Workforce Housing

A Report for Monterey County

September 2002

Workforce Housing: Potential Models and Issues for Monterey County

Prepared by the Housing Authority of the County of Monterey
For Monterey County Redevelopment Agency
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This report is the result of a study conducted in partnership between members of the Monterey County Vintners and Growers Association, the Monterey County Redevelopment Agency, and the Housing Authority of the County of Monterey to complete a workforce housing study focused on the South Monterey County wine industry. In researching legal issues, financing structures and possible models that enable housing to be developed for targeted workforces, it was determined that this part of the report has applications for other workforces in the County, and so was written separately from the report which focused solely on the vintner industry.

This cover report summarizes the issues and provides potential models. Attached to this report are separate papers that provide various models of workforce housing, government policies and models of collaboration that support workforce housing, fair housing issues and a case study of the Napa County Vintner Industry's development of workforce housing. Also included is a bibliography with the various resources and websites that were used in preparing this report.

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Workforce Housing

Housing has become out of reach for most workers in the two major industries in Monterey County, agriculture and tourism, thereby making it difficult for employers of these industries to recruit and retain employees. Employers in other industries both in the private and public sector are experiencing similar difficulties. According to the National Association of Home Builders, Monterey County is the #1 least affordable place to live in the country. This is because a family with a median income of $53,800 (for a household of four) cannot afford the median price of a home that was $350,000 in January of 2002.

According to the Association of Monterey Bay Area Governments (AMBAG) projections almost 50% of new jobs in Monterey County will earn incomes between $20,000 and $40,000. Even now, housing is hard to find for many of these workers and given the continuing escalation of the real estate market there will be fewer and fewer workers able to live in the County. It is, therefore, imperative that the Monterey County community considers options to increase the supply of housing that is affordable to its current workforces and find ways to preserve that affordability for the long term.

This issue of inadequate workforce housing is threatening the economic vitality of many communities nationwide. This issue has received national attention by the Millenial Housing Commission and the National Housing Conference, Fannie Mae, and the Harvard University's Joint Center for Housing Studies. Within the year, the Urban Land Institute will have a tool kit publication on developing workforce housing with best practices and case studies.

What is the definition of "workforce housing"?

There has been much recent press on the need for "workforce housing" but there is not a clear national definition of what workforce housing is because each community has a different set of industries and therefore different workforces. In a recent national workforce housing forum, hosted by the Urban Land Institute, the participants (from across the nation) generally applied the term "workforce housing" to households earning more than 60 percent but less than 120 percent of an area's median income.

Locally, the Housing Land Trust Fund of the San Francisco Bay Area has defined workforce housing as housing that is affordable to private and public sector workers with incomes at or below those of teachers and public safety workers.

Each community needs to define what workforce housing means for that community because the types of workers and industries differ. Monterey County should determine its own definition of workforce housing based on the average incomes of the critical workers that employers are having a difficult time recruiting and retaining.

Overcoming barriers to developing workforce housing

At the Urban Land Institute's national forum on workforce housing this past summer, the participants from across the country identified the following public and private sector solutions to help overcome barriers to developing more workforce housing. Some of these solutions may be appropriate for Monterey County and its municipalities.

1. Establish a “one-stop” shop within local governments with information on workforce housing incentives such as fast-track permitting, special tax credits, funding, site availability, etc.;
2. Revise zoning to provide more flexibility and choices in development types, more inclusionary zoning, and offering more predictability in the regulatory process;
3. Ease restrictions on various assistance programs now targeted to the very-low income households;
4. Make targeting workforce housing sites more attractive to developers by improving physical infrastructure and expanding use of tax-increment financing for improvements by the private sector;
5. Conduct comprehensive local market studies on workforce housing demand as a preliminary step to raising awareness of the need and garnering support for public programs to encourage development;
6. Link workforce housing to other land uses; offering more mixed-use opportunities and density bonuses in exchange for workforce housing development;
7. Improve marketing plans to demonstrate the wide-ranging benefits of workforce housing;
8. Increase or dedicate a portion of existing real estate transfer taxes, with the additional funds dedicated to workforce housing development; or create a housing production trust fund dedicated to workforce housing;
9. Expand employer assisted housing programs;
10. Expand homeownership tax credits;
11. Expand local government condemnation authority to acquire more land for workforce housing;
12. Convert more non-residential sites (such as former industrial sites) to affordable residential use;
13. Compensate neighborhoods that allow workforce housing infill projects by offering more open space, parks, etc.

