

bae urban economics

in association with **SAGE** and **California Farmlink**

San Mateo County

Agricultural Workforce Housing Needs Assessment

Executive Summary

October 21, 2016

EXECUTIVE SUMMARY

This report provides an assessment of San Mateo County's agricultural workforce, as well as an assessment of the County's farm labor housing situation and housing needs. Report preparation relied on surveys and over 300 face-to-face interviews with agricultural workers in an effort to obtain information that accurately reflects current conditions and reliably projects the future housing needs of the County's agricultural operations. Research for the report also included a review of relevant literature and published data, a survey agricultural producers, focus group sessions with members of the agricultural workforce and producer communities, and interviews with individuals knowledgeable of local agricultural workforce housing issues. The report concludes with findings, and recommendations for actions that San Mateo County and other community stakeholders can implement in order to help improve the quality, availability, and affordability of housing for the County's agricultural workforce.

The San Mateo County Department of Housing served as the project manager, with input from the Office of Supervisor Don Horsley and from the San Mateo County Agricultural Commissioner's office. The San Mateo County Outreach team also supported the project by administering workforce surveys using bilingual capabilities. The County contracted with a consultant team headed by BAE Urban Economics to conduct the research and coordinate the elements necessary to prepare this report. Subcontractors to BAE included Sustainable Agricultural Education (SAGE) and Brett Melone (formerly San Mateo County Agricultural Ombudsman and presently with California Farmlink). The County also contracted with Puente de la Costa Sur (Puente), to provide assistance with outreach to agricultural workers and agricultural producers, and to provide input to the study. Funding for this project has been provided primarily through San Mateo County's Measure A Sales Tax. This project has been made possible in part by a grant from the Community Opportunity Fund grantmaking strategy of Silicon Valley Community Foundation.

Key Conclusions

Following are key conclusions synthesized from the background literature and data review, responses to the two surveys, and insights from focus group sessions and key informant interviews.

Unmet Need for Agricultural Workforce Housing – Based on findings regarding the housing problems experienced by the existing agricultural workforce, there is a need for an estimated unmet need for 1,020 to 1,140 housing units that would be affordable and suitable for agricultural workers and their households. Any need for repair or replacement of agricultural worker housing that is in poor condition, in which the households are not currently overcrowded and/or experiencing excessive cost burdens would add to these numbers.

Financial Needs - With a high concentration of smaller farm operations that generate limited amounts of revenue, many of San Mateo County's agricultural producers would face difficulty in funding or financing improvements to existing housing or constructing new housing. Also, a large proportion of the agricultural workforce has relatively low incomes and cannot afford market rate

housing. These factors, combined with the high cost to acquire land, develop infrastructure, and build housing in the Coastside area means that subsidies will typically be necessary in order to develop housing that can be rented or sold at rates affordable to agricultural workforce households.

Housing Availability - The future of San Mateo County agricultural production will be dependent on labor availability, and producers are adjusting their operations in response to labor constraints. Based on the surveys and focus group comments, producers would hire more workers now and/or in the future if the workforce was available; however, producer survey responses and comments from focus group participants, including producers and workers, indicate that a key reason for the County's shrinking farm labor pool is the lack of available housing. During focus group sessions, producers indicated that housing availability is a key concern for producers in recruiting and retaining employees. At the same time, agricultural workers who participated in focus group sessions indicated that housing availability severely constrained their job mobility, and that workers living in on-farm housing would be reluctant to leave an unsatisfactory employment situation, because of the lack of other viable housing choices if they lost their employer-provided housing. A primary factor contributing to this situation is the high cost and unavailability of affordable housing throughout the greater Bay Area, where housing development is lagging behind job growth.

Problems in Existing Housing – Workforce survey responses, employee housing inspection records from the Environmental Health Department, and comments provided by key informants and focus group participants indicate a need for ongoing repair, maintenance and replacement of the existing farm labor housing stock. Although the Environmental Health Department indicated that the farm labor housing stock is generally improving based on observations during the annual inspection process, it is rare for annual Employee Housing inspections to find no deficiencies in a given housing facility, meaning that continual maintenance and improvement is an ongoing need. A significant contributor to this is the generally aged condition of the onsite farm labor housing stock that was designed for seasonal use, not year-round occupancy.

