



Good Housing for Great Teachers

Analysis of Housing Affordability for Teachers in Hamilton County, Tennessee

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Executive Summary



Project Overview

- ◆ In late January, the Public Education Foundation (PEF) launched its **Good Housing for Great Teachers Project**
 - PEF engaged PFM to evaluate the affordable local housing options for teachers as a means to improve retention and increase the number of highly qualified teachers in HCS
 - This project includes research, data analysis, actionable recommendations, and an implementation framework for improved teacher housing, with attention to the key factors that impact housing decisions such as market costs and availability, compensation, commute times, and family structure
 - The study acknowledges the critical role that affordable, quality housing can play in a teacher's well-being, stability, workplace satisfaction, and in increasing disposable income
- ◆ For this project, PEF established a partnership with the **Lyndhurst Foundation, the Community Foundation of Greater Chattanooga, and Hamilton County Schools (HCS)**
- ◆ This report aims to cover the following through a three phased approach:
 - Research on the national and local landscape for housing, teacher recruitment, and retention
 - Analysis of teacher staffing data and teacher input from roundtable discussions and surveys
 - Input from local organizations and stakeholders to establish tailored recommendations



The Value of Teachers

- ◆ This report focuses on teachers, as they provide a clear and tangible effect on student outcomes
 - Teachers are the cornerstone of any successful education system, directly shaping the minds and futures of children
 - High-quality teaching profoundly influences children's academic success and individual trajectories, extending beyond the classroom through the rest of a child's life
 - A 2014 American Economic Review paper found that students taught by high value-added teachers* are more likely to attend college and earn higher salaries
 - The presence of dedicated and highly qualified teachers is crucial for the success and stability of school districts, which in turn strengthens the entire community
- ◆ **Although this report focuses on teaching staff, effective school districts heavily rely on support and administrative staff to effectively educate students**
- ◆ This report aims to elevate the housing challenges that many school district staff face, by focusing on the challenges that teachers face



Teacher Input

This report heard from teachers and found that a lack of affordable housing is of great concern

- Based on a survey of 277 HCS teachers and roundtable discussions with teacher groups, teachers live in a wide range of housing types, with some teachers residing in temporary housing such as Airbnb's or RVs or living with their parents or roommates out of necessity
- Further, more than 55% of survey respondents pay over 30% of their gross income on housing
- Below are paraphrased anecdotes the PFM team heard from a variety of teachers through roundtable interviews and survey responses

"It's hard to find roommates - where do I even look?"

"My challenge is being able to pay the downpayment for a house"

"I don't have a village to help me, I'm staying with my ex-husband's family, if I didn't have them, I'd probably be in a shelter."

"The first apartment I got with my partner cost \$800 per month and had fleas, now I pay \$1,200 per month for a place with mold, but no fleas."

"Options in my price range were far from my school."

"The teachers credit union is so generous, and not even they can fill the gap."

"Most first year teachers need at least 1 roommate and usually more."

"Most good houses will go off market a week or two after they're posted."

"Housing feels purposefully confusing and difficult."



Summary of Findings

Below are a summary of key findings and analysis outlined in this report

- A majority of HCS teachers are at the earlier half of the salary schedule, indicating lower income levels – 62% of teachers earn under \$65,000 in 2025-26
 - Affordable monthly housing payments* are below \$1,450 for nearly half of HCS teachers on a single income
- Nearly half of teachers live in household sizes of three or more**
- 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)**
- Between 2021 and 2023, median monthly rental and owner costs outpaced compensation growth for teachers, meaning career progression-based raises did not buy teachers more purchasing power
 - Homeowner and rent payments increased respectively by 7% and 14% annually during that time
- There is a growing gap between the compensation HCS provides, and the level of income needed to afford median monthly owner costs, however, the District has limited options to increase its revenue

*This study defines affordable monthly payments as costing no more than 30% of gross income for housing costs

**This finding is based on insight gained from employee benefits data, which may not be an accurate reflection of household size for some households



Summary Recommendations

- ◆ This report found that the need to invest in housing solutions for teachers and support staff is clear
 - Quality housing options are a key factor that contribute to teacher satisfaction, recruitment, and retention as housing costs and availability have a direct impact on the day to day lives of teachers
 - Housing costs have increased at a much faster rate than public sector salaries can keep up with, and will likely not decrease in the short term
- ◆ Recognizing that multiple solutions will need to be explored to address these challenges, this report outlines the following long-term and short-term recommendations for the community to consider:

Higher-Lift Initiatives	Lower-Lift Programs
<ul style="list-style-type: none">• Missing Middle housing model• School property conversion• Adaptive reuse development• Downpayment assistance	<ul style="list-style-type: none">• Housing Identification Assistance• Roommate and vacancy search platforms• Property maintenance network• Financial and housing literacy programs• Other local partnerships



Next Steps

- ◆ PEF, HCS, and other key stakeholders in the region have a unique opportunity to make a meaningful impact on teacher recruitment and retention while also supporting housing solutions for other public sector workers
- ◆ The recommendations should be evaluated and prioritized for implementation
- ◆ While these solutions focus on teachers, they could also be tailored to other public sector employees or any member of the community with a similar salary
- ◆ **Who should be involved?**
 - **Everyone in Hamilton County can contribute to the solution**
 - Local stakeholders, developers, and local government can and should be involved in evaluating and implementing solutions
 - HCS staff should continue to be engaged in the evaluation and implementation of solutions
 - This report is primarily focused on identifying viable housing options; however, 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



Introduction

PFM | *What We Do*

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SPECIALIZED SERVICES

derivatives advisory | treasury management consulting | retirement finance





Project Team



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PFM and Heron Community Consulting

- ◆ Heron and PFM are long-standing partners and have collaborated on projects for over a decade
- ◆ PFM provides budget & financial planning support regionally & nationally (over 100 jurisdictions in the last 3 years)
- ◆ **Leveraging successful practices:** PFM utilizes a multidisciplinary approach, drawing upon specialized service areas within the MBC practice
 - Specialized groups include K-12 Schools, Budgeting and Financial Planning, Workforce Advisory Services, and Economic Tax Strategies
- ◆ **PFM's approach:**
 - Employs a rigorous methodology that combines thorough data analysis with the application of national best practice
- ◆ Heron helps communities advance their vision for an equitable future in partnership with funders and implementers
- ◆ **Housing expertise:** Heron understands how housing markets and development conditions impact the availability of homes that are affordable to moderate-income workers
- ◆ **Heron's approach:**
 - Collaborates with clients to understand and address their unique needs and challenges
 - Fosters strong partnerships and prioritizes achieving a positive, lasting community impact





PEF's Impact

- ◆ Public Education Foundation (PEF) is a thirty-five-year-old non-profit organization that works with and supports the success of HCS and its teachers
 - PEF is active in the space of teacher recruitment, retention, and development, and it operates the following notable local initiatives:



- ◆ Project Inspire is a teacher residency program that provides workforce mentorship and leadership development to produce highly effective teachers that stay within the district
- ◆ 139 alumni are teaching at HCS, and 88% eligible residents continue teaching in HCS, with 4+ years of experience



- ◆ The STEM Fellows program is a professional development initiative for local educators, transforming them into STEM leaders through training in best practices enabling them to develop and implement innovative STEM lessons and projects
- ◆ There are 336 STEM Fellow alumni across 129 public schools

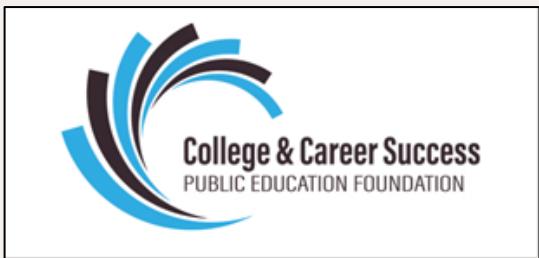


PEF's Impact

- PEF is active in the space of teacher recruitment, retention, and development, and it operates the following notable local initiatives:



- The Volkswagen eLabs are state-of-the-art digital fabrication labs integrated directly into school schedules, providing students with a unique, personalized learning experience focused on engineering and environmental stewardship
- 43 VW eLabs in HCS schools, 22,000+ students access the labs



- PEF's Camp College is a three-day summer program at Sewanee: The University of the South that provides rising high school seniors—many of whom will be the first in their families to attend college—with targeted college-readiness support.
- 1,083 students have been supported and 90% go on to earn a degree

- PEF collaborated with the Lyndhurst Foundation, the Community Foundation of Greater Chattanooga, and Hamilton County Schools to launch the **Good Housing for Great Teachers Project**



Project Approach

- In May, PEF engaged PFM to evaluate the affordable local housing options for teachers using the following phased framework

PHASE I – Summary of National and Local Research

- **Research Upfront:** Investigate national and local affordable housing challenges for teachers
- **Best Practices & Barriers:** Gather successful approaches and identify implementation barriers
- **Listening:** Engage with the client, teachers, and key stakeholders to understand local challenges and trends

PHASE II – Analysis

The project team will analyze:

- **Teacher Housing Availability:** Explore rental and home ownership options
- **Pay vs. Affordability:** Compare teacher pay to housing costs
- **Teacher Housing Factors:** Assess impact of amenities, housing types, and commute
- **Comparable District Benchmarking:** Review compensation and housing trends in similar districts

PHASE III – Recommendations

- **Propose Actionable Recommendations:** Develop a set of recommendations tailored to Hamilton County to significantly improve housing options for public school teachers
- **Develop Implementation Framework:** Create a comprehensive framework addressing costs, funding sources, and necessary partnerships



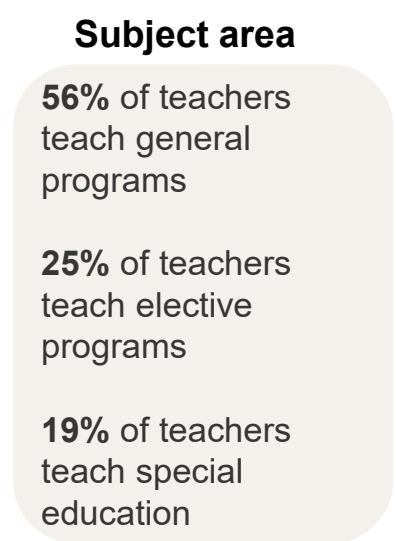
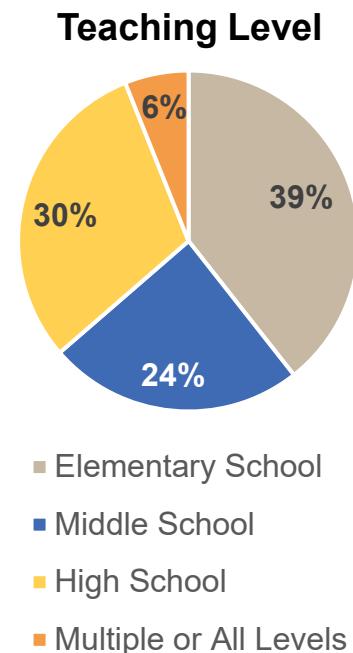
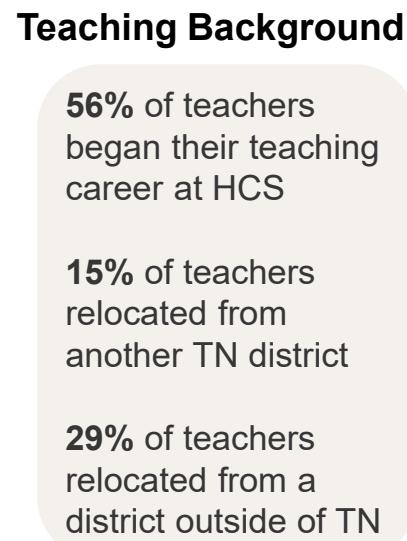
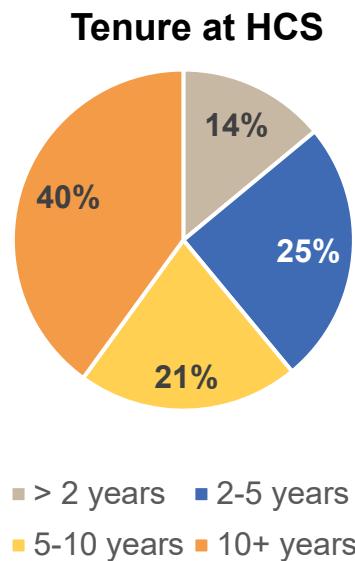
Key Collaborators

- As part of the development of this report, PFM met with representatives from the following organizations to gather more information on the local housing landscape:
 - Hamilton County – Economic and Community Development
 - City of Chattanooga – Economic Development
 - Hamilton County Schools – Finance, Operations, Human Resources, and Office of the Superintendent
 - Teach for America
 - Benwood Foundation
 - Footprint Foundation
 - The Community Foundation of Greater Chattanooga
 - Lyndhurst Foundation
 - Chattanooga Neighborhood Enterprise (CNE)
 - Invest Chattanooga
 - Chattanooga 2.0
- PFM received data from HCS on staffing for 2022-23 to 2025-26, and benefits for 2025-26
 - PFM reviewed data from the Tennessee Department of Education (TDOE) for enrollment and other qualitative and quantitative data
- PFM also conducted roundtable discussions with current Hamilton County Schools teachers and received survey responses from 277 current teaching staff



Teacher Feedback

- PFM wanted to make sure HCS teachers were centered in this report's understanding of housing issues and its recommendations for solutions
- To that end, PFM conducted three teacher roundtable discussions with the following cohorts:
 - Teachers of color
 - First year teachers
 - Experienced teachers
- PFM's survey included 277 teachers with varying years of experience and who taught in elementary, middle, and high schools:





Affordable Housing as a Barrier to Recruitment and Retention

- ◆ The Good Housing for Great Teachers project aims to highlight the need to invest in affordable housing options for teachers, with hopes to also increase recruitment and retention of quality staff
 - The bulk of this report will examine the specific circumstances of Hamilton County teachers and the options they have for affordable housing within the county
- ◆ HCS has steadily increased its retention rate for teachers, however, nationally recruitment and retention of quality teachers have been a prevalent challenge that was exacerbated by the COVID-19 pandemic, which the availability of affordable housing options may help to improve
- ◆ We know that affordable housing challenges for teachers, and other public service workers, are not a Hamilton County specific problem
- ◆ The next section of this report will review the issue of recruitment, retention, and affordable teacher housing from a national landscape
 - Many other cities, school districts, and counties have encountered the same challenges Hamilton County faces today
 - In the recommendations section, this report will review case studies to outline some of the solutions with which others have found success



National Landscape: *Affordable Housing as a Barrier to Teacher Success*



National Challenges with Teacher Recruitment, Retention, and Shortages

- ◆ A Learning Policy Institute (LPI) study of the 2022-23 school year, found that over 400,000 teaching positions nationwide were either vacant or filled by non-certified staff, about 1 in 8 positions nationally
- ◆ LPI cited several factors that directly or indirectly impact teacher turnover:



Compensation

- Can I afford to support myself and/or my family with this salary?
- Can I afford to live in a place that suits my personal and employment needs?
- Can I afford to get certified and/or cover student loans?
- Are there other school districts that offer a more competitive compensation package?



