



A Proposal for Teacher Housing in Washington

- Washington's History of Teacher Housing
- A Proposal for General Obligation Bonds for Teacher Housing

For more information:

Faith Li Pettis
Stacey Lewis

Faith.Pettis@pacificallawgroup.com
Stacey.Lewis@pacificallawgroup.com

206.245.1715
206.245.1714

Washington’s History of Teacher Housing

Teacher Cottage Movement

A century ago, the state of Washington led the way in providing teacher housing to recruit and retain qualified teachers.¹ Josephine Corliss Preston, first elected State Superintendent of Schools in 1913, was the driving force behind this movement.² Upon her election, she promised to work for the establishment of teachers’ cottages:

“In speaking of teacher cottages, she said that the plan had been tried in some parts of the state and that there are eight school districts in Walla Walla county where a cottage for the use of the teacher has been erected. She thinks the plan a good one, as the highest efficiency can be obtained from a teacher only when she can enjoy the comfort of a home, which is impossible in many districts.”³

Superintendent Preston’s efforts spurred the Washington State Legislature to pass a 1913 law authorizing rural (then second and third class) school districts to provide teacher housing. The Legislature passed S.B. 260, “Extending Use of School Buildings,” authorizing districts to “provide suitable dwellings and accommodations for teachers, supervisors and necessary assistants.” This authority persists today in Washington law as follows:⁴

RCW 28A.335.250. School property used for public purposes.

School boards in each district of the second class may provide for the free, comfortable and convenient use of the school property to promote and facilitate frequent meetings and association of the people in discussion, study, improvement, recreation and other community purposes, and may acquire,

¹ “[T]o the state of Washington must go the honor of inaugurating effectively ‘the movement for teachers’ cottages.’” A.A. Gray, “A Teacher’s Home,” *Elementary School Journal*, Vol. 17, at 202 (November 1916), available at <https://www.journals.uchicago.edu/doi/pdfplus/10.1086/454539> (citing the Washington State Department of Education, Bulletin No. 7, 1911).

² K. Blair, “Preston, Josephine Corliss (1873-1958)” (Mar. 27, 2011), available at <https://historylink.org/File/9706>.

³ “Efficiency, Not Change, Her Aim” (“—New State Superintendent Favors Vocational Training and Believes Cottages for Teachers Step Forward”), [Tacoma] *Ledger* (Dec. 21, 1912), collected in Washington Secretary of State, Mrs. Josephine C. Preston’s scrapbook of newspaper clippings, 1912-1920 bulk 1916-1919 (“Preston Scrapbook”), at 1, available at https://www.sos.wa.gov/legacy/images/publications/sl_prestonscrapbook/sl_prestonscrapbook.pdf.

⁴ In 1959, the State Legislature adopted H.B. 223, “School Districts-Schoolhouses, Teacher’s Cottages, Etc.” to likewise provide that “The board of directors of a second-class school district shall build schoolhouses and teachers’ cottages when directed by a vote of the district to do so and may purchase real property for any school district purpose.” Chap. 169, Wash. Laws 1959; now codified at RCW 28A.335.240. In 1960, the Attorney General opinion opined that this statute authorizing “teacher” housing was not broad enough to permit superintendent housing. Wash. Op. Att’y Gen. No. 116 (May 6, 1960).

assemble and house material for the dissemination of information of use and interest to the farm, the home and the community, and facilities for experiment and study, especially in matters pertaining to the growing of crops, the improvement and handling of livestock, the marketing of farm products, the planning and construction of farm buildings, the subjects of household economies, home industries, good roads, and community vocations and industries; and may call meetings for the consideration and discussion of any such matters, employ a special supervisor, or leader, if need be, *and provide suitable dwellings and accommodations for teachers, supervisors and necessary assistants.*⁵

Teacher Housing Throughout the State

In her 1920 Report to the Legislature, Superintendent Preston reported on the need for, and great interest in, teacher housing among counties around the State.⁶ For example, Douglas County reported: “A teacher's cottage in every school district would to a great extent help solve the problem that now confronts us in securing teachers for Douglas county schools.”⁷ Grays Harbor added: “I have begun to feel that this question is almost as deep in the towns as in the rural districts. ... It seems to me that the time is not very far distant when, in the towns as well as in the country, it will be necessary to have a house for the teachers.”⁸

To address this need, some districts issued general obligation bonds to finance teacher cottages. Walla Walla noted having issued bonds to fund teacher cottages: “Gardena has sold \$5,000 bonds for a double teachers’ cottage.”⁹ Pursuant to the 1913 act, Snohomish School District No. 11 issued voter-approved bonds in 1920 to fund a teacher cottage.¹⁰ The bonds reflected community support: “the people of the district voted almost unanimously for the levy of taxes sufficient to erect the cottage.”¹¹ The Washington Supreme Court held that, although the general school code does not give districts authority to build teacher housing, the 1913 act does provide this authority to those second and third class school districts intending to carry out the functions of the 1913 act.¹²

⁵ RCW 28A.335.250 (emphasis added).