In addition to physical problems with the housing stock, there is also a relatively high incidence of overcrowding and excessive housing cost burdens among the agricultural workforce. Families in particular have a difficult time finding suitable housing, because there is a narrower range of housing options that is suitable for families, particularly those with children. In contrast, unaccompanied workers have more flexibility in how they meet their housing needs because they need to find accommodations for just one person and can fit into a range of different living situations. Agricultural workers are also susceptible to living in substandard housing or overcrowded conditions because there is a desire to be able to save money and/or send money to help support their families who live elsewhere.

Regulatory Barriers – There are numerous layers of regulations that can pose a constraint to provision of farm labor housing in the Coastside area, including “extra” layers in the form of Local Coastal Program regulations that must conform with the State Coastal Act, as well as permit and monitoring requirements imposed by the State for Employee Housing for five or more employees. In addition, the U.S. Department of Labor enforces federal regulations for housing for “migrant

agricultural workers”.¹ Regulatory constraints are consistently identified as one of the key barriers to maintaining and expanding the supply of housing for the agricultural workforce; however, in most cases these types of comments were general in nature and did not identify specific barriers that needed to be mitigated. Further study is necessary to identify real barriers versus perceived barriers, and the practical opportunities available to the County and local stakeholders to address barriers.

Another factor that influences regulatory barriers is attitudes about development within the Coastside area. Proposals for housing development can meet resistance due to environmental concerns and priorities for open space preservation. This creates an opportunity for the County to play a role in advocating to balance environmental and aesthetic concerns with the need to adequately house the agricultural workforce.

Existing County farm labor housing regulations encourage land owners to build farmworker housing, by exempting all units used for farmworker housing from the County’s density allocation requirements, by waiving fees and by providing an Agricultural Ombudsman. These streamlined procedures for creation of farm labor housing are balanced by fairly strict requirements that building be removed if they are no longer used as agricultural work force housing; however, these requirements are rarely implemented.

Need for Third-Party Housing - In addition to regulatory barriers and limited financial resources faced by all types of producers, many farmers lease their land, so they do not necessarily control the decision about placing housing on the properties they farm. In addition, for smaller operations, the capacity to obtain permits to build housing (i.e., the time that can be dedicated to navigating the permit process and taken away from farming operations), and the capacity to manage housing on an ongoing basis is limited, and those responsibilities take away from time that is needed to tend to farming operations. This set of issues, combined with the drawbacks that workers face in relying on employer-provided housing, mentioned above, highlight the importance of expanding the supply of agricultural workforce housing that is developed and managed by third-party providers, such as affordable housing developers, and targeted specifically to farmworkers.

Housing Types Needed - The most appropriate type of housing for two thirds-or more of the agricultural workforce in San Mateo County is permanent family housing.² The Coastside workforce is very rooted in the community, typically living and working for many years in the community. Most agricultural workers either live with their family, or would prefer to live with their family, if suitable housing were available in the Coastside area, and generally, there is a preference among agricultural workforce survey respondents for single-family homes. Due to lower incomes that are prevalent

¹ As defined by the U.S. Department of Labor, “Migrant agricultural worker means an individual who is employed in agricultural employment of a seasonal or other temporary nature, and who is required to be absent overnight from his permanent place of residence.”

² For example, two-thirds of agricultural workforce survey respondents indicated they live with family members; two-thirds have lived in San Mateo County for 11 years or more; and 88 percent indicated that they live in the same home year round.

among agricultural workers, housing that is subsidized to be affordable to lower-income households is necessary. Agricultural workforce survey respondents and producers who participated in focus group sessions indicated a preference for housing provided at or near worksites dispersed throughout the Coastsides. The very limited public transportation service in rural Coastsides areas is another reason that proximity of housing to agricultural operations is important. Nevertheless, South County agricultural workers who participated in a focus group session indicated that an affordable housing complex such as Moonridge would be beneficial in that area, and over 80 percent of Moonridge residents who participated in the workforce survey indicated they were satisfied with their housing.