Work Environment and Support

- Is my time spent during and outside of contractual hours reasonable?
- Am I supported by other staff in a classroom? Can I manage my classroom effectively?
- Is administrative presence supportive or not?
- Do I have sufficient time to complete non-instructional responsibilities?



Professional Development

- Is professional development programming relevant and available?
- Am I provided with clear and reasonable feedback for improvement?
- Am I given the opportunity to provide input on programming?



National Landscape: Teacher Affordable Housing

- ◆ Housing affordability is tied closely to a few variables that LPI identified as determining factors of teacher recruitment and retention
 - Housing prices narrow options, dictate commute times, and impact disposable income or purchasing power, all of which can impact overall workplace satisfaction and teacher performance
- ◆ Teacher housing affordability is both a national and growing issue
 - In recent years, fewer teachers are able to afford living in the communities that they serve, resulting in longer commutes, increased turnover and absences, and lower quality instruction
- ◆ The **National Council on Teacher Quality (NCTQ)** has monitored the housing affordability challenges faced by teachers, and in May 2025 it found that:
 1. **Housing costs have grown faster than teacher salaries have**
 2. **The compensation benefits of career progression are outpaced by housing prices**
 3. **Monthly rent costs often exceed 30% of a new teacher's salary**
 4. **Homeownership is increasingly unrealistic for teachers**



NCTQ: Growth in Housing Costs v. Teacher Salaries

- ◆ Across the 72-largest school districts in the US, the NCTQ found that housing costs have grown faster than teacher salaries and inflation
- ◆ Relative to 2019 cost and income levels:
 - Rent prices are **51%** higher and home prices are **47%** higher
 - National inflation has risen **26%**
 - Salaries for teachers with a Bachelor's degree are only **24%** higher and salaries for teachers with a Master's degree are only **23%** higher
- ◆ Rapid housing cost growth means that teachers who began their careers in the 2018-19 school year lost purchasing power as they progressed throughout their careers
- ◆ **In Chattanooga housing costs have also rapidly increased:**
- ◆ Harvard's JCHS State of the Nation's Housing found that more than **45% of renter households are cost burdened*** and more than **23% of renter households are severely cost burdened****
- ◆ Census data reports rental costs are **14%** higher and homeownership costs are **7%** higher annually from 2021 to 2023, this has outpaced teacher salary growth during the same period

*households paying more than 30% of their income on housing are considered cost burdened

**households paying more than 50% of their income on housing are considered severely cost burdened



Local Landscape: Hamilton County

- As the LPI study stated, teacher retention is complex with many contributing factors and the NCQT study illustrates how unaffordable housing can exacerbate the challenges teachers already face
- Our survey respondents* ranked compensation as the most important factor in deciding to stay at or leave Hamilton County School District**
 - Following compensation was (2) work environment, culture, and support, (3) cost of living, and (4) proximity to family and/or friends
 - Our study will focus on the factors of compensation (salaries and benefits), disposable income, commute, and other factors that affect quality of life and workplace satisfaction
- HCS retains most of its teachers annually, and its retention rate** has increased in recent years
 - While some level of teacher turnover is expected, high teacher retention promotes consistency within a school district and ensures students benefit from continuous, stable education
- Providing affordable housing solutions to teachers would be an additional benefit that may help to continue to improve recruitment and retention efforts**
- The next section of this report will examine this issue from the local perspective, providing an overview of HCS, teacher compensation and reviewing housing options in Hamilton County



Local Landscape: *Hamilton County*



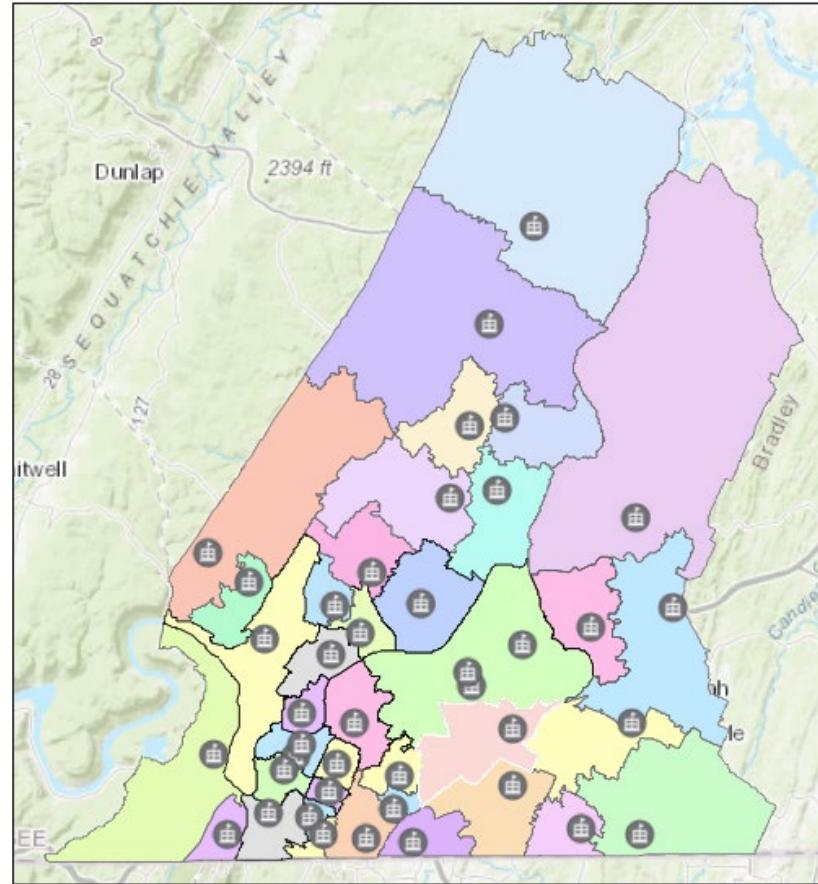
School District Overview



About Hamilton County Schools

- ◆ The following section is an introduction of the local school district
- ◆ Hamilton County Schools (HCS) is one of 147 public school districts in Tennessee
- ◆ HCS is located in the southeast corner of Tennessee, contains the City of Chattanooga and its surrounding areas, and immediately borders Georgia
- ◆ The District operates a total of 79 schools and programs
 - There is a greater concentration of school buildings in and surrounding the City of Chattanooga
 - Schools on the outskirts of the County serve more regional zones

HCS Elementary School Zones



Source: [Elementary School Zones](#)



About Hamilton County Schools

- ◆ HCS has received the following distinctions from the Tennessee Department of Education (TDOE):



- ◆ The "**Best for All**" distinction recognizes districts that strategically invested a significant portion of their federal COVID-19 relief funds (ESSER) to improve student academic achievement
- ◆ The "**Innovative School Models**" distinction recognizes districts that reimagine traditional learning to provide students with high-quality, career-oriented instruction and personalized career guidance that aligns with the state's most in-demand skills and jobs
- ◆ The "**Grow Your Own**" distinction recognizes districts that have developed innovative, no-cost pathways for individuals to become teachers by creating teacher apprenticeship programs
- ◆ The "**Reading 360**" distinction recognizes districts that have used state-provided grants and resources to strengthen phonics-based reading skills among students, teachers, and families
- ◆ The "**TN ALL Corps**" distinction recognizes districts that have successfully implemented a high-dosage, low-ratio tutoring model to address student learning loss and accelerate academic achievement





About Hamilton County Schools

- In accordance with federal and state law, TDOE names schools that are excelling as well as schools that need additional support
- The TDOE names four designations (the number of associated HCS schools appear in **blue**):
 - Reward schools:** *Schools that demonstrate high levels of academic achievement or significant improvement in performance, often across multiple student groups* – **15 schools**
 - Targeted Support and Improvement (TSI):** *Schools in which performance by one or more student groups is at or below state-established standards* – **15 schools**
 - Comprehensive Support and Improvement school (CSI):** *Schools facing the most significant challenges in academic achievement, student growth, and other areas* – **3 schools**
 - Additional Targeted Support and Improvement (ATSI):** *Schools in which performance by one or more student groups is at or below the level of the CSI schools* – **2 schools**
- The TDOE also gives designations to reflect the **overall performance** of Tennessee schools across multiple performance indicators for all students and specific student groups
 - Of the five designations (Exemplary, Advancing, Satisfactory, Marginal, and Need of Improvement) HCS had the **Satisfactory** designation in 2023-24



About Hamilton County Schools

- HCS has a strategic plan spanning from 2024 to 2030 called **Opportunity 2030**
- The strategic plan, spanning from 2024 to 2030 was created using recommendations from transition committees and extensive community feedback gathered through in-person and virtual sessions, as well as an online survey
- The plan prioritizes five commitments:
 - Every student will improve in their learning each school year
 - Every student will have connections to their school through educators, staff, other students, and their community
 - Every school will have equitable access to resources such as facilities, technology, and operations that provide for their individual student needs
 - Every educator and staff member is valued while feeling empowered, supported and connected to their work
 - Every family, partner, mentor, and advocate will be connected and empowered in their critical role in supporting our students to become life-ready

Every Student Learns

Every Student Belongs

Every Employee Valued

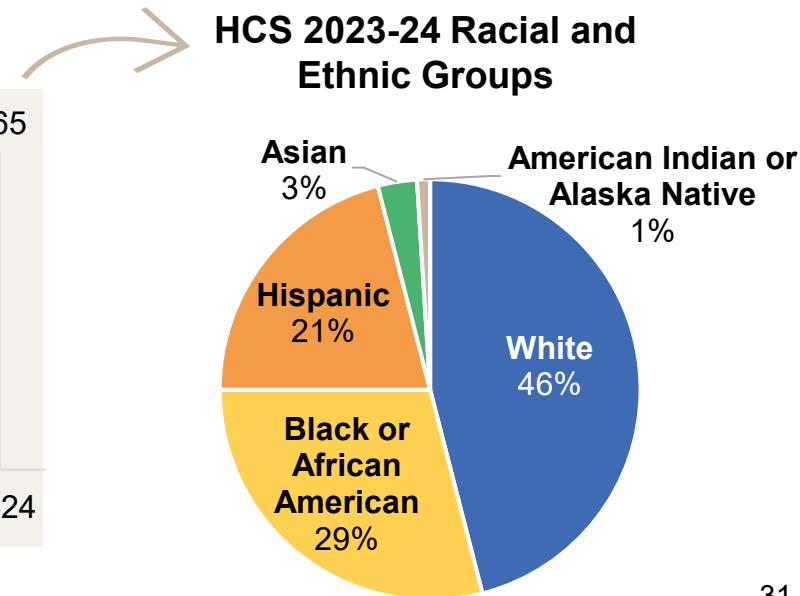
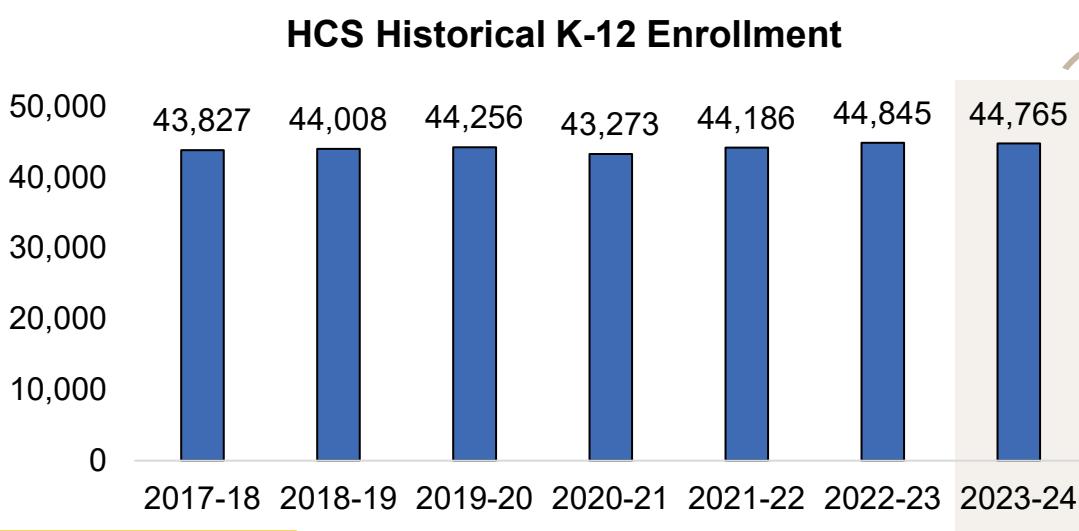
Every School Equipped