⁶ J. Preston, Twenty-fifth Biennial Report of the Superintendent of Public Instruction for the Biennium Ending June 30, 2020 (Olympia, Wash., 1921).

⁷ 1921 Report to Legislature at 134.

⁸ *Id.* at 135.

⁹ *Id.* at 139.

¹⁰ See *Hansen v. Lee*, 119 Wash. 691 (1922).

¹¹ 119 Wash. at 692.

¹² *Id.* at 696-697.

During this period, schools all around the State built teacher cottages to attract and retain teachers.¹³ Superintendent Preston’s booklet entitled Teacher Cottages shows the following cottages by May 1915.

County	Number of Teacher Cottages	County	Number of Teacher Cottages
Adams	3	Mason	1
Benton	2	Okanagon	6
Clark	3	Pacific	1
Columbia	1	Pend Oreille	2
Cowlitz	1	Pierce	1
Ferry	2	Skagit	8
Franklin	12	Snohomish	4
Grant	6	Spokane	1
Grays Harbor	2	Stevens	5
Island	3	Thurston	2
Jefferson	1	Walla Walla	7
King	12	Whatcom	5
Kittitas	1	Whitman	6
Lewis	5	Yakima	4
Lincoln	1	<i>Total</i>	108

Her booklet further notes that the cost of cottages ranged from \$50 to \$3,200, and that districts in King County had invested \$8,000 in cottages.¹⁴ By 1924, Superintendent Preston’s campaign noted that during her term living conditions had improved for teachers and 447 teachers’ cottages had been built in the state.¹⁵

Washington-Led National Movement

By 1916, the idea had spread to other states and was promoted by the U.S. Bureau of Education.¹⁶ At a meeting of the National Educational Association in New York, Superintendent

¹³ L. L. Felber, Talking Points: The Debate about Teachers' Cottages and Women's Place in Education, 1905-1920, The Pacific Northwest Quarterly, Vol. 103, No. 1 (Winter 2011/2012), pp. 25-35, at 31, 33 (“Nationally, only 600 teachers' cottages had been built or converted from other use by 1916, another number indicating that Washington had been at the forefront of this movement.”).

¹⁴ J. Preston, “Teachers’ cottages in Washington,” Wash. State Dept. of Education Bulletin No. 27, at 26-27 (1915).

¹⁵ Brochure, Campaign for Re-Election of State Superintendent, available at <http://www.washingtonhistory.org/research/whc/ElectedWomen/preston/>.

¹⁶ “Teacher’s Cottages Is a Washington Idea,” Ellensburg Record (Mar. 10, 1916), included in Preston Scrapbook, at 23.

Preston shared how “the state of Washington began and leads a movement for teachers’ cottages which has now spread to all parts of the country....”¹⁷

After significant success, the teacher cottage movement waned with the rise of automobile transportation.¹⁸ School houses consolidated into schools serving larger communities, accessible by students and teachers on the nation’s growing road system.

Today’s Community Concerns

A century later, Washington communities again see a need for teacher and other workforce housing closer to schools and other workplaces. Communities are exploring teacher housing as a way to attract and retain teachers in communities with housing affordability and traffic and transportation pressures.¹⁹

And again a practical solution presents itself. Washington school districts could provide teacher housing with legislation that expands century-old authority that is available to rural second class districts²⁰ to all school districts. Teacher housing could be funded through the issuance of bonds, voted to evidence community support, and paid from property taxes. A primary driver of the cost of developing affordable housing – land costs – could be mitigated in many cases by developing housing on underused district property. The bonds could be issued on a tax-exempt basis, as governmental bonds, similar to many housing authority bonds. An additional benefit from a school funding perspective is that the housing also can provide rental income to the

¹⁷ “Advocates Teachers’ Cottages at N.E.A.,” Olympia Recorder, included in Preston Scrapbook, at 51; Blair, supra, “She made great strides toward the improvement of schools and won national recognition for her successful efforts to inaugurate the building of teacher’s cottages, also known as teacherages, to provide private dwellings for instructors alongside the one-room schools in rural areas.”

