment Range**

Monthly Payment	Teacher Count	Percent of Total
\$1,250 - \$1,449	1,368	46.6%
\$1,450 - \$1,649	656	22.4%
\$1,650 - \$1,849	625	21.3%
\$1,850 - \$2,050	285	9.7%
<b>Total</b>	<b>2,934</b>	<b>100.0%</b>

The above right table shows affordable housing payments for teachers using the distribution of HCS teachers at different income levels. Affordability is defined as 30% of gross income or less dedicated to

<sup>4</sup> This analysis uses the 201-day teacher salary schedule which represents teachers working 201 days out of the school year. 99% of teachers in the 2025-26 school year are currently categorized as 201-day teachers



housing payments. For renters, this includes the cost of rent and utilities, and for homeowners it includes mortgage costs and utilities. **As shown above, affordable monthly payments are below \$1,450 for nearly half of HCS teachers on a single income.**

While the single-earner analysis highlights the concentration of teachers at the lowest end of the affordability range, many teachers live with additional earners and other family members. Both factors make housing affordability a more complex equation – multiple earners mean additional income and potentially greater affordability ranges, and children present the need for different housing options. PFM reviewed the number of people in a household by analyzing spouse and dependents data from health benefits enrollment information. Although not a perfect representation of a teacher's household size, as some teachers may live with roommates or family members not reflected in their health benefits enrollment, it showed that **44% of teachers live in household sizes of three or more.** Our teacher survey also asked about household sizes, where **68% of survey respondents noted having household sizes of three or more.**

#### Number of Teachers on 2025 AMI Scale

AMI Range	Persons in Family (PIF)								Total
	1	2	3	4	5	6	7	8	
30-50% of AMI	0	0	0	0	31	17	2	0	<b>50</b>
51-60% of AMI	0	0	68	125	53	28	8	1	<b>283</b>
61-80% of AMI	515	358	252	402	117	13	3	1	<b>1,661</b>
81%+ of AMI	435	341	166	27	0	0	0	0	<b>969</b>
<b>Total Teacher Count</b>	<b>950</b>	<b>699</b>	<b>486</b>	<b>554</b>	<b>201</b>	<b>58</b>	<b>13</b>	<b>2</b>	<b>2,963</b>

It is unclear from our analysis if teachers live with additional earners, however, when reviewing where HCS teachers fall relative to Area Median Income (AMI) limits, it allows us to consider household size without knowing how many earners live in one household. AMI is also closely tied to eligibility requirements for housing assistance programs. The table above was calculated using the health benefits enrollment data previously described and shows that **67% of teachers earn 80% of AMI or lower.**

#### This analysis indicates that:

- The large majority of HCS teachers face greater housing affordability challenges than their neighbors do, and that these teachers may qualify for subsidy programs.
- Nearly half or more teachers live in household sizes larger than two-person, showing a need for a variety of housing options including units with multiple bedrooms.

#### The Housing Market

Recent and rapid growth of housing prices in the City of Chattanooga has made affordability a challenge for teachers and the greater community. As shown in the table below, ownership and rental costs have increased by an average of 6.9% and 13.5% per year respectively between 2021 and 2023.

#### Hamilton County: U.S Census Bureau 1-Year Housing Price Estimates

	2021	2022	2023	CAGR <sup>5</sup>	Total Change
Median Monthly Owner Costs <sup>6</sup>	\$1,352	\$1,461	\$1,544	<b>6.9%</b>	<b>\$192</b>
Affordable Income for Median Monthly Owner Costs	\$54,080	\$58,440	\$61,760	<b>6.9%</b>	<b>\$7,680</b>
Median Gross Rent Payment	\$1,007	\$1,184	\$1,298	<b>13.5%</b>	<b>\$291</b>
Affordable Income for Median Monthly Rental Costs	\$40,280	\$47,360	\$51,920	<b>13.5%</b>	<b>\$11,640</b>