Developing “workforce housing” in Monterey County

1) Models of workforce housing
(Appendix A provides a summary of models in California and the country)

There are a number of existing models of workforce housing that are effectively being used in other high cost areas in California and throughout the country that could also be used in Monterey County. There are models that can be implemented by a single employer and other models that are partnerships between the private and public sectors.

Several California counties with similar high cost real estate issues are dealing with the issue of trying to develop housing that is affordable for their workforces. Most have started the process of increasing workforce housing by first educating the community, by bringing the various groups (employers, nonprofits, government and community groups) together to learn more about options and to determine which options meet the needs of their community. For example, in March 2002, more than 350 people attended a Workforce Housing Summit hosted by the San Francisco Chamber of Commerce and

Federal Home Loan Bank of San Francisco, and sponsored by Wells Fargo, Washington Mutual, Cal Fed, Catholic Healthcare West, Bank of America, Union Property Capital, the San Francisco Business Times and Aegon USA. A major outcome of that summit was the creation of a Workforce Housing Initiative, designed to increase the homeownership rate in San Francisco, which is the lowest in the country. By coming together as a community through this educational forum, San Francisco leaders made progress in solving their community's major workforce housing problem, the low homeownership rate.

Recommendation: Educate the community about workforce housing options and bring various segments together to determine what best meets the needs for the Monterey County workforce, both current and future

Employers don't have to wait until a regional solution is available; they can develop their own ***Employer Assisted Housing*** (EAH) program either individually or as a group of employers and local banks. Fannie Mae has worked with many employers throughout the country to set up an EAH program that works for them. There are a variety of EAH programs that have been developed throughout the country that can involve grants, forgivable loans, deferred or repayable loans, matched savings, or homebuyer education.

Monterey County has a new housing education resource that is now available that may assist some employers with assisting their employees. On August 27, 2002 the Monterey County Housing Alliance (MoCHA) opened a new Housing Opportunity Center, a one-stop shop for housing information and homebuyer assistance in Monterey County. Fannie Mae, Freddie Mac and a number of lenders were active partners in establishing this center for Monterey County, along with Monterey County government agencies and nonprofits. A very simple and no-cost EAH program would be for employers to inform their employees about this new center (www.housingopportunitycenter.org).

Recommendation: Encourage local employers to implement their own Employer Assisted Housing program.

Most of the EAH programs focus on some type of homeownership assistance, which will help some employees to purchase a home. However, Monterey County has a limited supply of affordable homes and homeownership is not an option for many employees. In some communities where the supply of affordable housing is a problem, employers have provided some form of housing development assistance or land in exchange for affordability concessions or assurances that housing units will be made available to their employees. There are some fair housing issues related to targeting housing for a specific employee that is addressed later in this report. Employers can participate in the development of affordable housing for their employees through cash participation, donations, sell below-market rates, or lease land, donation of services, construction financing, purchase guarantees, master leases, and permanent financing. For example, Weerts Company in Winnebago, a construction and landscape company, invested $233,585 in the production of eight rental units for its employees and owns and operates the project. There were also contributions from the local government and state housing finance agency in this project.

> ***Recommendation: Encourage local employers to provide some assistance to the development of housing in exchange for preferences for affordable housing for their employees within the fair housing laws.***

2) Government policies and models of collaboration
(Appendix B provides a summary of various tools used by other governments)
There are various tools that governments can use to help create housing that is affordable to their residents which include requiring reasonable densities, expeditious approval and permitting processes which will lessen the financial risk and reduce cost, providing building and fee waivers or deferrals, and providing density bonuses. Counties and cities in California are currently updating their General Plans and Housing Elements and many are incorporating these types of measures in their plans. For example, Marin County California is allowing second units in certain parts of the county that are connected to existing homes to provide some housing that is affordable.