¹⁸ Id. at 33 (“With the national prosperity of the 1920s, new roads were built and automobile use increased. One-room schoolhouses began to close at a rapid rate as schools and school districts were consolidated. Teachers were more easily able to find housing in the larger towns in which the new schools were located, and improved transportation systems made housing directly adjacent to schools less essential.”); see also J. Gale de Saxe, T. Gourd, *Radical Educators Rarticulating Education and Social Change: Josephine Corliss Preston: An Example of Women’s Educational Leadership in the US West* (2018).

¹⁹ C. Henry, “Young teachers struggle to afford housing around Kitsap despite state’s big pay hikes,” Kitsap Sun (June 6, 2019), available at <https://www.kitsapsun.com/story/news/local/2019/06/06/kitsap-teachers-struggle-affordable-housing-despite-big-state-pay-raises/1341378001/>; D. Goldstein, “The Fight to Keep Teachers in Tech Hubs From Being Priced Out,” New York Times (Jan. 4, 2019), <https://www.nytimes.com/2019/01/04/us/teachers-priced-out-tech-hubs.html>

²⁰ In 2004, the teacher cottage statute was amended to allow Shaw Island School District to build a teacher cottage without a district vote. See House Bill Report, HB 2462 (2004) (“The district, Shaw Island, is able to attract good teachers, but there is no place on the island for the teachers to live. Properties are far beyond the means of teachers and few if any places are available to rent. The district wants to build a teacher cottage for one of its two teachers. It wants to be able to use the rent from the cottage in the district’s general fund”), available at <http://lawfilesexext.leg.wa.gov/biennium/2003-04/Pdf/Bill%20Reports/House/2462.HBR.pdf>.

district to fund other educational costs. For a more detailed discussion of school bonds to fund teacher housing, see **A Proposal for General Obligation Bonds for Teacher Housing**.

California Models

This model draws both from Washington’s early history of teacher cottages as well as more recent models tested by California school districts. Several districts in California have financed teacher housing, spurred by 2016²¹ and 2017²² legislation facilitating these projects.²³

California districts have secured voter approval to issue property-tax—backed bonds to finance teacher housing. For example, in 2018 the Jefferson Union High School District issued \$5 million in general obligation bonds to finance the construction of affordable housing facilities for teachers and school staff on District property with voter approval.²⁴

²¹ Available at https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201520160SB1413

²² Available at https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180AB1157

²³ D. Lambert and D. Willis, “In need of teacher housing, more California school districts building their own Districts see affordable apartments as a way to attract and keep teachers,” EDSOURCE Special Report (Apr. 17, 2019), available at <https://edsource.org/2019/in-need-of-teacher-housing-more-california-school-districts-building-their-own/611220>

²⁴Official statement available here <https://emma.msrb.org/ES1198936-ES936717-ES1337550.pdf>

A Proposal for General Obligation Bonds for Teacher Housing

Financing Teacher Housing

Resurrecting the century-old practice of school districts providing housing for teachers could be accomplished with a handful of clarifications to current school district laws. The goal of the changes would be to clarify the authority of all Washington school districts to issue voted tax-exempt general obligation bonds for teacher housing. The bonds, as with any other general obligation bonds issued by school districts, would require supermajority voter approval, unlike levies, which only require a simple majority approval. Tax exemption is not sufficient; voter approval is key to making this program work. Once approved, school districts are authorized to levy excess property taxes in amounts sufficient to repay the bonds, usually over a twenty-year period. The ability to issue bonds backed by an excess property tax levy ensures the viability of a housing project and frees the school district from the burden of having to tie rents to the cost of the housing.

Making Teacher Housing More Affordable

In many of Washington's densely populated areas, developing rental housing is expensive. The combination of scarce available land – leading to skyrocketing land acquisition costs – with zoning and local regulatory requirements and labor and materials costs, contributes to the upward pressure. As a result, most housing developers choose to build rental housing units that can quickly cover the costs of construction, i.e., luxury units for which they can charge high rents. By using voter-approved taxes to pay for the costs of construction (in the form of debt service on bonds), districts can de-link the rents charged from the construction costs, and ensure the housing is affordable to teachers and staff. In addition, the school district can further help make sure the cost of the housing is reasonable – and keep the voted bond size modest – by contributing surplus district land to the development, offsetting a major cost component in developing housing.

Traditional revenue bonds issued for affordable housing can involve complicated financing structures and variable interest rates reflecting the risk associated with construction and lease up. In contrast, general obligation bonds payable from property taxes have the benefit of one of the most secure repayment streams available to bondholders. As a result, the bonds, particularly if backed by the Washington State guarantee program available to school districts, could be issued at favorable long-term interest rates.