Every Community Served



Enrollment

- Enrollment in HCS has remained relatively stable between 2017-18 and 2023-24, increasing by an average of **156 students** per year, which is equivalent to **0.35%** per year
 - Growing or declining enrollment is typically a factor in recruitment or retention challenges, however HCS enrollment has been relatively stable for several years
- HCS has a student population that is diverse racially, ethnically, academically, and socio-economically
 - In 2023-24, 34% of students were considered economically disadvantaged, 14% of students had a type of disability, and 12% of students were English learners





HCS Teaching Staff Overview

- In 2025-26, **HCS employs 2,964 teachers across its buildings and programs**
- HCS maintains a non-bargaining staff agreement with the Hamilton County Education Association (HCEA), which represents teachers and other certified staff
 - This agreement specifies compensation, benefits packages, and other employment terms for covered staff
- Teachers in HCS generally work between 200 - 260 days per year, depending on agreed upon teaching days
 - As shown in the table below, about **99% of teachers** are 201-day employees
 - Teachers with additional responsibilities fall on extended contracts

2025-26 Teacher Counts by Schedule

Days Worked	Teacher Count
201 Days	2,934
221 Days	10
231 Days	16
Other	4
Total Teachers	2,964



2025-26 HCEA Scale (201 Days)

Teacher Salary Scales

- HCEA salary scales define staff compensation based on two variables:
 - **Level of education** – specifies what degree or how many credits a teacher has earned
 - **Step position** – usually based on years of teaching experience, where a teacher will advance one step per year until they reach the top step
 - For example, a teacher with 12 years of experience will be placed on step 12 upon hire date, and advance down the scale each year of employment
 - Step advancement each year is typical, although not guaranteed on an annual basis, as it depends on available funding
- Notably, the salary scale freezes for B(0-4), B(19-24), and ED(19-24)

Step	Bachelors (B)	Advanced Degree (AD)	ED.D (ED)
0	\$50,000	\$50,323	\$56,658
1	\$50,000	\$51,590	\$57,925
2	\$50,000	\$52,857	\$59,193
3	\$50,000	\$54,124	\$60,460
4	\$50,000	\$55,391	\$61,728
5	\$50,323	\$56,658	\$62,993
6	\$51,590	\$57,925	\$64,261
7	\$52,856	\$59,193	\$65,528
8	\$54,125	\$60,460	\$66,796
9	\$55,391	\$61,727	\$68,062
10	\$56,658	\$62,994	\$69,330
11	\$57,925	\$64,261	\$70,596
12	\$59,193	\$65,528	\$71,863
13	\$60,461	\$66,796	\$73,132
14	\$61,728	\$68,062	\$74,399
15	\$63,415	\$69,330	\$76,086
16	\$63,415	\$69,751	\$76,086
17	\$64,684	\$70,596	\$77,354
18	\$64,684	\$71,019	\$77,354
19	\$65,951	\$71,444	\$78,622
20	\$65,951	\$71,867	\$78,622
21	\$65,951	\$72,285	\$78,622
22	\$65,951	\$72,710	\$78,622
23	\$65,951	\$73,134	\$78,622
24	\$65,951	\$73,553	\$78,622
25	\$67,639	\$73,978	\$80,310
26		\$74,402	
27		\$74,819	
28		\$75,243	
29		\$75,877	
30		\$76,510	

*Does not account for differentiated compensation opportunities offered by HCS



Teacher Salary Scales

- Of the teachers who work on a 201-day schedule, the majority fall on the early half of the step schedule, which indicates lower years of experience in teaching
 - About **one-third of teachers are between steps 0 – 4 and have less than 5 years of experience**
 - 53% of teachers are at or below step 10** or have 10 or fewer years of experience teaching
 - 70% of teachers are at or below step 16** which is the mid-point of the step schedule

**2025-26 Teacher Counts by Step
(201-Day Schedule)**

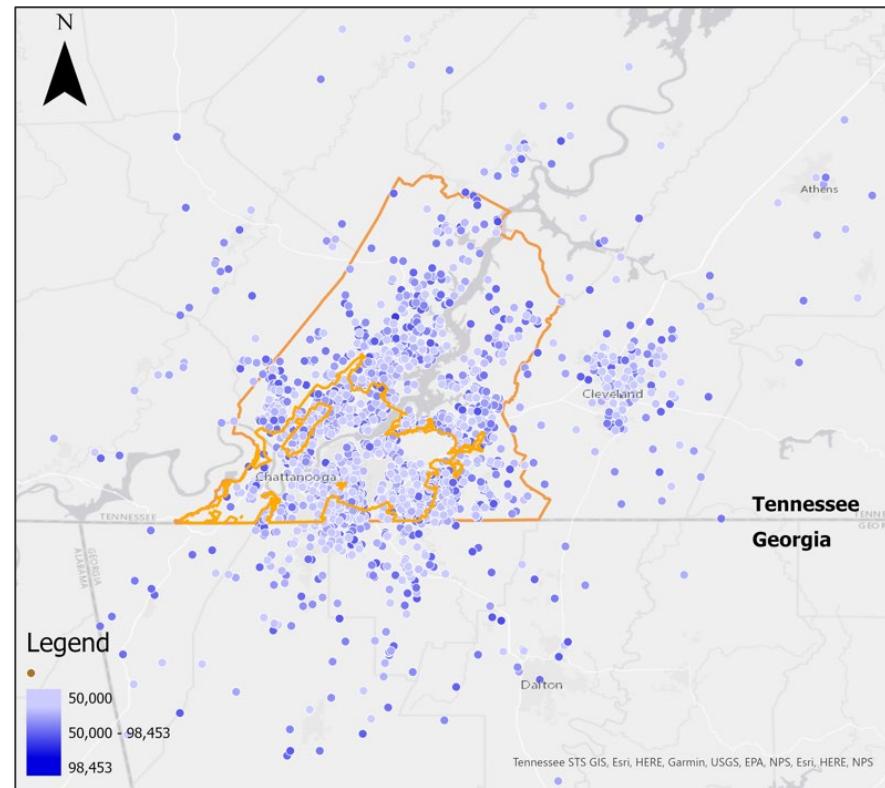
Step	Teacher Count	Percent of Total (%)
Step 0-4	920	31.4%
Step 5-10	631	21.5%
Step 11-16	487	16.6%
Step 17-22	415	14.1%
Step 22-30	481	16.4%
Total	2,934	100.0%



Teacher Residences

- ◆ This study also reviewed where current teachers across the pay schedule currently reside
- ◆ The vast majority, 82%, of teachers live within Hamilton county, nearly 18% live outside of the county
 - A large portion of those living in Tennessee reside in Cleveland, while those living in Georgia tend to live near the border
- ◆ As shown in the map to the right, teachers at all income levels live in areas surrounding HCS
 - Although school buildings are not noted on the map, there is a greater concentration buildings in and surrounding the City of Chattanooga
- ◆ **Because there is no clear relationship between income and residence location, housing solutions would likely be beneficial across the county**

HCS Teacher Residences by Salary



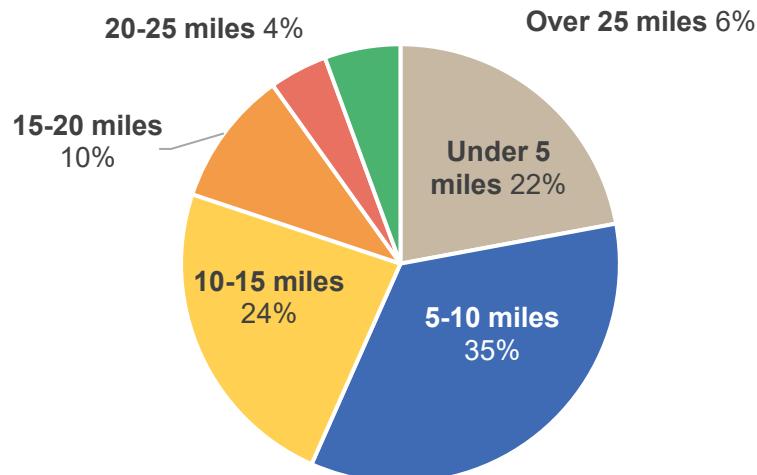
Location	Teachers
Chattanooga City	1,191
Hamilton County	1,183
Tennessee	272
Georgia	228
Other	12



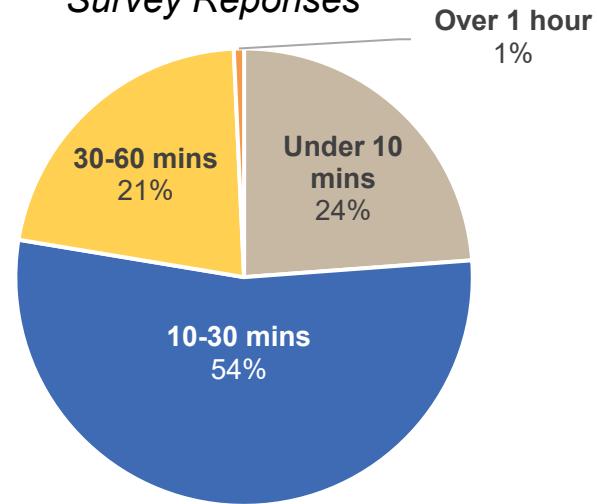
Teacher Commutes

- This study also reviewed two sources to better understand commute, the HCS staffing roster showed that **57% of teachers live 10 miles or less from their school buildings**
 - Our survey indicated that HCS teachers live relatively close to their buildings, with less than one quarter of teachers having to travel more than 30 minutes to their buildings

HCS Teacher Distances from Home to School Building



HCS Teacher Commute Times Survey Responses



- Currently, HCS staff live relatively close to their school buildings, however, increasing affordable housing options could further improve commute times and provide access to more amenities



School District Funding and Teacher Compensation



School District Funding and Teacher Compensation

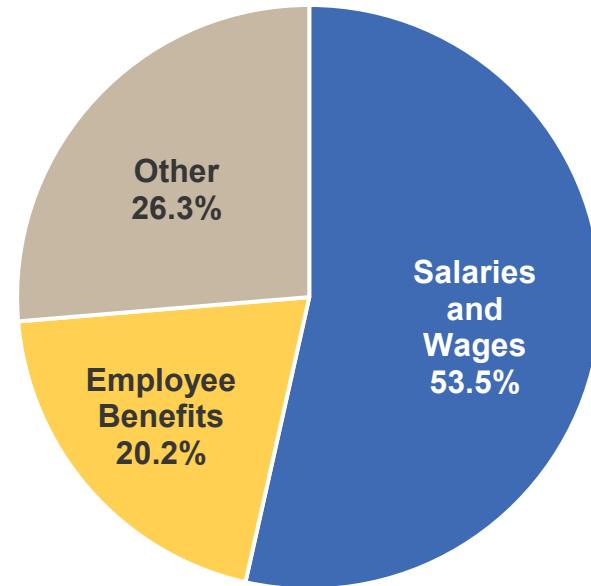
- As discussed in the National Landscape section, teacher compensation is the leading factor for HCS teachers when considering their job satisfaction according to our survey of 270+ teachers
- Compensation for teachers is directly impacted by the District's overall revenues and expenditures**
 - When a district faces a difficult budget year, regular salary increases are often unfeasible due to how large a district's workforce is
- This next section outlines the school district's funding structure as well as its capacity to increase revenues



Budgeting for Compensation

- In most school districts, staff compensation (salaries and benefits) makes up a substantial piece of an annual budget
 - As shown in the chart, **salaries and benefits account for almost three-quarters of HCS's proposed 2025-26 budget**, and salaries alone make up over half of it
- Strategic management of compensation cost growth is critical to HCS's financial sustainability
 - In order to maintain the level of positions, compensation, and coverage year-over-year, costs must be met with matching funding sources

2025-26 Proposed Operating Budget*
(~577.6 Million)

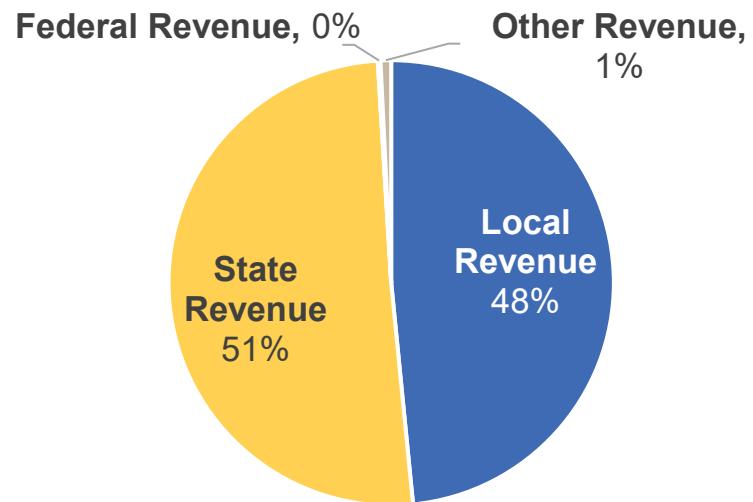




Funding Overview – State and Federal Funds

- HCS is primarily funded through a combination of local, State, and Federal sources, with a small portion of other revenue coming from charges from services or transfers from fund balance
- The District's largest funding source is State revenue which is allocated through a recently adopted funding formula called Tennessee Investment in Student Achievement (TISA) previously Basic Education Programming (BEP)
 - This new funding formula considers enrollment as well as several weighted categories that allocate a larger proportion of funding to students with disabilities, low-income students, and English language learners
 - Although districts can receive bonus funding based on performance, State funding amounts are largely out of the District's control
- Federal funds make up less than 1% of the District's revenue for its Operating Fund
 - The District does receive additional federal funds categorized outside of the Operating Fund for food service and other targeted expenses