> ***Recommendation: Incorporate policies that support the development of mixed income housing so that is affordable to all County residents.***

Governments are also partnering with businesses, associations, nonprofits and other community groups in developing strategies and tools to use to increase the supply of affordable housing in their communities. In Northern California many communities have created housing trust funds. A ***housing trust fund*** is a distinct fund established by cities, counties and states that dedicates specific sources of revenue to support affordable housing. These funds are created by legislation or ordinance. The majority of housing trust funds have dedicated public sector revenues and/or the private sector contributes through donations. Typical revenue sources include: linkage fees on non-residential development to offset the impact of their development on the housing market, inclusionary zoning in-lieu fees, hotel/motel taxes, and other sources. Some governments have combined their various housing programs with these funds and created a 'one-stop shop' for housing programs. Some communities have determined to address the housing issue regionally and pooled county and city governments' resources together with private sector resources and created a countywide housing trust fund. Some employers have even agreed to assessments on their existing or new developments in order to raise funds for the housing trust fund. There are several examples of housing trust funds created in Northern California communities described in Appendix B.

> ***Recommendation: Develop a Housing Trust Fund in Monterey County. Given the regional housing crisis consider a countywide fund that will include cities and unincorporated areas.***

There have been many types of homeownership assistance offered by local governments in the form of down payment assistance. Often these payments are recaptured when the house is sold. Unfortunately, as the prices of homes have escalated the amount of assistance needed for these down payments to work increases each year making it more difficult for governments to continue to assist the same numbers of homeowners each year with the same amount of funds.

Retention models have become more popular across the country because they retain the affordability of housing in perpetuity. Retention models include: community land trusts, limited equity condominiums, mutual housing associations, and deed restrictions. Deed restrictions limit the equity received by a seller by tying the sales price to the increase in the area income instead of increases in real estate. For example, if a household with two teachers received a $25,000 down payment assistance grant from the government to be able to purchase a home, when the household wishes to sell their home, the price of the home would be affordable to another household with two teachers. The first household would still get an increase in equity but not as much as they would have if the house sold at market price. There is an excellent example of how the retention model works on at www.burlingtonassociates.com/SubsidyRetention1.6.BA.

> ***Recommendation: Implement deed restrictions on down payment assistance programs that preserve the affordability of the house in the future.***

One of the models of retention that is becoming very popular in Northern California communities is a community land trust. A ***community land trust*** (CLT) is a nonprofit organization that acquires property and retains it in perpetuity. The CLT can receive gifts of property or funds from corporations and individuals as well as from cities and counties and may purchase property from the open market with assistance from others. The land trust model works well in communities where property values are escalating rapidly. The CLT owns the land and sells the improvements to an individual homeowner or a nonprofit developer of rental housing. The CLT leases the land to the owners of the buildings and retains an option to repurchase the improvements based on a formula in the lease designed to allow the seller to earn some equity and still preserve the affordability of the home for the next buyer.

Employers can participate in this model by donating or selling land at a reduced price to a CLT or making a cash donation. The CLT would preserve the affordability of the homes developed on this land in perpetuity. Preferences can be made to that employer's workers so long as it meets the fair housing rules. (See Attachment C) For example, the Mayo Clinic in Rochester, Minnesota projecting a major increase in their clinic and related services in the future and recognized that the escalating real estate market would make it difficult to recruit new employees made a significant investment in a CLT to create 1,000 housing units.

> ***Recommendation: Establish a Community Land Trust Task Force to develop recommendations on steps necessary to implement a community land trust.***

A public sector controlled alternative to a CLT would be a lease agreement between the local government and the owners of the buildings. This method would allow the local government to maintain control of the land and to lease the land at reasonable and affordable rates to owners of the housing, both single family homeownership and multifamily rental. The lease payments need to be affordable but could provide some additional long-term income to the local government.