Because the bonds are repaid from property taxes, the school district would be able to offer the housing to its teachers at reduced rental rates. The discounted rents could be considered as additional compensation or as an incentive to attract and retain the best teachers. The rents received by the school district would be used in part to support the maintenance of the

housing. Any excess could flow to the school district for other uses. With statutory clarification, excess rents could be used for any district purpose.

Filling a Housing Affordability Gap

This proposal helps address a housing gap for households who need “workforce housing”: teachers and their families who do not qualify as “low income” under existing law, but who nevertheless may not be able to afford to live in the growing number of high-cost areas in Washington. When issuing governmental bonds for housing, local housing authorities are required by Washington statutes to set aside at least half of the project (by the larger of units or square footage) for low-income residents, which has historically been interpreted to mean residents with incomes at or below 80% of area median income. The other half of the project may be rented to tenants paying market rents. Other federal programs utilize tax-exempt revenue bonds and low income housing tax credits to target families at or below 60% of area median income. Though successful (the low income housing tax credit program alone has created over 2 million units of housing nationwide since its inception), none of these programs is able to address the needs of school district employees seeking housing near the schools they teach and work at when those schools are in high-cost areas. The provision of “workforce housing” is increasingly becoming a focus of local governments around the country as employers struggle to house their workers near to their jobs and it has become clear that few federal, state or local tools currently exist to address the shortage of housing for “middle-income” working families.

This proposal for school district general obligation bonds for housing responds directly to the middle-income housing gap. It deviates from the usual approach of providing housing for low income residents and instead would follow the model created by the 1913 Washington Legislature. The teacher housing created by a school district would not be limited to “low income” residents,²⁵ but rather would be available to teachers and staff of a school district regardless of their income level.²⁶ The State pay schedule for teachers varies by school district but generally ranges from base pay in the mid-\$40,000 range for a first year teacher to \$70,000 or \$80,000 for the most experienced teacher with a graduate school degree. If district housing were limited to low income teachers, working couples and teachers with several years of experience would not qualify for the housing. This refocus on housing a district’s workforce

²⁵ By way of illustration in Clark County (included in the Portland-Vancouver-Hillsboro, OR-WA MSA), 80% of area median income for an individual is \$49,250 and is \$56,250 for a couple. For the Seattle-Bellevue HUD Metro FMR Area (which includes all of King County) 80% of area median income is \$61,800 for a single person and \$70,600 for a couple. *HUD User, 2019 Income Limits*.

²⁶ Teacher pay varies by school district. In the Vancouver School District, the starting salary for a first year teacher (base + TRI) in 2018 was listed as \$49,920 and the top salary was \$87,238. *Vancouver School District 2018-2019 Salary Schedule*. In the Lake Washington School District, base pay for a first year teacher in 2019 is listed as \$49,059 and the top listed base salary is \$97,986. *LWEA Salary Schedule for 2019-2020, Effective August 11, 2019*.

over housing people based on income level enables school districts to attract and retain teachers.

Next Steps

The challenge that school districts face with respect to teacher housing affordability echoes the challenge that fire district, cities, counties, public hospital districts and other municipal employers also face. Teachers, firefighters, police officers, nurses and others often struggle to afford housing in the communities they serve. School districts interested in providing teacher housing may have opportunities to partner with others in their community. Districts also should consider engaging an experienced housing focused builder and a management company to assist with the development and ongoing operation of the teacher housing. Because the bonds issued to finance the teacher housing would be tax-exempt general obligation bonds, districts should take care when entering into contracts with private entities to ensure that benefits of the tax exemption are not lost.

Washington legislation to broaden the century-old statute that expressly authorizes teacher cottages could provide this tool to school districts throughout the state.²⁷

Alison Benge	Alison.Benge@pacificallawgroup.com	206.602.1210
Deanna Gregory	Deanna.Gregory@pacificallawgroup.com	206.245.1716
Faith Li Pettis	Faith.Pettis@pacificallawgroup.com	206.245.1715
Stacey Lewis	Stacey.Lewis@pacificallawgroup.com	206.245.1714
Jon Jurich	Jon.Jurich@pacificallawgroup.com	206.245.1717
Will Singer	Will.Singer@pacificallawgroup.com	206.602.1216

A Note: This publication is for informational purposes and does not provide legal advice. It is not intended to be used or relied upon as legal advice in connection with any particular situation or facts. Copyright © 2019 Pacifica Law Group LLP. All rights reserved.

²⁷ Compare to New Mexico law authorizing only financing of “school buildings”. N. Mex. Op. Att’y Gen. No. 81-1 (Jan, 12, 1981) (“Where school districts expend funds for the construction of teacherages, the relevant case law indicates that they do so pursuant to specific statutory authority.”)