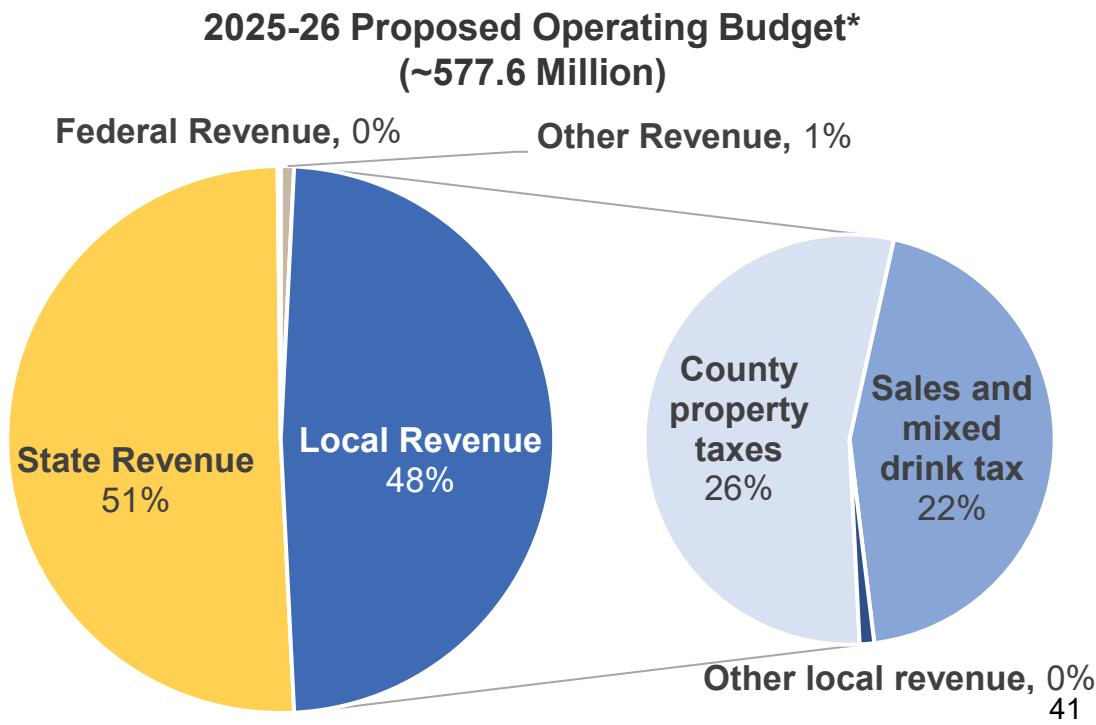
2025-26 Proposed Operating Budget*
(~577.6 Million)





Funding Overview – Local Funds

- Of the local revenue that HCS budgeted for in 2025-26, the District plans to receive around 26% of its total revenue from County property taxes
- The District's property tax rate or millage rate is set by the county and directly impacts their revenue capacity, in addition to changes in assessed value for property taxes
- Over the past 10 years, **the District's property tax rate, as well as the County's, has steadily decreased** from 2015 to 2025
 - During the same period, the District's proportion of the County's property tax collections also reduced from 49.6% to 43.2%
- Local property tax funding directly impacts the amount of funds that HCS receives**, although in recent years large increases in State funding and federal revenue – as part of pandemic relief funding – helped bridge the gap left by reduced local funds





What Does This Mean for HCS

- ◆ **The District is largely unable to control the amount it receives from its various funding sources**, however, it must decide how it can allocate available dollars, in some cases one-time funds, to high-priority cost categories such as compensation
 - This may involve permanent increases to salaries through salary scale increases and/or step movement, or it may be one-time compensation like stipends, sign-on bonuses, or differentiated pay
- ◆ Notably, the District has worked to increase its starting salary for staff towards the beginning of its salary schedule to \$50,000 in 2024-25
 - Between 2021-22 and 2024-25, the entry level Bachelor's salary increased by about \$8,000
- ◆ This school year, 2025-26, the District passed a budget without increases to its step schedule and without step movement, effectively holding teacher salaries flat at the 2024-25 rate
- ◆ The District has recently completed a compensation study, benchmarking its compensation with peer districts, in an effort to provide competitive compensation for its staff despite its recent funding challenges
 - PFM was not able to review this compensation study prior to finalizing the report for this project, however, compensation remains an important factor for recruitment and retention



Housing Affordability



Housing Affordability Overview

- Understanding teacher housing affordability in Hamilton County relies on two main variables:

Income	The Housing Market
<ul style="list-style-type: none">What do teachers in HCS earn?What can HCS teachers afford?	<ul style="list-style-type: none">What is the price of housing?What housing and housing programs are available?

- In many cases, these two variables can be in tension with one another
 - When income conditions misalign with what the housing market has to offer, the issue of unaffordability is present
 - Alternatively, affordability exists when income levels satisfy the demands of the housing market
- The following section defines housing affordability for Hamilton County teachers based on compensation and trends in the housing market



What Does Affordable Mean?

- ◆ **Housing is generally considered affordable if household costs are 30% or less** of total gross income*
- ◆ This affordability rule spans both rental and ownership scenarios
 - For a renter, housing costs include monthly **Rent + Utilities**
 - Additional one-time expenses such as a security deposit and rental application fees are not factored into monthly expenses
 - For a homeowner, housing costs include the **Mortgage payment + Utilities**, along with any condominium fees, if applicable
 - Additional one-time expenses such as a down payment and closing costs are not factored into monthly expenses
- ◆ In practice, affordability varies by income, family size, and specific household costs
 - All individuals and families have unique circumstances, requiring them to allocate income differently

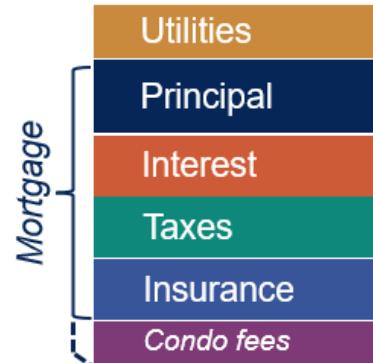
Monthly Rental Expenses



One-time expenses:

Security Deposit, Application Fee

Monthly Homeownership Expenses



One-time expenses:

Down Payment, Closing Costs



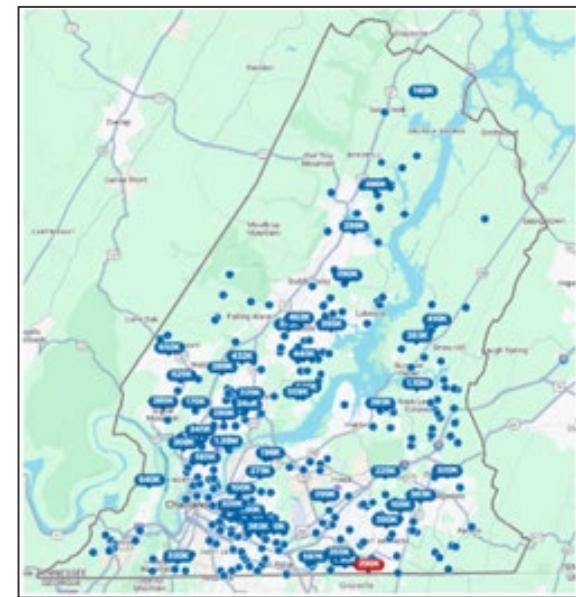
Recently Sold Housing in Hamilton County

- ◆ This page and the next provide a snapshot of current housing costs in Hamilton County and the City of Chattanooga.
- ◆ **Hamilton County: Median Home Sale** [337 sales | June 1-30, 2025]
 - In June 2025 in Hamilton County, 337 homes were sold
 - The median home sold for \$380,000
 - That median home has 3 bedrooms and 2.5 baths, encompassing 1,905 square feet, and was built in 1978

To purchase that median home, a buyer might have:

- A 10% down payment of about \$38,000
- A monthly mortgage payment of about \$2,420
(at a 7% interest rate)
- That housing cost would be affordable at an annual household income of **\$103,740**
 - That salary equates to 108% AMI for a family of 4

- ◆ **The above scenario is not possible for a single-earner teacher**



Source: MLS Grid data



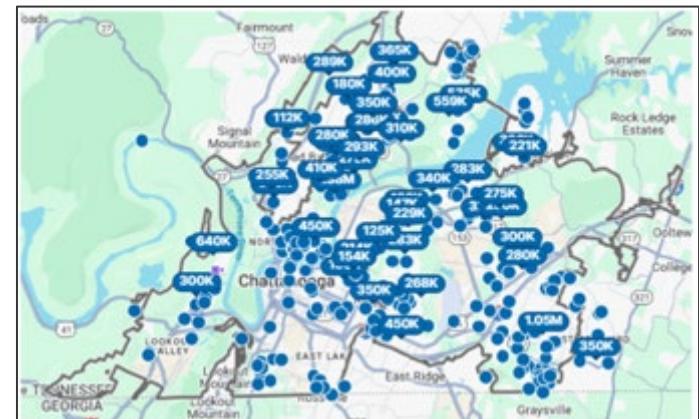
Recently Sold Housing in Chattanooga

◆ Chattanooga: Median Home Sale [179 sales | June 1-30, 2025]

- In June 2025 in the City of Chattanooga, 179 homes were sold – about 53% of the overall sales in Hamilton County
- The median home sold for \$345,000 for a 1,645 square feet home - about 10% lower in cost than in Hamilton County overall, but at a 5 percent premium on a cost per square foot basis (\$209/sf in Chattanooga vs. \$199 in Hamilton County)
- That median home sale in Chattanooga was similar in size, with 3 bedrooms and 2 baths, and slightly older - built in 1971

To purchase that median home, a buyer might have:

- A 10% down payment of about \$34,500
- A monthly mortgage payment of about \$2,205
(at a 7% interest rate)
- That housing cost would be affordable at an annual household income of **\$94,500**
- That salary equates to 99% AMI for a family of 4



© PFM

Source: MLS Grid data



HCS Staff Counts by Step Position

Teacher Income Levels

- As discussed in the teaching staff overview, there is a concentration of teachers on the early half of HCS's step schedule (steps 1-15)
- This indicates that there is a similar concentration of staff earning salaries on the low-end of HCS's compensation range, as shown in the table below
 - Over one-third of staff earn under \$55,000*
 - 62% of staff earn under \$65,000*

HCS Staff Counts by Salary Range

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 or More	173	5.9%
Total	2,934	100.0%

Step	Bachelors	Advanced Degree	ED.D	Total	% of Total
0	272	43	1	316	10.8%
1	153	64	0	217	7.4%
2	72	71	0	143	4.9%
3	60	82	1	143	4.9%
4	47	54	0	101	3.4%
5	53	64	2	119	4.1%
6	47	72	2	121	4.1%
7	34	55	2	91	3.1%
8	42	63	1	106	3.6%
9	53	51	2	106	3.6%
10	40	45	3	88	3.0%
11	44	58	1	103	3.5%
12	36	56	0	92	3.1%
13	22	51	0	73	2.5%
14	20	51	2	73	2.5%
15	32	45	0	77	2.6%
16	22	46	1	69	2.4%
17	22	44	4	70	2.4%
18	31	67	2	100	3.4%
19	35	49	1	85	2.9%
20	20	11	1	32	1.1%
21	23	44	1	68	2.3%
22	18	42	0	60	2.0%
23	19	44	3	66	2.2%
24	21	34	0	55	1.9%
25	76	14	4	94	3.2%
26		68		68	2.3%
27		42		42	1.4%
28		25		25	0.9%
29		28		28	1.0%
30		103		103	3.5%
Total	1,314	1,586	34	2,934	100.0%

*Does not account for differentiated compensation opportunities offered by HCS



Affordable Housing Payments for a Single Earner

- The following tables depict affordable monthly housing payments using the 30% affordability threshold
- Assuming a **one-income** household, teachers in HCS can afford the following monthly housing payments:
 - For about **half** of teachers, affordable monthly housing payments are **below \$1,450**
 - Approximately **10%** of teachers can afford a monthly housing payment **above \$1,850**

HCS Staff Counts by Payment Range

Monthly Housing 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%
Total	2,934	100.0%

Affordable Monthly Housing Payments

Step	Bachelors	Advanced Degree	ED.D
0	\$1,250	\$1,258	\$1,416
1	\$1,250	\$1,290	\$1,448
2	\$1,250	\$1,321	\$1,480
3	\$1,250	\$1,353	\$1,512
4	\$1,250	\$1,385	\$1,543
5	\$1,258	\$1,416	\$1,575
6	\$1,290	\$1,448	\$1,607
7	\$1,321	\$1,480	\$1,638
8	\$1,353	\$1,512	\$1,670
9	\$1,385	\$1,543	\$1,702
10	\$1,416	\$1,575	\$1,733
11	\$1,448	\$1,607	\$1,765
12	\$1,480	\$1,638	\$1,797
13	\$1,512	\$1,670	\$1,828
14	\$1,543	\$1,702	\$1,860
15	\$1,585	\$1,733	\$1,902
16	\$1,585	\$1,744	\$1,902
17	\$1,617	\$1,765	\$1,934
18	\$1,617	\$1,775	\$1,934
19	\$1,649	\$1,786	\$1,966
20	\$1,649	\$1,797	\$1,966
21	\$1,649	\$1,807	\$1,966
22	\$1,649	\$1,818	\$1,966
23	\$1,649	\$1,828	\$1,966
24	\$1,649	\$1,839	\$1,966
25	\$1,691	\$1,849	\$2,008
26		\$1,860	
27		\$1,870	
28		\$1,881	
29		\$1,897	
30		\$1,913	



Other Scenarios: Multiple Earners and Family Size

- For many teachers, housing affordability is more complex than the basic single-earner scenario
- As part of this study, PFM collected benefits data from the District to analyze how large family sizes were based on the teachers who used the District's insurance plans
 - In 2025-26, **68%*** of HCS teachers have a spouse and/or at least one child
 - This raises the possibility of a second earner in some households however, **51%** of HCS teachers also have children, which can change the housing needs and affordability scenarios for teachers
- As an additional data point, PFM asked teachers how many people live in their households as part of the survey**
- In both analyses, although not perfect methods, **over 50% of HCS teachers lived in household sizes of two to four**
 - Less than one quarter live in households larger than four
- Our survey also indicated that 80% of respondents were not interested in living with a housemate

HCS Teacher Household Size

People in Household	Total Count (Benefits data)	% of Total	Total Count (Survey data)	% of Total
1	950	32%	24	9%
2	699	24%	63	23%
3	486	16%	60	22%
4	554	19%	64	23%
5	201	7%	42	15%
6+	74	2%	22	8%
Total	2,964		275	

*This figure only includes information gathered from teachers currently using the District's benefits for either themselves or their families

**277 HCS teachers responded to our survey

Source: HCS Staff benefits data



Other Scenarios: Multiple Earners and Family Size

- ◆ The U.S. Department of Housing and Urban Development (HUD) develops an **Area Median Income (AMI)** scale which details a range of income levels by household size relative to an area's median household income level
 - This scale is influential in that it directly informs eligibility requirements for subsidized affordable housing programs for households of certain sizes
 - The AMI table shown below can also help to understand what income and household sizes are most prevalent in HCS, detailing more precisely the unique housing needs of HCS teachers

2025 Income Limits – Chattanooga MSA

Percent of AMI	Persons in Family (PIF)							
	1	2	3	4	5	6	7	8
Extremely Low (30%)	\$20,100	\$22,950	\$25,800	\$28,650	\$30,950	\$33,250	\$35,550	\$37,850
Very Low (50%)	\$33,450	\$38,200	\$43,000	\$47,750	\$51,600	\$55,400	\$59,250	\$63,050
LIHTC* Low (60%)	\$40,140	\$45,840	\$51,600	\$57,300	\$61,920	\$66,480	\$71,100	\$75,660
Low (80%)	\$53,500	\$61,150	\$68,800	\$76,400	\$82,550	\$88,650	\$94,750	\$100,850

*The Low-Income Housing Tax Credit (LIHTC) program provides funding for rental housing development at 60% of AMI.