Due to the limited number of employees at many agricultural operations, single-family homes, mobilehomes (i.e., manufactured housing) and second units or accessory dwelling units would be suitable onsite housing solutions for many agricultural operations. Compared to the areas around Half Moon Bay and further to the north, there is more need for housing suitable for single workers in the South Coast area; however, South Coast agricultural worker focus group participants indicated that an important reason that many Pescadero area workers do not have their families with them is the lack of availability and affordability of family housing in the area.³

It should be noted that over half of the agricultural workforce survey respondents indicated that they did not have documentation of legal U.S. residency, thus, a substantial part of the agricultural workforce would not be eligible for federally-funded housing, which requires proof of legal residency. Provision of at least some new housing that relies on private, local, and state funding that does not impose requirements for proof of legal resident status should be a goal.

Other Findings - Based on agricultural workforce survey responses, only a small proportion of agricultural workers who do not live in Moonridge had been offered a lease agreement for their housing. Given this, property owners could benefit from information about how a lease agreement could protect them, while agricultural workers could also benefit from a better understanding of their rights as tenants and the importance of having a lease agreement. Landlords might benefit from the services of a property management company that could oversee leases, achieve administrative and maintenance efficiencies, and address housing issues in an effort to keep them separate from employment.

Recommendations

The following is an overview of key recommendations to address conclusions regarding agricultural workforce housing needs presented above. The Recommendations section in the main body of the report includes additional discussion of the key recommendations, as well as additional supporting actions.

³ Although lack of affordability is an issue throughout the Coastsides area, South Coast area agricultural workers are more likely than those who work elsewhere on the Coastsides to live apart from their families.

Financial Resources

Given the small size and limited financial resources of many of San Mateo County's individual agricultural producers, combined with the relatively low incomes of the County's agricultural workforce, and the high cost of developing and maintaining housing, substantial sources of financial subsidy will be required to significantly expand the supply of affordable housing for the agricultural workforce. Locally-controlled funding is critical to sustaining and expanding local programs such as the County's Farmworker Housing Rehabilitation and Replacement Pilot Program. In addition, locally controlled funding can provide more flexibility than funds from State or federal sources and can also be valuable as a resource to leverage funds from other sources. As suggested in one of the producer survey responses, the County and its local agricultural landowners could consider whether it would be appropriate to pursue establishing an assessment district that would generate an ongoing stream of revenue that would help to fund housing projects for the agricultural workforce. One example of such district is the self-imposed assessment for farmworker housing assistance in Napa County, which is called County Service Area (CSA) No.4.

Preservation of the Existing Housing Stock

A top priority for agricultural workforce housing could be to preserve the existing housing stock that is available for the agricultural workforce. The County could continue and, if possible, expand the existing Farmworker Housing Rehabilitation and Replacement Pilot Program, which was viewed favorably by local agricultural stakeholders. It is acknowledged, however, that the farm labor housing stock also includes housing structures that are in poor condition due to old age or neglect, which may need replacement rather than preservation or rehabilitation.

New Housing Production

Single-family dwellings, second units, and/or manufactured housing units would be suitable solutions to address small farm onsite employee housing needs, given that most operations do not need to house large numbers of agricultural workers. Traditional "stick built" single-family homes and modern manufactured housing units can be suitable to provide the permanent family housing that would be attractive for large portions of the San Mateo County agricultural workforce, acknowledging that stick-built housing is typically more expensive per unit than manufactured housing. This type of housing would also address preferences expressed by workers and producers for housing that is dispersed throughout the Coastside agricultural areas, at or close to work sites.

Due to proximity to the greater Bay Area housing market, it will be beneficial to focus on safe, decent and affordable housing that is targeted specifically to the agricultural workforce so that farmworkers do not have to compete with other sectors' higher paid employees for available units. This could involve employer-provided housing and/or third-party housing that is restricted to farmworkers (e.g., due to funding sources that specifically target farmworkers).

While encouraging additional on-farm housing in housing units configured for families could be a priority, there are inherent advantages to workers if housing is decoupled from employment. This would give employees more mobility to change jobs without fear of losing their housing, and more

autonomy from their employers during non-work hours. To address this, the County could explore the possibility of developing third-party owned housing in the South Coast area, so that farmworkers in that area will have expanded options for housing that is not tied to their employment. Such a project might also give workers who currently live away from their families the opportunity to bring their family members to live with them in the area.