3) Fair Housing issues related to workforce housing
(Appendix C has a more detailed analysis of this issue)

A major issue in developing workforce housing are the federal and state fair housing laws that explicitly prohibit discriminating against persons based on race, religion, nationality, ancestry, sex, sexual preference, marital status, source of income, age, families with children, and persons with disabilities. The laws apply to all housing accommodations except owner-occupied single family housing, with only one roomer or boarder, and prohibits land use practices and decisions that make housing opportunities unavailable to one of the above protected groups. In developing a 'workforce housing' program one needs to be aware of these potential issues with fair housing:

> ***Recommendation: If an employer or group of employers (industry) provides funding and/or land to build housing, preferences can be given to those workers provided that the majority of the workers who live in that area are employed by that industry***.

The disparate impact theory (unintentional discrimination) presents one of the largest challenges to housing providers who desire to target specific industries, professions, or disabilities. It may result if a particular protected group is excluded from housing and there is not a sufficient business need for that exclusion.

> ***Recommendation: In order to not create a disparate impact, the targeted industry must mirror the ethnicity of the community, and not serve to exclude a specific ethnicity.***

There are several Federal models for workforce housing, such as HUD's Teacher Next Door Program that specifically targets employees in a particular industry. These programs work because these employees (teachers) were identified as providing a direct benefit to the community and in the employment process they were not hired in a discriminatory way. If a community identifies a critical need for a particular type of employee then a violation would not exist.

> ***Recommendation: Determine which industries have critical employment needs and articulate that need in a finding.***

The Fair Housing Law applies to both projects receiving public funds and the private housing market, and government funding is not required for the Act to apply.

Case Study: Workforce Housing in Napa County

(Appendix D has a case study of Napa County's workforce housing program)

As mentioned in the beginning, this paper was developed as part of a workforce housing study on the South County Vintner Industry. In looking at options, research was done on Napa County, which recently developed housing specifically for the Vintner industry. There are significant differences in the Vintner industry between the two counties that make the Napa County model of workforce housing not suitable for Monterey County. However, there are lessons to be learned in how the community comes together to find a solution that works for them which could be applied in Monterey County.

Conclusion

In conclusion, developing workforce housing in Monterey County can be done. There are numerous models throughout the state and the country that can be adapted for this community. This is a major community issue that will only be solved if the community develops both the political will and the ability to come together to do so.

Attachments:

Appendix A – Models of Workforce Housing
Appendix B – Government Policies and Models of Collaboration
Appendix C – Fair Housing Issues
Appendix D – Case Study: Workforce Housing in Napa County, CA
Bibliography

Appendix A

Models of Workforce Housing

There are various examples of workforce housing that have already been developed throughout the country. Many have been developed through public and private partnerships and some may work well in Monterey County.

During the 1990's many employers throughout the country were dealing with the difficulty of recruiting and retaining employees due to high housing costs. Many employers began offering housing assistance as one of their employee benefits. There are numerous models of housing assistance programs throughout the country that have been developed directly by employers as an employee benefit to recruit and retain workers. Many of these programs provide some sort of homeownership assistance and some provide some initial rental assistance. Several employers have contributed to increasing the supply of affordable housing by making equity contributions or by helping reduce the cost of debt. Some of these programs are partnerships, while others are collaboratives of various private, non-profit and government agencies. The most common benefits are grants, forgivable loans, deferred or repayable loans, matched savings, interest-rate buy downs, shared appreciation, and home-buyer education.

Recently the issue of increasing the supply of affordable housing has forced local communities throughout the country to develop innovative strategies that combine government policies, private investments and non-profit efforts to increase the supply of affordable housing to the workforce of that community.

The following is a list of various models of Employer Assisted Housing programs that have been developed by employers and community driven affordable housing efforts to increase the supply of affordable housing for the local workforce.

Local California Workforce Housing Models:

Many of these models have been developed in communities facing similar problems as Monterey County with home prices that are higher than the local workforce can afford.

1) Silicon Valley Manufacturing Group in Santa Clara has 175 member companies, local governments, community leaders and labor representatives that have spearheaded the establishment of the Santa Clara Housing Trust Fund which raised $20 million in less than two years. The Housing Trust Fund will make low-interest up-front loans to first-time homebuyers, provide gap financing for affordable rental housing projects, and also donate funds to assist the homeless in attaining stable housing.