Affordable Housing Payments – Area Median Income

- Based on analysis of healthcare benefits data, the study team mapped HCS teachers onto the AMI scale for Chattanooga's metropolitan statistical area (MSA)
 - Differently than single-earner affordability, the following analysis accounts for family size where there could *potentially* be more than one earner in a household, or children
- As shown below, an estimated **67% of teachers earn 80% of AMI or lower**, meaning the majority of HCS teachers face greater challenges affording housing than their neighbors do
 - The analysis below also indicates that 44% of teachers have three or more people living in their household, resulting in a great range of housing needs and arrangements

2025 Income Limits Summary – Chattanooga MSA

Percent of AMI	Persons in Family (PIF)							
	1	2	3	4	5	6	7	8
Extremely Low (30%)	\$20,100	\$22,950	\$25,800	\$28,650	\$30,950	\$33,250	\$35,550	\$37,850
Very Low (50%)	\$33,450	\$38,200	\$43,000	\$47,750	\$51,600	\$55,400	\$59,250	\$63,050
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Low (80%)	\$53,500	\$61,150	\$68,800	\$76,400	\$82,550	\$88,650	\$94,750	\$100,850

*Low-Income Housing Tax Credit (LIHTC)

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



What Does the Housing Market Have to Offer?

- While residents of Chattanooga comprise about 50% of the population of Hamilton County, the city has about 66% of the county's rental housing stock, and nearly 80% of the marketed units available to be rented

	Marketed Rental Units	Properties	Rental Housing Units	Total Housing Units	Population
Hamilton County	2,672	562	57,750	162,250	386,250
City of Chattanooga	2,098	469	38,000	90,200	190,700

Example marketed rental units: Borough 33 Apartments

133 Bexley Sq., Chattanooga

	Studio	1 BR	2 BR	3 BR
Rent	\$1,049	\$1,409	\$2,099	\$2,499
Size (Sq. Ft.)	473	624	1,012	1,354
Cost per Sq. Ft.	\$2.22	\$2.26	\$2.07	\$1.85
Affordable Income Level	\$44,957	\$60,386	\$89,957	\$107,100



Source: US Census Bureau, American Community Survey 1-Year Estimates, 2023
Apartment data: Apartments.com



What Does the Housing Market Have to Offer?

- Hamilton County, including Chattanooga, has seen stable annual growth in housing unit and occupancy counts over time by about 1.5% and 1.7% per year on average
- Median housing prices have grown even faster:
 - Median monthly owner costs (including a mortgage) have grown by an average of 5.0% per year
 - Median monthly rent payments have grown by an average of 9.3% per year

Census Data – Housing Landscape in Hamilton County

	2017	2018	2019	2021	2022	2023	CAGR*	Total Change
Total Housing Units	159,041	160,807	165,520	164,706	168,200	171,046	1.5%	12,005
Occupied Housing Units	145,071	146,057	148,157	151,676	152,851	157,992	1.7%	12,921
Owner-Occupied	88,518	93,841	92,940	97,800	102,229	100,609	2.6%	12,091
Renter-Occupied	56,553	52,216	55,217	53,876	59,622	57,383	0.3%	830
Vacant Units	13,970	14,750	17,363	13,030	15,349	13,054	-1.3%	(916)

Median Home Value	\$177,300	\$182,100	\$219,300	\$256,300	\$302,800	\$333,900	13.5%	\$156,600
Median Monthly Owner Costs**	\$1,207	\$1,201	\$1,311	\$1,352	\$1,461	\$1,544	5.0%	\$337
Median Gross Rent Payment	\$833	\$876	\$903	\$1,007	\$1,184	\$1,298	9.3%	\$465

*CAGR – compound annual growth rate from 2017 to 2023

**Monthly Owner Costs include a mortgage payment

Source: US Census Bureau, American Community Survey 1-Year Estimates



Housing Costs v. Teacher Compensation Over Time

- ◆ The level of income needed to afford the sustained growth in median housing prices over time has increased faster than the salary schedule offers in 2025-26

Level of Income Needed to Afford Median Housing Prices

	2017	2018	2019	2021	2022	2023	Total Change
Median Monthly Owner Costs**	\$1,207	\$1,201	\$1,311	\$1,352	\$1,461	\$1,544	\$337
Level of Gross Income for Affordability	\$48,280	\$48,040	\$52,440	\$54,080	\$58,440	\$61,760	\$13,480

Median Gross Rent Payment	\$833	\$876	\$903	\$1,007	\$1,184	\$1,298	\$465
Level of Gross Income for Affordability	\$33,320	\$35,040	\$36,120	\$40,280	\$47,360	\$51,920	\$18,600

- ◆ Between 2017 and 2023, **gross income levels would have needed to increase by about \$13,500** in order to keep up with growth in median owner costs affordable
 - Movement across 5 steps (assuming step movement occurs annually) on the current salary scale would **not** keep up with the required income growth necessary to keep median costs affordable

HCEA Scale Differential

Degree	Step 5 Differential
Bachelor's	\$323
Advanced	\$6,335
Doctorate	\$6,335



Housing Solutions



What Are the Housing Needs in Hamilton County?

- Based on the analysis of compensation and housing market trends in Hamilton County, as well as anecdotal information, it is clear that HCS teachers face a range of housing challenges related to:



- There are several factors like income level, family size and support, financial planning and literacy, and status as a renter or owner that make navigating these challenges different for every teacher
 - As a result, this report recommends a broad range of solutions to meet the diverse needs of teachers



Securing Housing

- One of the notable challenges faced broadly by teachers is **finding and securing housing**
- Especially for teachers relocating to HCS, the process of securing housing can be difficult both procedurally and financially, in turn potentially impacting workplace satisfaction

"I didn't know where to look, and exploring options was often confusing"

"I had trouble finding a roommate, which I needed to afford a local apartment"

"Housing conditions, management companies, and amenity options are low quality"

"I don't have the upfront costs for rent or a downpayment"

Paraphrased from comments made by HCS staff in Teacher Focus Groups

- This report considers recommendations to better support teachers needing to relocate, find housing, and build local stability
 - HCS has reported expanding its recruitment efforts beyond the local region, resulting in new teachers joining the District with little connections or family support in the region



Affording Housing

- As identified in this report, **the majority of teachers in HCS do not earn enough to afford quality local housing** options, especially as single-earners
- While compensation levels determine what might be affordable to any one teacher, market trends and available housing dictate what teachers might actually need to pay
- To support HCS teachers who face housing affordability challenges, this report considers housing solutions that both:
 - Alleviate disposable income, or the amount of pay available for expenses
 - Enhance teacher financial and housing market literacy

"I spend well above 30% of my income on housing.

"I cannot afford rent with one paycheck"

"I have car payments, children, and student debt, which constrains my ability to afford even "affordable" options"

"There are teachers living in Airbnbs and RVs"

"There was a \$500 increase in monthly rent between the old tenant and myself"

Paraphrased from comments made by HCS staff in Teacher Focus Groups



Maintaining Housing

- One of the barriers to and ongoing challenges of homeownership are the potential costs necessary to maintain property over time and in the event of emergencies
 - Teachers, as discussed, must assign low disposable income across housing costs and other competing priorities
 - Property maintenance like regular inspections, servicing, and upkeep can pose a potentially significant financial challenge depending on the vendor and level of need
 - Similarly, unpredictable or emergency needs such as a leaking roof, broken water heater, or weather damage can pose a threat to the savings, debt, and overall financial security of teachers

“My financial position has not changed over my career...what happens when my roof breaks?”

“I can only afford a fixer-upper, and I can’t afford the work it needs”

Paraphrased from comments made by HCS staff in Teacher Focus Groups

- This report considers innovative strategies to support teachers in meeting these emergency needs



Recommendations for Hamilton County



Solutions to Address Teacher Housing Needs

- Based on the identified challenges faced by teachers in finding, affording, and maintaining housing, this section outlines specific solutions that HCS and other local partners can implement to address the range of housing needs
- The proceeding housing solutions fall into two main categories:

Lower-Lift Programs	Higher-Lift Initiatives
<ul style="list-style-type: none">Housing Identification AssistanceRoommate and vacancy search platformsProperty maintenance networkFinancial and housing literacy programsOther local partnerships	<ul style="list-style-type: none">Missing Middle housing modelSchool property conversionAdaptive reuse developmentDownpayment assistance

- The **lower-lift programs are designed to provide resources** to teachers to support them in navigating certain housing challenges – roll-out is feasible in the **short-term**, as there are fewer barriers to implementation
- Higher-lift initiatives target housing availability and costs themselves**, often involving development and funding – roll-out will take **more time** and resources to accomplish



Low-Lift Programs

Housing Identification Assistance

- Over the past three school years, HCS has averaged 508 new teachers each year, which is equivalent to 16.8% of the total teacher count
- These teachers may be new to the career and relocating, fulfilling a short-term contract, or transitioning from a different school district – each may face financial and logistical relocation challenges:
 - Finding a roommate**
 - Finding housing**
 - Moving costs**
 - Upfront housing costs**
- Housing identification assistance provided through HCS or a third party would help to alleviate some of these challenges
 - 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
 - When financially feasible, the platform may also provide an opportunity for teachers to seek financial assistance (such as a stipend) to support moving and downpayments costs
- By reducing the barriers to relocation, HCS may positively impact teacher recruitment and retention



Low-Lift Programs

Housing Identification Assistance – Case Study

◆ **Teacher Props** is a Baltimore-based organization that connects teachers with local housing through a range of services:

- **Finding housing** for teachers based on preferences, employment dates, budget, and other factors
 - 50% of housing options are current or former teacher-owned properties
- **Roommate matching**
- **Free** application process
- First month's rent **deferred payment** plan

Implementation Plan	Key Partners	Timeline
<ul style="list-style-type: none">• Create blog or website to connect with roommates, or offer vacant bedrooms• Housing website that lists local management companies, and when feasible an application for moving stipends	<ul style="list-style-type: none">• Local management companies• Teachers and other community members• Website developer or IT department	<ul style="list-style-type: none">• Collaboration with partners ~ <i>3 months</i>• Website or platform roll-out ~ <i>up to 6 months</i>



Low-Lift Programs

Property Maintenance Network

- Several teachers cited concerns about the costs of regular home maintenance
 - Some were deterred from homeownership due to upfront costs and potential costs associated with upkeep and maintenance
- To support homeowners in pursuing needed maintenance, HCS or another entity could leverage community partnerships to provide teachers with discounted services
 - Discount-based relationships** might span:
 - Handymen services
 - Plumbing
 - HVAC
 - Roofing
 - Landscaping
 - Construction
- Community partnerships ensure that teachers can easily find **trusted** local vendors and **invest** in their homes at a cost-effective rate



Low-Lift Programs

Property Maintenance Network – Case Study

- Florida's **Broward County Public Schools** (BCPS) provides a range of employee discounts for home improvements (and other services), all of which are listed on its benefits website:

- HVAC inspections and services (15% off)
- Construction and materials (10% off)
- Closets, cabinets, and furniture (5-30% off)
- Awnings (\$500 off purchases of \$5,000+)
- Security systems (Free upgrade)
- Lawn care (\$20 off first service)

Implementation Plan	Key Partners	Timeline
<ul style="list-style-type: none">Community engagement to procure vendor relationshipsList vendors and discounts on employee benefits websiteApplication for emergency funding	<ul style="list-style-type: none">Local vendorsWebsite developer or IT departmentCredit union	<ul style="list-style-type: none">Collaboration with partners ~ <i>3 months</i>Website or platform roll-out ~ <i>up to 6 months</i>



Low-Lift Programs

Financial and Housing Literacy

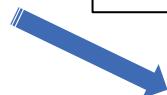
- As discussed, teacher compensation levels nor trajectories have kept up with housing market growth
 - 55% of surveyed teachers* reported spending more than 30% of their income on housing, and some cannot afford housing payments with a single paycheck
- Teachers must allocate limited disposable income across several competing costs, and doing so strategically is in the best interest of their short- and long-term financial stability
- To support teachers in proactively managing their unique financial circumstances, including but not limited to housing costs, this report considers financial literacy programs and resources on the following topics:
 - Budgeting
 - Financial planning
 - Housing programs
 - Savings
 - Tax information
 - Loans and debt
- Financial literacy resources are intended to educate teachers, and equip them with the tools needed to manage disposable income and achieve financial goals