<sup>5</sup> Compound Annual Growth Rate from 2017 to 2023

<sup>6</sup> Including a mortgage payment



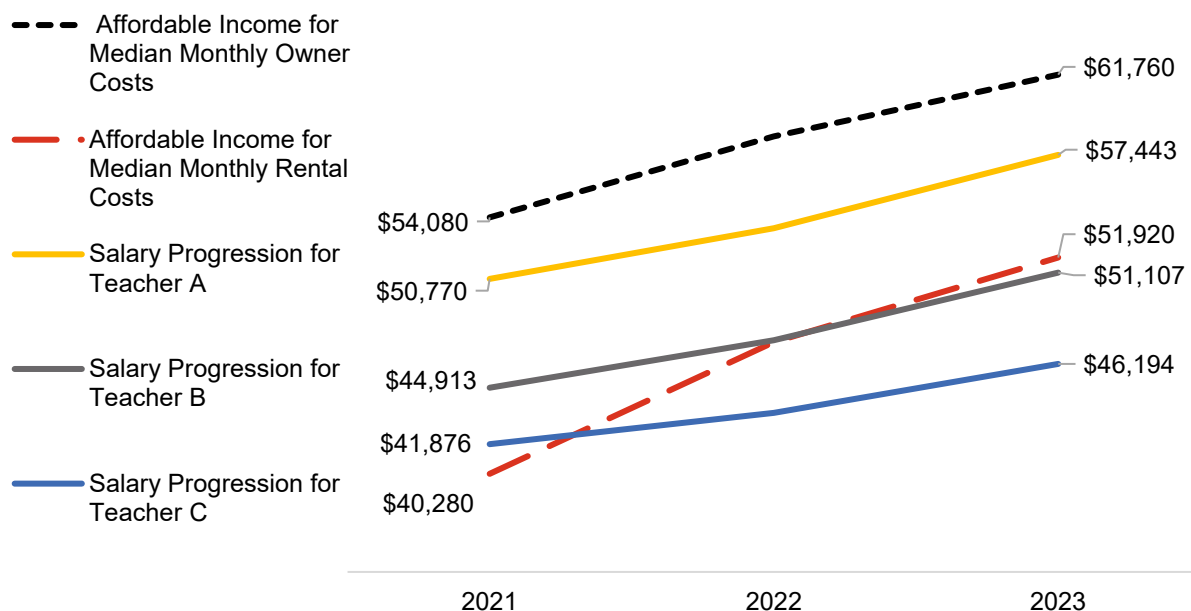
In order to match rising housing costs, a teacher's gross income would have needed to increase by about \$12,000 to match increases in ownership costs, and \$8,000 to match increases in rental costs. **Salary growth through scale increases and step movement has not matched the cost growth of monthly owner or rent costs.**

The chart below shows the growth in owner and rental housing costs from 2021 to 2023 relative to multiple different teacher salary trajectories. Teachers A, B, and C were hired at the start of the 2021-22 school year and live alone.

- Teacher A has an advanced degree and five years of experience.
- Teacher B has a bachelor's degree with five years of teaching experience.
- Teacher C has a bachelor's degree and no prior years of teaching experience.

In the chart below, actual salary growth for Teachers A, B, and C was slower than housing cost growth between 2021 and 2023, especially compared to rental cost growth. In 2021, median monthly rental prices in the County were affordable to Teachers A, B and C, but by 2023, rental prices were only affordable for Teacher A. Homeownership costs were unaffordable for Teachers A, B, and C throughout that period, and are increasingly unaffordable for teachers in recent years.

**Housing Cost Growth vs. Teacher Pay**



Housing market growth impacts all levels of staff – new teachers cannot afford median rent levels on an entry level salary, career progression-based raises are outpaced by rising rent prices for teachers who are early in their careers, and homeownership costs are increasingly out of reach for all teachers. These trends constrain the ability of teachers to pursue housing during key life events such as relocation after college graduation, family expansion due to marriage and/or children, and other transition points. This analysis was validated by teachers anecdotally in our roundtable discussions and survey responses.

In order to alleviate some of these identified challenges, the following section details a range of housing solutions that HCS can take to support its teachers as they navigate the housing market.



## HOUSING SOLUTIONS

PFM listened to teachers through multiple roundtable discussions and our survey analysis. PFM additionally conducted benchmarking, best practice research both locally and nationally, and discussed findings with local stakeholders. Through our analysis, we found that housing challenges felt by HCS teachers span three main categories – securing housing, affording housing, and maintaining housing. The following chart summarizes teacher anecdotes expressed for each of these areas. Developing solutions for each of these categories will ensure widespread impact on all teachers who range in need based on personal circumstances.

<b>Securing Housing</b>	<ul style="list-style-type: none"><li>• "I had trouble finding a roommate, which I needed to afford a local apartment"</li><li>• "I don't have the upfront costs for rent or a downpayment"</li></ul>
<b>Affording Housing</b>	<ul style="list-style-type: none"><li>• "I spent well above 30% of my income on housing"</li><li>• "I cannot afford rent with one paycheck"</li></ul>
<b>Maintaining Housing</b>	<ul style="list-style-type: none"><li>• "My financial position has not changed over my career... what happens when my roof breaks?"</li><li>• "I can only afford a fixer-upper, and I can't afford the work it needs"</li></ul>

It is also important that solutions can be implemented across a range of timelines and financial constraints. PEF and its partners are committed to supporting teachers as they navigate the housing market, though certain initiatives will take time and resources to accomplish. For this reason, **housing solutions are organized into two primary categories: lower-lift programs and higher-lift initiatives.**

### **Lower-Lift Programs**

Lower-lift programs are intended to be easily and immediately implementable, as they do not require substantial effort or funding to accomplish. These programs, listed in the table below, alleviate some of the housing challenges faced by teachers in the short-term and in the absence of higher-lift solutions. They primarily involve collecting resources for HCS staff to utilize as they navigate securing, affording, and maintaining housing. These solutions effectively act as employee benefits, providing savings, access to programs and services, and other resources to teachers at all income, family, and housing circumstances.