2) Los Angeles Public-Safety Employee Program in Los Angeles provides $10,000 in down payment assistance for police officers and fire fighters and access to below-market revenue bond financing.

3) Orange County Affordable Home-Ownership Alliance (OCAHOA) is an alliance of the business council, several large businesses and non-profits to increase the availability and affordability of suitable quality housing for working families. This partnership is giving the business community a leadership role in creating a comprehensive approach to housing issues that affect business interests in the county.

4) Intel Teacher Housing Fund in Santa Clara County assists the local school district by offering teachers a five year deferred loan whereby the district pays $500 a month toward mortgage payments for up to five years, and shares in each home's appreciation or depreciation as an equity investor. Intel Corporation purchase a $10 million, five-year bond from the Santa Clara Unified School District for which it agreed to receive a below-market interest rate. The difference between the below market and market rate interest totals $1.25 million for this fund.

5) Coastal Housing Partnership of Santa Barbara is a consortium of 15 public and private employers that worked out an agreement with a local lender to secure favorable financing for their employees. Employees are eligible for an 80-percent loan at a favorable interest rate. The lender then makes a second mortgage, which in effect provides a 90 percent mortgage with a reduced interest rate. There are no direct costs to the employers.

6) Napa County Vintner Industry created a Housing Trust Fund funded by an assessment on the vintners. The creation of a Farm Assessment District for fundraising for this trust fund was brought about by a housing crisis of the farmworkers two years ago. To levy the assessments, it is necessary to comply with the procedures and requirements of Article XIII D of the California Constitution (Proposition 128). The process required working with the Tax Collector, Agricultural Commissioner, Local Agency Formation Commission, and each independent jurisdiction independently. The assessment is currently $7.60 per acre with a maximum cap of $10.00 per acre and is in effect for five years unless re-authorized by the affected property owners.

   There was no Fair Housing issue in designating the housing as vintner worker housing because the funding came from the vintners. The current effort is considered ***replacement housing***, and there is an overriding compelling need in the region for Farmworker housing. (See separate Napa County Case Study for more specifics.)

7) Sonoma County has also addressed the farmworker housing needs for the vintner industry in that county. Sonoma County is more populace than Napa County and has a larger wine industry. In 1992 the Board of Supervisors approved a Farmworker Housing Ordinance that eliminated any fees on farm worker housing which is constructed on grower owned land, and simplifies the approval process for such housing.

8) Placer County has implemented an employee housing component tied to any increase in capacity, or any new construction of employer related land use due to the critical shortage of affordable and employee housing in the North Lake Tahoe area and

Placer County area. As real estate values have escalated so dramatically in the Lake Tahoe area, the situation has reached crisis proportions. The lack of affordable housing is proving to be a barrier to recruiting and retaining quality employees within the tourism economy nationwide. In the Tahoe area, several thousand jobs go unfilled each year because of the lack of affordable housing. In December 2001, the Placer County Board of Supervisors approved an employee housing project known as Sawmill Heights, located at the Northstar Resort in North Lake Tahoe, which contains an affordable housing component targeted to local ski-resort workers. The project includes a total of 96 units that range in size from studio units to four bedroom units, with a total capacity of 380 beds. Only employees of Northstar, people working with Northstar, or regional employees whose income does not exceed moderate income in Placer County will be allowed to live in the units.

9) Major employers and local governments in Marin County, CA are working together in a consortium to increase affordable housing. Several have implemented individual plans:
    a. Frank Howard Allen, a real estate firm with 60 employees offered a combination of low interest rate loans and mortgage breaks to allow company employees to purchase homes closer to work.
    b. City of Novato has set aside one-third of 650 affordable housing units planned for construction at the former Hamilton Field military base for government workers.
    c. Mill Valley has a dozen affordable condominiums available under a four-tier preference weighted for government employees.
    d. North Marin Water District offers loans up to $150,000 or 33 percent of the purchase price of a home. Repayment of loan and principle is due upon sale of the property, when the property ceases to be the employee's principal residence, 15 years from the date of the loan, or when the employee left the agency.
    e. Several of the hospitals and medical practices offer loans and payment of moving cost to recruit new doctors.