For off-site housing intended to house a number of farmworker households, multifamily housing structures (e.g., apartments, duplexes, etc.) may be the most cost-effective form of construction; however, due to the density of development, multifamily housing typically requires more infrastructure, such as community water and/or sewer systems, in order to be viable and availability of this type of infrastructure is a constraint in the rural Coastside areas.

The County could also explore the possibility of developing a “self-help” housing project, such as those developed by Habitat for Humanity, to create an affordable homeownership opportunity for agricultural workers, recognizing their long-term work and residency in the area. Worker focus group participants confirmed that this type of affordable ownership opportunity would be attractive to long-term Coastside agricultural workers who feel rooted in the community and wish to stay in the area that they consider their permanent home. This type of housing development could be combined with a first-time home-buyer program, such as that offered by HEART of San Mateo County, to help farmworker households qualify to purchase homes.

Regulatory Efficiencies and Assistance

A recurrent theme reflected in the information collected during the course of this study is that regulatory barriers create significant challenges to constructing and operating housing for the agricultural workforce in the Coastside area. Agricultural producers, agricultural workers, and others knowledgeable of conditions in the Coastside area tended to express these sentiments in broad terms, rather than identifying specific regulatory issues that the County could address. Given the complexity of regulations that impact housing for the agricultural workforce, including local, State, and federal requirements, the County could convene a working group to explore these issues further and identify practical steps that the County and/or other stakeholders could take to mitigate any unnecessary barriers.

Although some mitigation of regulatory barriers may be possible, various layers of local, State, and federal regulations will inevitably remain in some form. To facilitate understanding and compliance with the regulations affecting housing for the agricultural workforce, the County could develop a reference guide that contains the relevant sections of the different policy and regulatory documents in one place.

The San Mateo County Agricultural Ombudsman, who works out of the San Mateo County Resource Conservation District office, does help producers with applications for new farm labor housing and the County could continue this service. County GIS staff could support this by utilizing the GIS system to provide accurate base maps to applicants and/or help in developing site plans. Current

efforts to establish a one-stop shop for permitting of farm labor housing could be continued as a strategy to help interested owners navigate local and State land use requirements, many of which are dictated by the State Coastal Act and would be difficult for San Mateo County to change.

To facilitate applications for new farm labor housing, the County could examine the potential usefulness of a resource packet that would provide information and guidance on the farm labor housing permitting process along with project case studies to illustrate the process, requirements, and completed projects.

Information and Education

To address the concern that open space organizations may be biased against having housing on their land, the County could facilitate discussion among local agricultural stakeholders and Peninsula Open Space Trust (POST) and Midpeninsula Regional Open Space District (MROSD) representatives to develop a common understanding of agricultural workforce housing needs and to identify how preservation of existing housing and development of new housing can balance those needs with environmental and aesthetic concerns.

In response to the finding that few agricultural workers other than those living in Moonridge were offered a lease agreement for their current housing, the County could facilitate the development of a model residential lease agreement for landlords to use, which could include information regarding emergency rent assistance available via sources such as through the Coastside Opportunity Center in El Granada, tenant-landlord mediation resources, etc. Related to this, the County could work with the U.S. Department of Labor to obtain an informational handout that could be distributed to owners (or prospective owners) of farm labor housing regarding the relevant federal regulations applicable to employer-provided housing.

Another potential application of a model lease tool suggested in a focus group session is a model terms for a farm lease agreement that would contain provisions to allow the tenant to make improvements to the property (i.e., construct housing) and then recoup their investment if their lease expires prior to being able to amortize the cost of the improvements. This is a project that the Farm Bureau and/or CRAFT could lead, as a benefit to their members.

Given producers' stated interest in providing agricultural workforce housing if financial and regulatory assistance were provided, the County could provide educational resources to landowners and agricultural producers about the various types of technical and financial assistance available from USDA, the State of California, the County, and others that could be utilized to develop, improve, or expand onsite farm labor housing. This could be done through collaboration with the Farm Bureau, Central Coast Collaborative Regional Alliance for Farmer Training (CRAFT), and Puente.