Low-Lift Programs

Financial and Housing Literacy – Case Study

- The **Charlotte-Mecklenburg Schools** (CMS), the second largest school district in North Carolina, recently launched *At Home in CMS*
 - In an effort to support staff recruitment and retention, **At Home in CMS** provides employees with substantial resources regarding housing and personal finances
 - Some of the partnerships and services offered by CMS include:
 - Housing concierge support
 - Housing fairs
 - Rental assistance and discounts
 - **Financial literacy programs**
 - Crisis housing
 - Home maintenance education



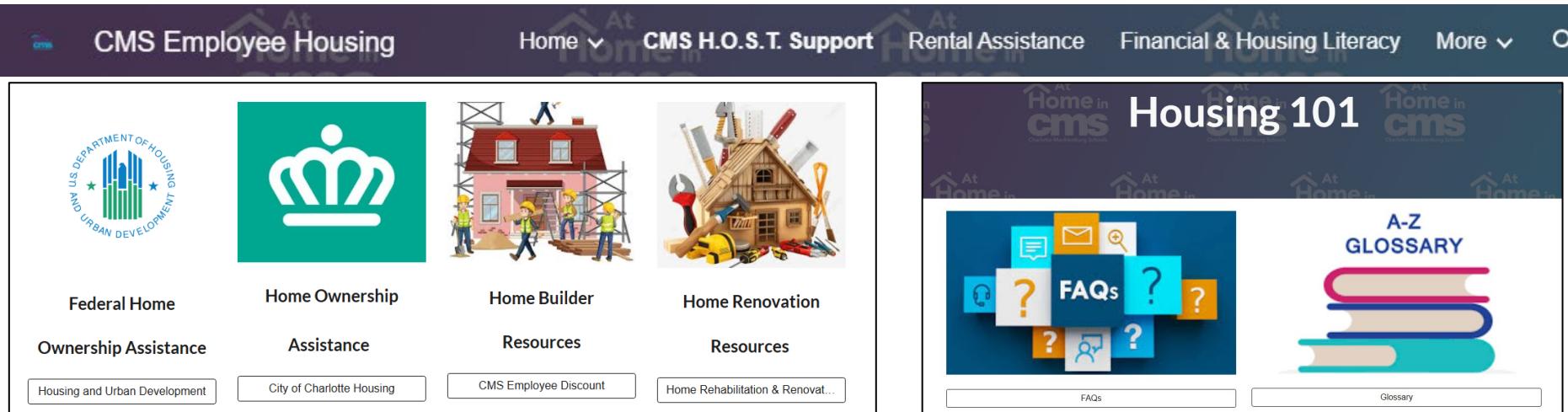
- Homeownership education and housing 101
- Career and financial coaching
- Employee discounts
- Financial assistance applications



Low-Lift Programs

Financial and Housing Literacy – Case Study

- This report recommends a model similar to that of **At Home in CMS**, including a centralized, public-facing resource that both current and prospective employees can find, enabling them with the support needed to **find, afford, and maintain** housing



The image shows two screenshots of websites. The left screenshot is for 'CMS Employee Housing' and the right is for 'At Home in CMS'. Both sites feature a navigation bar with links like 'Home', 'Rental Assistance', 'Financial & Housing Literacy', and 'More'. The CMS site includes sections for 'Federal Home Ownership Assistance', 'Home Ownership Assistance', 'Home Builder Resources', and 'Home Renovation Resources'. The At Home in CMS site includes sections for 'FAQs' and 'Glossary'.

Implementation Plan	Key Partners	Timeline
<ul style="list-style-type: none">Central website for all employees outlining educational resources for finding, affording, and maintaining housingOrganized dashboard with a wide range of educational sources	<ul style="list-style-type: none">Recorded or live classesRelevant resourcesWebsite developer or IT department	<ul style="list-style-type: none">Collaboration with partners ~ 3 monthsWebsite or platform roll-out ~ up to 6 months



Impact for Teacher Housing

- In addition to the lower-lift programs that were covered; the following section will discuss higher-lift initiatives that would expand teachers' access to affordable housing units and to homeownership
- Currently, for about half of teachers, an affordable monthly payment on housing is at or below \$1,450 per month, which is less than the median ownership cost in 2023 of \$1,544
 - Costs have likely increased since 2023 for ownership costs
- The 277 teachers surveyed ranked the following amenities in order of importance: (1) Parking, (2) In-unit or in-building laundry, (3) Dishwasher, (4) Storage, (5) other shared facilities
- The survey also found that 91% of respondents consider homeownership a long-term goal and 80% of respondents were not open to living with a housemate
- The higher-lift initiatives to follow would directly impact the teachers who share the sentiments of these respondents
 - It would allow the housing market to be tailored to teachers' specific needs and would reduce rental and ownership costs for those seeking to affordably live alone on one salary or own homes



Higher-Lift Initiatives

Missing Middle Housing Model

- Missing middle housing refers to multi-unit housing types with efficient layouts, often with 2-16 units or compact single-family homes that promote affordability and walkability
- Many communities have identified the need for missing middle housing, but few have successfully delivered this building type within their market
- Chattanooga is an exception**, with nonprofit developer CNE recognized as a national leader in missing middle development, having developed more than 185 of these units in the past decade
- CNE's missing middle development to date has occurred in Highland Park, Ridgedale, and Oak Grove, where several open lots are owned and available for development, with some development funding provided from philanthropy
- Projects have varied from cottage court units and duplexes, up to four-, six-, ten-, and twelve-unit apartment buildings, depending on the lot size and what is allowed under zoning regulations
 - This variation of unit types provides opportunities for both rental and affordable homebuyer activities**





Higher-Lift Initiatives

Missing Middle Housing Model

- Opportunities for partnership on missing middle housing for teachers include:
 - Funding a portion of the development cost for new units, in exchange for making a proportional number of units available to teachers
 - Master-leasing available units to provide housing for teachers
 - Combining missing middle development with another activity, such as down payment assistance to help teachers become homeowners

Implementation Plan	Key Partners	Timeline
<ul style="list-style-type: none">Discussion with CNE or another partner capable of developing missing middle housingIdentification of location(s) for housingAgreement on program design for partnership: funder, owner, co-developer	<ul style="list-style-type: none">CNE or another developer	<ul style="list-style-type: none">Collaboration with development partner ~ <i>3 months</i>Development of new units, or leasing of new/existing units ~ <i>2 years</i>



Higher-Lift Initiatives

School conversion

- It has become more common to see older schools converted to housing or mixed-use buildings, as the number of occupied school buildings has been reduced, or as new buildings replace older ones
- Mixed-use designs can include both teacher housing and community spaces, and partnerships with developers can prioritize units for educators through leasing agreements
- Conversion can preserve historic and surplus school buildings and meet local workforce housing needs
- School conversion projects often target senior affordable housing due to public interest, however, teacher housing in Hamilton County could be feasible with greater community and funding support
- Thoughtful school conversion to housing often involves new construction of an additional building on the school site, as permissible under existing zoning of the property, to create additional units

Implementation Plan	Key Partners	Timeline
<ul style="list-style-type: none">Discussion with Hamilton County schools about surplus property that may be appropriate for teacher housing, based on size, location, and other factorsDevelop partnership or joint venture agreement based on project visioning	<ul style="list-style-type: none">Hamilton County SchoolsDeveloper and general contractor with conversion capacity or expertise	<ul style="list-style-type: none">Collaboration with HCS ~ 3-12 monthsConversion of existing property into housing or mixed-use ~ 2-3 years



Higher-Lift Initiatives

School conversion – Case Studies

- The following two case studies are examples of recent successful school conversion projects along the east coast

Project	Cost	Sources	Units/Amenities
<u>Gladstone Residences</u> (Pittsburgh, PA - 2023)	\$24M	<ul style="list-style-type: none">Low-Income Housing Tax Credits (LIHTC)Historic tax credits (state/federal)	51 units, including 43 affordable units at $\leq 60\%$ AMI; auditorium converted to community room; wellness room; lounge with skyline view
<u>Grimke School</u> (Washington, DC - 2021)	\$45M	<ul style="list-style-type: none">Conventional lendingUS DOE CPACE loans99-yr ground lease	40 housing units, including 11 affordable units at $\leq 80\%$ AMI; commercial and museum space

Gladstone Residences



Grimke School





Higher-Lift Initiatives

Adaptive Reuse

- ◆ Similar to school conversions, affordable housing for teachers can be developed in buildings that had served as industrial or warehouse spaces
 - Repurposed industrial buildings can create unique, character-rich housing for teachers while preserving Chattanooga's historic architecture and strengthening neighborhood identity
- ◆ Adaptive reuse projects can locate teacher housing near employment centers, reducing travel time and supporting retention in Hamilton County schools, while leveraging existing infrastructure, lowering construction costs and enabling affordable rent for educators in a competitive housing market
- ◆ Partnerships between developers, school districts, and local governments can ensure a portion of adaptive reuse units are reserved for teachers through targeted leasing programs

Implementation Plan	Key Partners	Timeline
<ul style="list-style-type: none">• 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	<ul style="list-style-type: none">• Broker or site owner• Developer and general contractor with conversion capacity or expertise	<ul style="list-style-type: none">• Collaboration with school district ~ 3-12 months• Adaptation of existing property into housing or mixed-use ~ 2-3 years



Higher-Lift Initiatives

Adaptive Reuse – Case Study: Seawall Development

- Seawall Development has transformed former industrial buildings into vibrant mixed-use communities, with dedicated, affordable apartments for teachers and education-related nonprofits that combine affordable educator housing with collaborative workspaces that foster networking and engagement
- Their approach blends historic preservation, social impact, and public-private partnerships

Project	Cost	Sources	Units
Miller's Court (Baltimore - 2009)	\$21.8M	<ul style="list-style-type: none">New Market Tax Credits (NMTC)Historic tax credits (state/Fed)	40 units discounted for teachers
Union Mill (Baltimore - 2011)	\$22M	<ul style="list-style-type: none">NMTCHistoric tax creditsLoans	55 units discounted for teachers
Oxford Mills (Philadelphia - 2012)	\$37M	<ul style="list-style-type: none">NMTCHistoric tax creditsLoans	114 units, over half reserved for teachers; includes 23 units affordable to families at $\leq 80\%$ AMI





Higher-Lift Initiatives

Down Payment Assistance

- ◆ Of the teachers surveyed* for this study, **91%** indicated that homeownership is a long-term goal
- ◆ Down payments, generally on the order of 10 - 20% of the purchase price for a home, present common barriers to purchase, especially for first-time homebuyers
 - Purchasing a \$300,000 home in Hamilton County requires a \$30,000-\$60,000 down payment, which can be exceedingly difficult to save for on a teacher's salary
- ◆ The city of Chattanooga offers down payment assistance in partnership with CNE, up to \$25,000 in support, but this program is not specifically targeted to teachers and is oversubscribed
- ◆ An expansion to CNE's program or a complimentary program could support homebuyer assistance for teachers in any of the following program designs:
 1. Subsidy forgiveness through a down payment **grant**
 2. Subsidy recapture through a down payment **loan**
 3. Shared appreciation, using down payment assistance as an **equity investment** in a property
 4. Subsidy retention through establishing or partnering with a **community land trust**



Higher-Lift Initiatives

Down Payment Assistance

- Down payment program design depends on desired program outcomes and capacity
- The following slides offer more detail around the four approaches to downpayment assistance
 - PEF, along with the key partners identified on the following slide, should discuss which program approach would be most appropriate for their needs

Program approach	Works best for:
1. Subsidy forgiveness (Down payment grant)	<ul style="list-style-type: none">Wealth buildingIncentivizes challenging/disinvested development areasSmall investments (generally less than \$10,000-\$15,000/buyer)Large available resourcesLimited administrative capacity
2. Subsidy recapture (Down payment loan)	<ul style="list-style-type: none">Moderately-priced marketsModerate investments (often \$15,000-\$40,000/buyer)Resources available for subsidy gap for future purchasersModerate administrative capacity



Higher-Lift Initiatives

Down Payment Assistance

Program approach	Works best for:
3. Shared appreciation (Down payment as equity investment)	<ul style="list-style-type: none">• Works across market types• A way to balance "fairness" and risk for recipient and program• Requires "patient capital" to be returned when home is sold, but gets a modest return based on market growth
4. Subsidy retention (land cost removed through a Community Land Trust model)	<ul style="list-style-type: none">• Hot markets• Large investment needed (often more than \$40,000/buyer)• Preserving affordability is a key policy goal• High-capacity steward

- The first 3 approaches outlined would have the following implementation plan, key partners, and timeline

Implementation Plan	Key Partners	Timeline
<ul style="list-style-type: none">• Secure funding• Establish and publicize clear eligibility criteria and a transparent application process for teachers• Partner with mortgage lenders to streamline the grant disbursement process for qualified applicants	<ul style="list-style-type: none">• CNE or another developer• Local housing authority or a non-profit with grant administration capacity	<ul style="list-style-type: none">• Secure funding ~ 12-18 months• Criteria establishment and marketing ~ 2-3 months



Good Housing for Great Teachers – Conclusions

- As noted throughout this report, the need to invest in housing solutions for teachers and school support staff is clear
 - Teachers play a pivotal role in the Hamilton County community
 - Quality housing options are a key factor that contribute to teacher satisfaction, recruitment and retention
 - Housing quality, costs, and availability have direct implications on the day to day lives of teachers
 - Housing costs have increased at a much faster rate than public sector salaries can keep up with, and will likely not decrease in the short term
- Recognizing that multiple solutions will need to be explored to address these challenges, this report has outlined the following recommendations for the community to consider:

Higher-Lift Initiatives	Lower-Lift Programs
<ul style="list-style-type: none">Missing Middle housing modelSchool property conversionAdaptive reuse developmentDownpayment assistance	<ul style="list-style-type: none">Housing Identification AssistanceRoommate and vacancy search platformsProperty maintenance networkFinancial and housing literacy programsOther local partnerships



Good Housing for Great Teachers – Next Steps

- It is important to note, that while these solutions focus on teachers, they could also be tailored to other public sector employees or any member of the community with a similar salary
- Who should be involved? Everyone in Hamilton County can contribute to the solution**
 - As noted earlier in the report in the list of collaborators and highlighted in the key partners sections in each of the preceding recommendations slides, multiple stakeholders can and should be involved in evaluating and implementing solutions
 - HCS staff should continue to be engaged in the evaluation and implementation of solutions
 - While this effort was focused 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
- PEF, HCS, and other key stakeholders in the region have a unique opportunity to make a meaningful impact on teacher recruitment and retention while also supporting housing solutions for other public sector workers
 - The following slide outlines a timeline for implementation of these initiatives and programs



Implementation Timeline

- As PEF, HCS, and other local stakeholders have discussions around these recommendations, the timeline below can help gauge progress over the coming months and years

1-3 months

- Share report broadly with local community
- Begin conversations around affordable housing recommendations
- Ensure all relevant stakeholders (including teachers) are included in these conversations

3-9 months

- Select 1 low-lift solution to begin implementing and determine which stakeholder will “own” the project
- Narrow down 1-2 preferred options for a higher-lift solution
- Determine the target audience for housing or apartment sizing and begin to consider locations
- Discuss opportunities and availability of funding

1 year

- Launch low-lift initiative and monitor use
- Solicit feedback from users to determine areas of potential improvement
- Discuss if another low-lift solution is needed and begin planning for implementation
- Secure funding and begin development of higher-lift solution

2 years

- Continue monitoring success of implemented low-lift programs
- Monitor school district workforce through surveys to determine if additional solutions are needed
- Continue construction and development of higher-lift solution

3 years

- Finish construction of higher-lift solution and open housing option to teachers
- Discuss possibility to develop another high-lift initiative
- Continue to monitor and implement low-lift programs as needed



APPENDICES



Appendix A

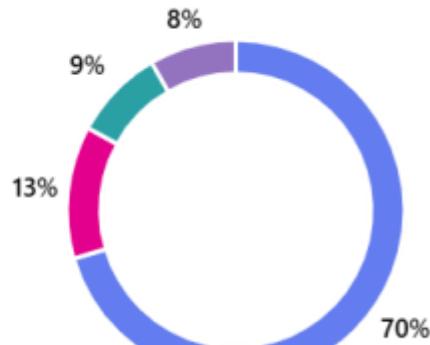
Teacher Survey Results



Teacher Survey Results

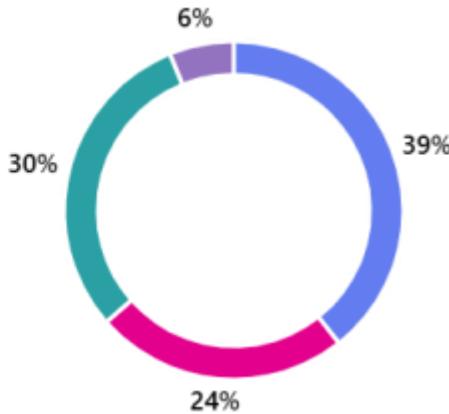
- As part of our analysis, we conducted a survey over a 29-day period for current teaching staff at HCS
- We received 277 responses to our survey questions which are below:
- Q: Where are you from?**

Hamilton County	195
Tennessee, but not Hamilton County	35
State bordering Tennessee	24
Other	23



- Q: What level do you teach?**

Elementary School	109
Middle School	67
High School	84
Multiple Levels or All Levels	17

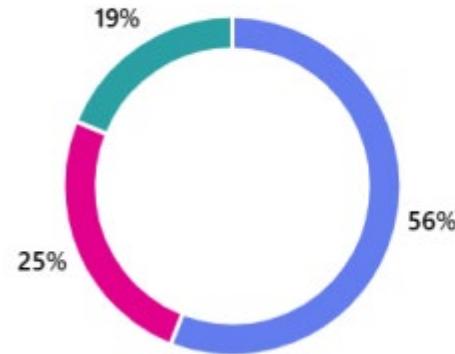




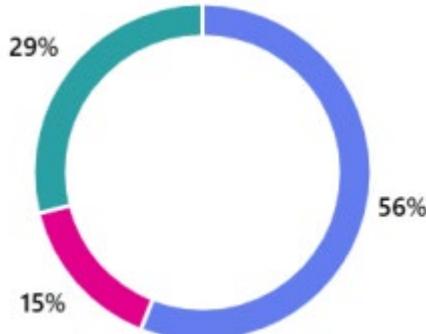
Teacher Survey Results

Q: How would you best describe what you teach?

General programs (elementary classroom, MS/HS core subjects)	155
Elective and other programs (art, music, gym, library, non-core electives, etc)	70
Special education classroom or other specialized support	52



Q: Is HCS the only school district where you have taught?



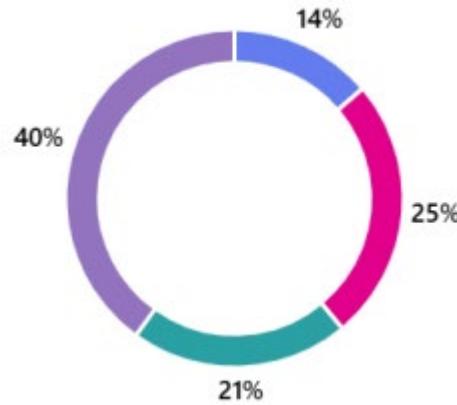
Yes - I began teaching at HCS	155
No - I relocated to HCS from another school district in Tennessee	42
No - I relocated to HCS from another school district outside of Tennessee	80



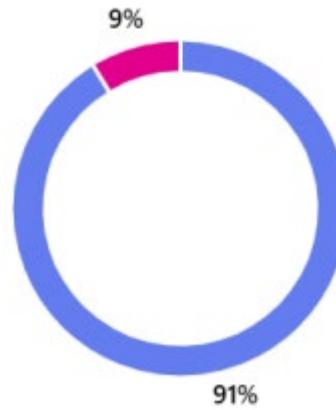
Teacher Survey Results

- ◆ Q: How long have you been a teacher at HCS?
- ◆ Q: Is homeownership a long-term goal of yours?

● under 2 years	38
● 2-5 years	70
● 5-10 years	58
● More than 10 years	111

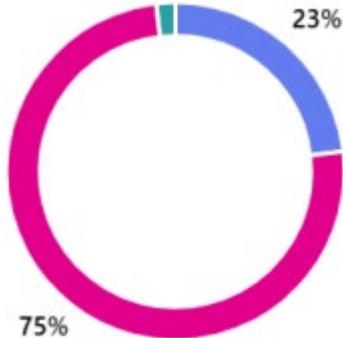


● Yes	241
● No	23



- ◆ Q: Do you rent or own where you live?

● Rent	64
● Own	208
● Other	5

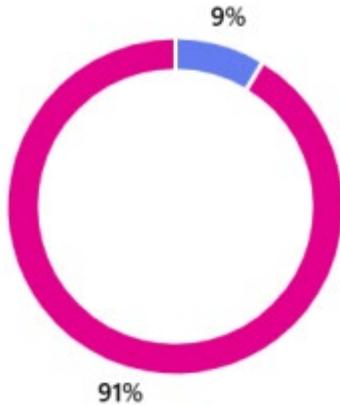




Teacher Survey Results

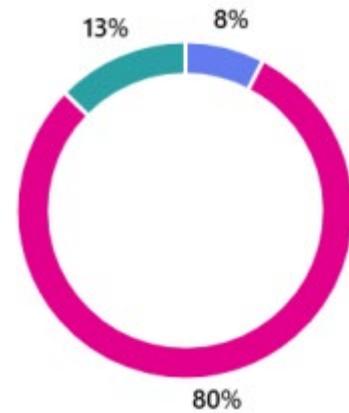
- Q: How many people do you live with? (adults and children, as applicable?)

None - I live alone	24
Other	253



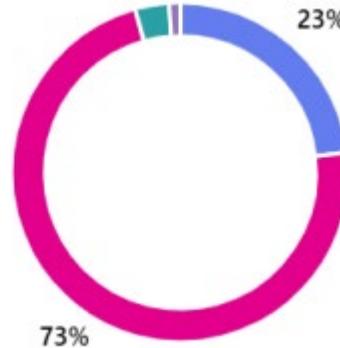
- Q: Are you open to living with a housemate?

Yes	21
No	220
It depends	35



- Q: How many earners are in your household?

One - I am the sole earner	64
Two - I live with one other earner	201
Three - I live with two other earners	9
Four or more earners - I live with at least 3 other earners	3

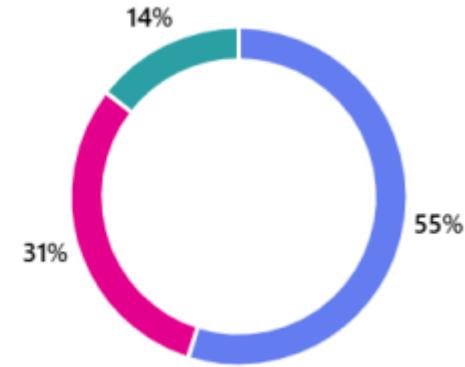




Teacher Survey Results

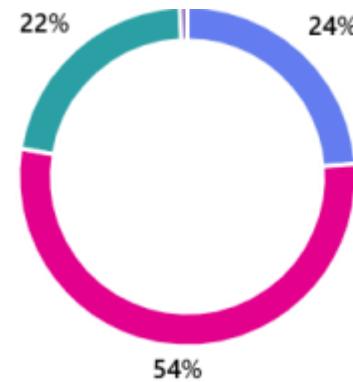
- Q: Are your monthly housing costs greater than 30% of your gross salary? (salary before taxes and other deductions)

● Yes - costs exceed 30%	152
● No - I pay less than 30%	85
● I'm not sure	40



- Q: Regardless of how you commute to work (car, bus, train, bike, walk, etc.), how long is your commute to your building?

● Under 10 minutes	66
● 10-30 minutes	149
● 30-60 minutes	60
● Over 1 hour	2

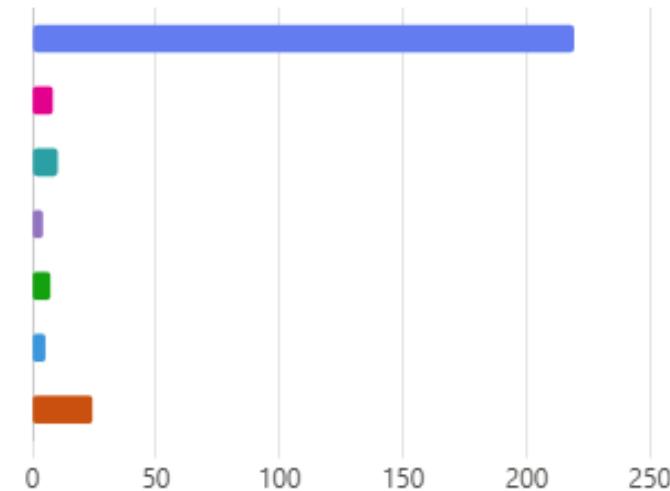




Teacher Survey Results

- Q: Do you expect to stay in Hamilton County long-term (for the next 10 years or so)? If not, what is the primary reason?

Yes	219
No - I prefer a different location of the State or Country	8
No - I seek more competitive compensation packages	10
No - I seek an alternative school or work environment	4
No - A career change will bring me somewhere else	7
No - I cannot afford to live here	5
Other	24



Other Reasons Cited:

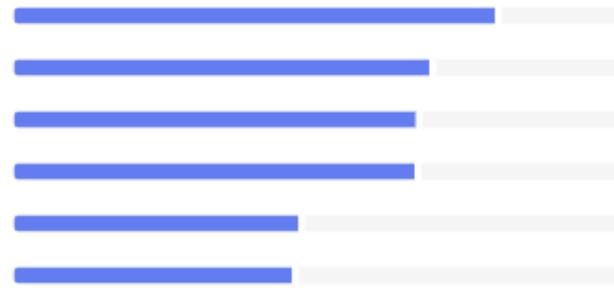
- Upcoming Retirement
- Relocate for marriage, children, or other family
- Will move once my children are not school-aged
- Not sure



Teacher Survey Results

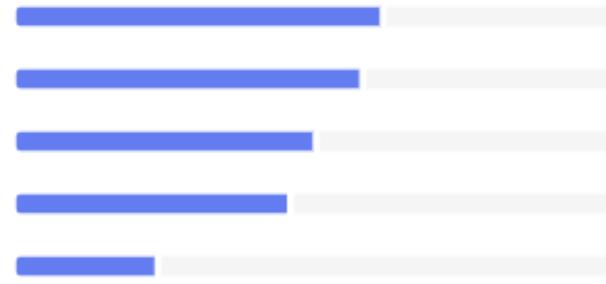
◆ Q: Please Rank the following factors as important to your decision to stay in or leave HCS:

- 1 Compensation
- 2 Work environment, culture, and support
- 3 Cost-of-living
- 4 Proximity to family and/or friends
- 5 Culture in Hamilton County/Chattanooga
- 6 Local amenities



◆ Q: Please rank the following amenities in order of importance to you when considering a place to live:

- 1 Parking
- 2 In-unit or in-building laundry
- 3 Dishwasher
- 4 Storage
- 5 Other shared facilities (gym, conference rooms, etc)