10) There are also various State of California Homebuyer Assistance programs through the California Housing Finance Agency (CHFA) that are available:
    a) First time Homebuyers can obtain below market interest rates and low down payment requirements through this state program.
    b) Extra Credit Teacher Program provides a below market interest rate first loan, together with a forgivable interest second loan to assist qualified teachers and principals employed in low performing schools to purchase their fist home.
    c) High Cost Area Home Purchase Assistance Pilot Program (HiCAP) is a pilot program that was designed to assist first time homebuyers in the high employment growth and highest housing costs areas of San Francisco, San Mateo, Santa Clara, Alameda, Contra Costa, and Sonoma counties. The program is a pilot program with limited funding. It is not clear whether this program will be expanded to other high cost counties such as Monterey.

d) Builder-Lock (BLOCK) Program allows builders and developers to purchase forward commitments and lock in rates for mortgages for CHFA eligible borrowers, which they can use in marketing new homes they have constructed.

Locally sponsored programs – not located in California

Due to differences in real estate costs across the county some of these models would have to be modified to reflect the housing costs in Monterey County.

1) Chattanooga Neighborhood Enterprise (CNE) Partnership with Memorial Hospital, Tennessee provides grants and loans to supplement up-front costs from a second-mortgage loan fund for its employees. The hospital pays CNE to administer the fund, market the program, provide homebuyer education and carry out loan origination, underwriting and servicing.

2) Emanuel Hospital/Legacy Health System Neighborhood Home-Ownership Program, Portland, Oregon provides a down payment assistance program and grant to two non-profits that provide homeownership counseling and build and renovate homes in the neighborhood. A forgivable five-year loan of 10% or up to $5,000 toward the, purchase provide of a home within a designated target area is available to hospital employees of at least one year's service. The loan payment is reduced by 20% a year and treated as taxable income for employees. Loan payments are made through payroll deductions.

3) Yale University Homebuyer Program, New Haven, Connecticut provides a grant based on number of years employed ($2,000 per year for 10 years), plus a bonus grant of $4,000 for closing costs or home-rehabilitation expenses for housing in one of six designated target neighborhoods close to the university.

4) University of Pennsylvania Mortgage-Guarantee Program, West Philadelphia, Pennsylvania provides a full guarantee on the mortgages of its faculty and staff. Employees must have at least three years of service and the home must be within a 25-block radius of the campus.

5) Howard University and Fannie Mae LeDroit Park Initiative, Washington DC provides down payment and closing cost assistance to qualified university employees, police officers, fire fighters, teachers, and LeDroit Park residents.

6) Baltimore City Employee Home-Ownership Program, Baltimore, Maryland provides assistance to low and moderate-income employees with up-front costs of home purchase. The city matches the employee's down payment by up to $2,500 and provides and additional $7,500 as a deferred loan over a 10-year term. The city also requires and funded homebuyer education. The city allocated CDBG and HOME funds, which had income-eligibility requirements, as well as UDAG repayments.

7) Logan Square Housing Program for School Personnel, Chicago, Illinois provides mortgages at below market rates and waivers of application and appraisal fees for purchase of a property in a designated area for school personnel. Homebuyer education required.

8) Santa Fe Teacher Home Fund, Santa Fe, New Mexico provides down payment and closing-costs assistance and low interest purchase loans for homebuyers and low-interest rehabilitation loans for homeowners. The fund was developed and is managed by Neighborhood Housing Services of Santa Fe, which also provides homebuyer education and counseling. Capital for the fund is derived from the Land Title Trust Fund, which operates through companies placing escrow funds into interest bearing accounts, with the interest accrued being used to support community-housing initiatives.

