



EXTRA CREDIT HOME PURCHASE PROGRAM BENEFITS TEACHERS, STUDENTS AND COMMUNITY

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For more than 30 years, Ann Menaldo has been a devoted middle school math and science teacher, but until last year, a house of her own in Santa Ana never seemed affordable. Now, thanks to the Extra Credit Teacher Home Purchase Program, Menaldo is a first-time homebuyer, and she has committed to giving her pupils at Carr Intermediate School the benefit of her talents and experience for years to come.

The Extra Credit program was created at the urging of State Treasurer Philip Angelides to attract and retain qualified teachers, principals, and more recently, other credentialed school employees such as counselors and psychologists, who agree to serve in a low-performing school.

California faces a critical shortage of teachers. The Center for the Future of Teaching and Learning, in its report on *The Status of the Teaching Profession 2001*, found that there is “a substantial and growing shortage of teachers who are both qualified and willing to take teaching jobs, particularly in schools serving poor and minority communities.”

Moreover, the report stated, the problem of unequal distribution of qualified teachers is worsening. In the lowest performing 25 percent of public schools, nearly one in four of the teachers were rated as underprepared. In raw numbers, that is more than 1,900 schools attended by 1.7 million of the State’s 6 million students.

But in the highest performing 25 percent of our schools, only 5 percent of the teachers were found to be underprepared, according to the report.

“We have an acute teacher shortage in California,” Angelides said. “It is a crisis that cries out for attention. Extra Credit not only helps recruit and retain fully qualified teachers and credentialed staff for low-performing schools where there is the greatest need, it also addresses the need to increase homeownership opportunities for an important

segment of California’s working population that is finding itself increasingly priced out of the State’s housing market.”

Carr Intermediate is a designated low-performing school in an area where only 31 percent of households can afford the median-priced home, and it is rare for even experienced teachers like Ms. Menaldo to be homeowners. There are other areas where the problems are even more acute.

In San Jose, thanks to Extra Credit, Neil Hamilton, a middle school art teacher at Peter Burnett Academy, owns his first home – a condominium – just 15 minutes from the Academy. His former residence in Santa Cruz was a long bus ride from San Jose that frequently left him exhausted.

“Now if I need to get to school early to help a student, I can. I can stay later also if I need to and still get home at a reasonable time,” Hamilton said. Living close to school makes Neil feel more a part of the immediate community and he even enjoys seeing his students at the mall as he shops with his wife, Samantha.

Hamilton is acutely aware that San Jose is located in one of the most expensive housing markets in California. In Santa Clara County, despite the technology sector’s slowdown, the median price of a single family home in April 2002 was \$500,000 – identical to the median price a year earlier. Statewide, the median home price was about \$250,000.

The California Debt Limit Allocation Committee (CDLAC), chaired by Treasurer Angelides, has provided a total of \$164 million in tax exempt bond authority to operate the Extra Credit program since it was created in September 2000. In 2001, nine localities were participating in Extra Credit when the California Housing Finance Agency (CHFA) agreed to administer the program on a statewide basis.

The Extra Credit program offers teachers, principals and other credentialed school staff home purchase assistance totaling thousands of dollars through either tax credits or reduced interest rate loans.

The savings are substantial. At today's interest rates, a teacher with a mortgage loan of \$175,000 would save more than \$1,600 annually under Extra Credit, and a total of almost \$50,000 over the life of a 30-year loan.

In addition, through each local entity or the CHFA, eligible teachers and school staff are guaranteed at least \$7,500 in downpayment or closing cost assistance.

For Ann Menaldo, the Extra Credit Program made a lifelong dream of homeownership a reality in a county that the National Association of Home Builders ranks among the top 20 least affordable housing markets in the nation. Now, instead of a 22-mile commute, she lives only one mile from Carr Intermediate. "Not only does it help the teachers, it's a win-win situation for the community as well," she said. "The program allows teachers to get involved in the community. Homeownership will make the members of any community proud and eager to get involved."

Despite the sizzling California real estate market, the Extra Credit program is hitting its stride. Approximately 200 teachers or other credentialed school staff had purchased a home with Extra Credit assistance as of April 2002, and low-interest mortgage loans or tax credits and downpayment assistance were in the pipeline for another 120 families.

But to dedicated teachers like Menaldo and Hamilton, homeownership is but one of the benefits of the Extra Credit program.

Hamilton, who has spent four years of his five-year teaching career at the Peter Burnett Academy, sees the teaching commitment of the Extra Credit Program as a benefit rather than an imposition. "I always knew that I wanted to be at a school for a long time. I want to make an impact at that school and in that community."

Menaldo said she is excited by the challenge of improving the learning environment for her students so that they may use the knowledge gained in school to become active and productive participants in the community. Expressing confidence in the future, she remarked, "I look forward to being a part of a team that's on its way up."

Menaldo said she believes that teachers play a fundamental role in strengthening neighborhoods and shaping students' lives for the better. "There's a reward in it that money can never give," she said. "The whole idea that I have a part in creating the future is just so awesome."

For additional information on this program access www.treasurer.ca.gov/csfa/extracredit

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