Appendix B

Benchmarking Analysis

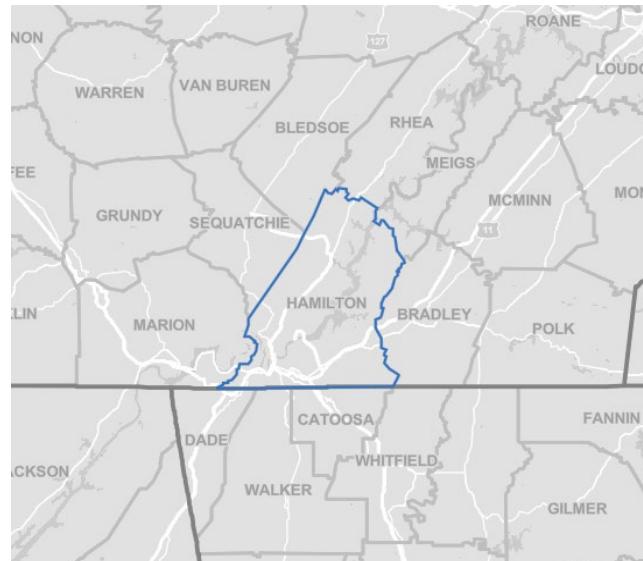


Neighboring School Districts

- By understanding the compensation and housing market trends in the school districts surrounding Hamilton County, we can define how unique its housing affordability challenges are
 - These school districts also serve as potential labor market competitors
- PFM chose school districts in Tennessee and Georgia that directly border Hamilton County, as well as Knox County Schools due to its comparable size
 - Any school districts* excluded from the final list below did not have sufficient data available for consideration:

Original List	Final List
Bledsoe County	Bledsoe
Bradley County	Bradley
Catoosa (GA)	Catoosa (GA)
Dade (GA)	Dade (GA)
Knox	Knox
Marion	Marion
Meigs	Walker (GA)
Rhea	
Sequatchie	
Walker (GA)	

*All school districts are in Tennessee unless labeled (GA)





Economic Overview

- Hamilton County ranks among the top five largest counties in Tennessee based on population
 - Based on 2023 Census estimates, Hamilton County is at least three-times the size of its neighboring counties (excluding Knox County)
- Compared to the other counties shown, in 2023, Hamilton County reported the highest median household income
 - Excluding Hamilton County, the group's average median household income is \$61,045
 - Hamilton County's median household income is 21% greater than this group average

Benchmark Analysis: Local Overview *2023 Census Estimates*

County	Population	Median Household Income
Knox	478,791	\$70,265
Hamilton	366,207	\$73,611
Bradley	108,620	\$61,107
Catoosa (GA)	67,872	\$70,653
Walker (GA)	67,654	\$58,594
Marion	28,837	\$58,103
Dade (GA)	16,251	\$58,936
Bledsoe	14,913	\$49,655

Hamilton Rank	2 of 8	1 of 8
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Source: U.S. Census Data Tables - 2023 American Community Survey 1-Year Estimates



Teacher Salary Schedule Analysis: 2024-25 Snapshot

- The proceeding analysis evaluates the key attributes of 2024-25 teacher salary schedules across the benchmark group:
 - Entry Level Salary** – what salary would a new teacher with a bachelor’s or master’s degree earn?
 - Step 5 Differential** – how much does a teacher’s salary increase between his/her first and fifth year of teaching (steps 0-5)?
 - Total Differential** – how much does a teacher’s salary increase throughout his/her career (between step 0 and the top step)?
- Each school district in the benchmark group utilizes a unique pay scale structure, as shown in the table on the right
 - As a result, the study team has made certain assumptions to ensure comparability across the different structures

Benchmark Analysis: Scale Structure

	Step Count (Excluding 0)	Column Count
Bledsoe	30	3
Bradley	25	5
Catoosa (GA)	13	10
Dade (GA)	13	10
Hamilton	25-30	3
Knox	20	2
Marion	35	4
Walker (GA)	13	9



Teacher Salary Schedule Analysis: 2024-25 Snapshot

- In 2024-25, HCS offered the **second-highest entry level salary** for teachers with a bachelor's degree, providing over \$5,000 more than the group average
 - Notably, the HCS scale in 2024-25 included recent increases to entry level salaries
- HCS ranks high in the group across all but one salary scale attribute – step 5 bachelor's differential
 - While HCS provides greater-than-average total and step 5 differential pay in other areas of the scale, the compensation trajectory* for new teachers with a bachelor's degree is minimal

Benchmark Analysis: 2024-25 Teacher Salary Scales

	Bachelor's Entry Level Salary	Bachelor's Step 5 Differential	Bachelor's Total Differential	Master's Entry Level Salary	Master's Step 5 Differential	Master's Differential
Bradley	\$51,500	\$2,356	\$18,553	\$56,650	\$2,356	\$18,553
Hamilton	\$50,000	\$323	\$17,639	\$50,323	\$6,335	\$26,187
Knox	\$47,012	\$6,898	\$27,513	\$50,763	\$6,898	\$27,513
Bledsoe	\$45,189	\$3,930	\$16,506	\$48,462	\$3,930	\$20,028
Catoosa (GA)	\$43,294	\$0	\$75	\$47,924	\$6,553	\$19,413
Walker (GA)	\$42,817	\$0	\$1,300	\$47,308	\$6,192	\$19,615
Marion	\$42,700	\$2,850	\$19,650	\$44,300	\$3,400	\$23,600
Dade (GA)	\$41,717	\$0	\$0	\$45,808	\$6,192	\$18,315
Average less HCS	\$44,890	\$2,291	\$11,942	\$48,745	\$5,074	\$21,005
Average v. HCS	\$5,110	(\$1,968)	\$5,697	\$1,578	\$1,261	\$5,182

*HCS does not guarantee step movement on an annual basis, so reaching step 5 may take longer than 5 years



Teacher Salary Schedule Analysis: Year-Over-Year Growth

- ◆ The group of local school districts have provided different scale increases over the past several years
- ◆ Due to data availability issues, the study team could only identify trends in compensation for the following list of comparable school districts
- ◆ HCS is the only school district shown with three years of data
 - In order to compare HCS with the peer data, we reviewed 2-year averages in salary growth
- ◆ As shown below, HCS had a similar 2-year average growth between 2023-24 and 2024-25 as Bledsoe
- ◆ Due to the lack of salary scale increases in 2025-26, HCS's 2-year average fell far below Bradley and Knox averages during the same time frame

Benchmark Analysis: Recent Teacher Salary Scale Growth

School District	2023-24	2024-25	2025-26	2023-24 to 2024-25 Average	2024-25 to 2025-26 Average
Bledsoe	4.0%	4.0%	-	4.0%	-
Bradley	-	3.0%	4.0%	-	3.5%
Hamilton*	5.0%	3.1%	0.0%	4.1%	1.6%
Knox	-	8.8%	2.6%	-	5.7%



Housing Market Analysis: 2023 Snapshot

- Compared to its neighboring counties, Hamilton County reported the highest housing costs across owner and rental options (excluding Knox County) in 2023
 - Median home values varied by up to \$168,500 between Hamilton County and its peers, and monthly housing payments varied by up to \$520 across owner and rental options
- Hamilton County also reported one of the lowest differences between monthly rental and owner costs
 - As a result, homeownership in Hamilton County may be seen as a more worthwhile investment as opposed to renting – this is less the case in neighboring communities where rental costs are lower

Benchmark Analysis: 2023 Housing Costs

	Median Home Value	Median Monthly Owner Costs with Mortgage	Median Gross Rent Payment	Rental vs Owner Costs
Knox	\$359,000	\$1,507	\$1,301	\$206
Hamilton	\$333,900	\$1,544	\$1,298	\$246
Bradley	\$267,000	\$1,378	\$983	\$395
Catoosa (GA)	\$232,000	\$1,287	\$971	\$316
Walker (GA)	\$219,800	\$1,262	\$796	\$466
Marion	\$173,600	\$1,257	\$840	\$417
Dade (GA)	\$166,600	\$1,305	\$843	\$462
Bledsoe	\$165,400	\$1,080	\$779	\$301
Hamilton County Rank	2 of 8	1 of 8	2 of 8	7 of 8



Disposable Income

- Although HCS pays among the highest amount in compensation compared to the benchmarks, HCS teachers have less **disposable income**, with the greater burden of homeownership and rental costs
- The table below shows that home ownership is unaffordable for most bachelor's entry level teachers , but more so, for Hamilton county and Knox county teachers
- Rent is more affordable for teachers in neighboring districts; it remains unaffordable for HCS entry level teachers
- Note:** In this analysis, we compare the 2024-25 salary to 2023 census data on home costs, realistically, in 2024 and 2025, home ownership and rental costs are higher than reflected in this table

Benchmark Analysis: 2024-25 Teacher Salary Scales

	Bachelor's Entry Level Affordable Monthly Housing Payment	2023 Median Monthly Owner Costs with Mortgage	2023 Median Gross Rent Payment	Disposable income (owner cost)	Disposable income (Rental cost)
Knox	\$1,175	\$1,507	\$1,301	(\$332)	(\$126)
Hamilton	\$1,250	\$1,544	\$1,298	(\$294)	(\$48)
Dade (GA)	\$1,043	\$1,305	\$843	(\$262)	\$200
Catoosa (GA)	\$1,082	\$1,287	\$971	(\$205)	\$111
Walker (GA)	\$1,070	\$1,262	\$796	(\$192)	\$274
Marion	\$1,068	\$1,257	\$840	(\$190)	\$228
Bradley	\$1,288	\$1,378	\$983	(\$91)	\$305
Bledsoe	\$1,130	\$1,080	\$779	\$50	\$351



Benchmarking Takeaways

- ◆ As shown with Hamilton and Knox counties, counties of a larger size and population struggle with an imbalance between teacher pay and the costs associated with housing
 - HCS teachers are incentivized to either work in neighboring regions or work at HCS and live in a neighboring region, if they value greater disposable income
- ◆ If HCS could provide more funds dedicated to compensation, or if the region had more affordable housing options, HCS teachers would have more comparable disposable income to its neighbors
- ◆ This study indicates why some HCS staff may prefer to live outside of the county or state
 - It also clearly illustrates how affordable housing is both an **income** and **housing market** problem and requires solutions on both ends to be successful



Appendix C

Teacher Housing Compliance Memo

Memorandum

To: Public Education Foundation
From: Heron Community Consulting through the PFM Group
Re: How existing Teacher Housing Projects have met fair housing and other legal standards

Reserving housing specifically for teachers, or other workforce categories, can be done legally, but it should be carefully structured to comply with the Fair Housing Act and other anti-discrimination laws. The Fair Housing Act prohibits discrimination in the sale, rental, or financing of housing based on seven protected classes: race, color, national origin, religion, sex (including gender identity and sexual orientation), disability, or familial status. The Fair Housing Act does not prohibit housing decisions made based on employment factors in general nor employment in specific job types or with specific employers.

Several jurisdictions offer housing that is affordable for and specifically targeted to teachers, including projects by Seawall Development in Baltimore and Philadelphia, Dare County, NC, and many projects in California and other jurisdictions. While this memo does not provide and should not be construed as legal advice, it describes how real estate developers have reserved this housing for teachers without violating fair housing or other legal and regulatory requirements.

From a legal framework and compliance perspective, in consultation with advice from an attorney, developers and jurisdictions typically take one of the following approaches:

1. Use of Preference Policies, Not Restrictions

Instead of *excluding* non-teachers, developers offer **priority or preference** during leasing or sales phases (e.g., teachers get first dibs). This has been legal because preferences are permissible as long as they **don't explicitly exclude** other protected groups and are not applied in a discriminatory manner. An example of this preference is Seawall's Miller's Court in Baltimore, which offered teacher-preference leasing, but apartments were open to the public after the preference window, if any remained unleased.

2. Tying Housing to Employment or Institutional Partnership

Housing is made available to employees of a specific institution (e.g., school district, hospital) through a **workforce housing agreement**, sometimes on land owned by the institution. This is legal because tying housing to employment or land use agreements—not to identity—can comply with fair housing law. An example of teacher housing under this method is the Santa Clara Unified School District's Casa del Maestro, built on district-owned land, which rents its units only to district teachers.

3. Use of Employer-Assisted Housing Models

Housing is subsidized or made available as an employment benefit, not a public accommodation. This is legal because FHA rules apply to housing providers, not necessarily to employment benefits. If housing is structured as part of a compensation package, it's generally permissible. The cautionary note here is that the employer must still avoid discriminatory impacts on protected groups in their hiring practices, but that's more of an employment discrimination issue than it is a housing discrimination issue.

4. Broad "Workforce Housing" Categories

Housing developers can include teachers in a **broader category** of public servants or moderate-income workers (e.g., teachers, nurses, firefighters). This is legal because it avoids overly narrow targeting that might suggest illegal preference, along with improving public optics and legal defensibility.

5. Relying on State/Local Policy Carve-Outs

Some states and localities have **explicit policies** that allow or even encourage preference for public servants, especially in publicly funded or publicly owned developments.

- **Example:** California's "Teacher Housing Act of 2016" (AB 1743) clarified that providing affordable housing for teachers is consistent with the Fair Housing Act when done appropriately.

If there is concern from an organization about a specific legal risk:

Depending on which legal risk is of some concern, there is a corresponding strategy to help mitigate any issues:

Legal Risk Area	Strategy to Avoid Violation
Discrimination Claims	Use preference windows instead of exclusive access
Protected Class Issues	Avoid tying eligibility to race, sex, or another protected class
Public Funding Limits	Ensure compliance with funding rules (LIHTC or other funds)
Perception Issues	Use broad categories and transparent criteria

The key to an effective and legal teacher housing preference is **how the preference is framed and implemented**. Developers like Seawall have succeeded by combining:

- Legal review of marketing and leasing;
- Use of public/private partnerships;
- Structuring preferences as part of broader workforce or mission-aligned housing goals.

Please let us know if you have any questions or need any examples of lease-up language or policy language from existing projects that have withstood legal scrutiny.