9) Milwaukee Walk-to Work Program, Milwaukee, Wisconsin is an initiative to support local companies to encourage their employees to move closer to work. A nonprofit provides technical assistance to participating companies. Each company provides a small forgivable loan ($1,500-$3,000) to employees, which is supplemented by a grant from the non-profit, the state, and the city. For example, Harley Davidson provides full and part time employees in the Milwaukee area with three-year forgivable loan of $2,500 to help cover the down payment and closing costs of purchasing a home within a targeted neighborhood.

10) Downtown Phoenix Home-Ownership Program, Arizona is a collaborative of four employers who have each set aside $150,000 to fund their EAH program. The program provides a $5,000 forgivable loan toward the up-front costs of home purchase in Phoenix's central city. Each employer has defined the criteria for employee eligibility, the structure of the assistance and has targeted unique boundaries within the area.

11) Live-Near-Your-Work, Maryland is matched down payment assistance program with employers providing a $1,000 grant to their employees. This grant is then matched by $1,000 grants each from local government and the state. The employee has to contribute at least $1,000 toward the home purchase. Seven targeted jurisdictions are eligible. Employers within the jurisdiction can apply to participate, and once accepted, can set additional eligibility requirements and choose target-area boundaries contained within the participating jurisdiction.

12) Greater Minnesota Housing Fund (GMHF) is committed to spending up to $5 million per year on its Employer Assisted Housing program, including both multifamily and single family funding initiatives. Funding for the fund comes from state, federal, local government, a few foundations, non-profits and will match employer funds for a specific program. To be able to participate the employer must have significant financial involvement in the proposed housing initiative. Employer funds can be dedicated to single family or multifamily housing. The employer's contribution for a homeownership initiative must be combined with pre and post homeownership and

credit counseling for all recipients of homeownership assistance. GMHF provides technical assistance to employers on how to establish EAH for their employees. Examples of programs in Minnesota this partnership has created are:

a. Weerts Company Housing in Winnebago is a construction and landscape company, invested $233,585 in the production of eight rental units for its employees and owns and operates the project. The city also contributed to the project by waiving hook-up and permit fees for this project and the GMHF contributed a $120,000, 0% deferred loan to the project.
b. Pelican Rapids Townhomes in Pelican Rapids is a 40-unit townhome development made possible through significant involvement from a local employer. The employer purchased the development's Federal Low Income Housing Tax Credits for $.79 each, which generated over $1.5 million in equity for the project. Developed at a time when the market price of tax credits was $.62, the premium price paid by the employer raised an additional $400,000 for the project. GMHF filled the remaining gap with a $270,000,1% interest deferred loan.
c. Valleyside Townhomes in Willmar is a 48-unit townhome development in Willmar is receiving assistance through a construction loan from a local employer. Jennie-O, a subsidiary of Hormel Foods, is providing $225,000 in the form of 1%, 2.8 year deferred loan to assist the project in its construction and lease up phases saving the development the high cost of construction interest.
d. Riverplace Townhomes in Aitkin funded by the Keller Foundation and a local employer of 70 people contributed land and over $180,000 to build new affordable rental housing for the community. The city provided the infrastructure costs, and the GMHF provided a $270,000, 0% deferred loan. The Foundation will own the housing units that will be managed by a non-profit.
e. Employer Assisted Housing State Donation Tax Credit is a new state law in Illinois, which will give Illinois corporations and individuals a $.50 credit toward their state income tax for every $1 in cash, land or property donated for affordable housing creation. The tax credit is for the year in which the contribution is made and can be carried forward and applied to taxes for the five years following.
f. Payroll savings match for homeownership is a program offered by some Illinois employers which matches employees' contributions to a special homeownership payroll savings plan.
g. Employers can also contribute cash to an affordable housing development that is matched by the GMHF.