#### **Housing identification assistance & roommate and vacancy search platform**

The goal of this platform would be to enable teachers to efficiently manage the logistical components of relocation such as finding roommates and housing options.

##### **Implementation Plan**

- Partner with local management companies, teachers and other community members, and a website developer or IT department.
- Create a blog or website to connect with roommates, or offer vacant bedrooms.
- Establish a housing website that lists trusted local management companies, and when feasible, an application for moving stipends.

##### **Case Study**

A Baltimore-based organization called Teacher Props connects teachers with local housing by providing a resource for finding housing based on budget and employment dates, roommate matching, free application process, and deferred payment for the first month's rent.



### Property maintenance network

The goal of this network would be to support homeowners in pursuing needed maintenance and leveraging community partnerships to provide trusted and discounted services.

#### Implementation Plan

- Partner with local vendors, credit union and a website developer or IT department.
- Engage local community to procure vendor relationships.
- List all vendors and discounts on employee benefits website.
- Raise funding and create an application process for emergency needs.

#### Case Study

Florida's Broward County Public Schools provides employee discounts for home improvements and other services such as security systems, lawn care, and construction.

### Financial and housing literacy programs

The goal of this program would be to support teachers in proactively managing their unique financial circumstances, including housing costs.

#### Implementation Plan

- Partner with service that provides recorded or live classes, educators providing relevant resources, and a website developer or IT department.
- Create a central website for all employees, outlining educational resources for finding, affording, and maintaining housing.
- Organize dashboard with a wide range of educational sources.

#### Case Study

Charlotte-Mcklenburg Schools in North Carolina provides a service called "At Home in CMS." This includes partnerships with local organizations to provide financial literacy programs, in addition to rental assistance, crisis housing, and home maintenance education.

### **Higher-Lift Initiatives**

Higher-lift initiatives address more extensive themes like the availability of housing and the costs necessary to procure housing. These initiatives might involve new construction, repurposing of school property, or programs to raise funds for up-front housing costs. Due to development and funding constraints, implementation of higher-lift initiatives may take several years to complete. These initiatives have the potential to directly increase the number of affordable housing units in the County for teaching staff. This would allow teachers with the greatest needs to secure housing that is affordable, especially when salary increases are not feasible.



### Missing middle housing model

The goal of this initiative would be to leverage Chattanooga Neighborhood Enterprise's (CNE) success in missing middle housing development to create units specifically for school district staff.

#### Implementation Plan

- Partner with CNE or another developer.
- Conduct discussions with CNE or another partner capable of developing missing middle housing.
- Identify location(s) for housing.
- Agree on program design for partnership: funder, owner, co-developer.

#### Case Study

CNE has developed missing middle housing in Highland Park, where several open lots are owned and available for development with projects varying from cottage court units to duplexes and multi-unit buildings.

### School property conversion

The goal of this initiative would be to convert older or unused school buildings to housing or mixed-use buildings that incorporate community spaces or partnerships.

#### Implementation Plan

- Partner with HCS and a developer or general contractor with conversion capacity or expertise.
- Conduct discussions with HCS about surplus property that may be appropriate for teacher housing, based on size, location, and other factors.
- Develop partnership or joint venture agreement based on project visioning.

#### Case Study

Both Pittsburgh, PA in 2023 and Washington, DC in 2021 developed successful school conversion projects for 51 and 40 housing units respectively. The former included 43 affordable units as well as multiple amenities.

### Adaptive reuse development

The goal of this initiative would be to repurpose buildings that were previously used as industrial or warehouse spaces, to locate housing near employment centers without need for new construction.

#### Implementation Plan

- Partner with a broker or site owner and a developer or general contractor with conversion capacity or expertise.
- Identify potential sites that may be considered for adaptive reuse to teachers, based on size, location, and other factors.
- Identify potential project partner(s) based on project visioning and obtain site control

#### Case Study

The Seawall development has transformed former industrial buildings into vibrant mixed-use communities with dedicated affordable housing for teachers and education-related nonprofits. Their approach blends historic preservation, social impact, and private-public partnerships.





### **Down payment assistance**

The goal of this initiative would be to provide some type of complementary program to support homebuyer assistance for teachers either through a grant, loan, equity investment, or community land trust.

#### **Implementation Plan**

- Partner with CNE or another developer and a local housing authority or nonprofit with grant administration capacity.
- Secure program funding.
- Establish and publicize clear eligibility criteria for teachers and a transparent application process.
- Collaborate with mortgage lenders to streamline the grant disbursement process for qualified applicants.

#### **Case Study**

Teacher Next Door is a national home buying program offering grants and downpayment assistance specifically for teachers. Their Florida branch offers non-repayable grants of \$1,000 to \$8,000 as well as downpayment assistance of up to \$15,000 for qualifying teachers.