13) Regional Employer-Assisted Collaboration for Housing (REACH) in the greater Chicago, IL area is a network of non-profit housing experts in the six-county region which works with local employers to implement employer-assisted housing programs. Examples of programs created in Illinois by this effort are:

a. City of St. Charles approved $25,000 to fund counseling and program administration to encourage local employers to offer employer-assisted housing programs for their workforces.
b. Village of Riverdale offers a program to municipal employees to encourage them to buy homes in Riverdale. The Village views this as a reinvestment program, strengthening and stabilizing the local housing market.
c. Sinai Hospital in Chicago provides a financial incentive to nurses to purchase homes in the Lawndale neighborhood. The hospital hopes this will help them retain staff and strengthen the neighborhood that needs reinvestment.
d. Bank One in Chicago committed $500,000 to provide down payment assistance to 150 employees across the country.
e. Northwest Community Hospital in Chicago, located in an expensive housing market, hopes its EAH program will make it a preferred employer and help retain employees in key health care positions who could not otherwise afford to live near work.
f. System Sensor created an employer assisted housing program that has helped a number of their employees become homeowners closer to their work. They have determined that the program has resulted in savings of $225,000 over a two-year period in reduced turnover and recruitment costs.

14) The State of Connecticut created an Employer Assisted Housing Tax Credit Program that gives eligible businesses a credit against their state business taxes in an amount equal to the amount paid into a qualifying revolving loan fund established to provide housing assistance in Connecticut for low and moderate income employees of the firm. The fund must be established and maintained by the business for at last five years and must provide revolving loans for principal residences located in the state for low and moderate income employees of the firm. The business must contribute between $1,000 to $100,000 to the Fund.

15) The New Jersey Housing and Mortgage Finance Agency sold tax-exempt bonds to raise funds for a $23 million housing assistance program. An employer loan guarantee for 10-20 percent of the loan for up to five years enables employees to combine up-front costs into the mortgage loan. A below-market rate first mortgage with a graduated payment feature, making the payments early in the life of the loan more affordable, is also available. There are no direct costs to the employer except through default.

16) The Vancouver Housing Authority in Washington has utilized an entrepreneurial approach to sustaining the housing affordability over time. The agency has developed 1,600 units under the Work Force Housing initiative, with units affordable to families without subsidies that target the typical 60% to 80% of median income working family market. The units produced by the Vancouver Housing Authority are financed by tax-exempt revenue bonds, and low-income housing tax credits.

17) The Housing Resources Group, Seattle, Washington, is a non-profit housing development and management corporation that has partnered with a number of

individuals, for profit and non-profit groups, including: Downtown Seattle Association, Washington State Convention and Trade Center, Priscilla Bulitt Collins, Virginia Mason Hospital and the Seattle Times, Nordstrom Department Store Corporate Headquarters, Clise Properties, University of Washington, and a variety of social services agencies to produce workforce housing in the downtown Seattle area for 21 years. Examples of housing in Seattle developed through these partnerships include the following:

a. The non-profit partnered with the Washington State Convention and Trade Center to replace housing impacted by the initial Convention Center development. There were nine replacement housing projects that were partially funded through grants from the Convention Center, and six buildings preserved, totaling 500 units.
b. A Seattle benefactor, Ms. Priscilla Bullitt Collins approached the non-profit with an offer to donate her property to the east of her former family home, the Stimson-Green Mansion. The non-profit accepted the property and designed and constructed an award winning apartment building, Cascade Court.
c. The non-profit partnered with the Virginia Mason Hospital and the Seattle Times to produce housing on surface parking lots in the First Hill and Cascade neighborhoods of Seattle. The properties were acquired through a donation or a negotiated sale below market value. On one property the non-profit created 97 units for seniors over a three level parking garage, with a portion of the garage dedicated to employee parking for hospital employees. On the Seattle Times lot, a 65- unit apartment building was developed with a Family Center located on the first floor.
d. Nordstrom, a Seattle based retailer has long seen the need for affordable family housing in the center City areas. With multiple investments in the low-income housing tax credit program, Nordstrom invested $5.25 million to create 134 units of affordable housing.
e. The non-profit working with Clise Properties, the developer of the new Norstrom Headquarters is constructing 65 new affordable apartments next door to the new office building. Clise approached the non-profit to offer $1.25 million toward the project in exchange for additional height allowance, under the Housing Bonus Program.

18) In March, 2000, in King County, Washington, a suburb of Seattle, a new public private venture to provide short term financing to assist developers to build affordable housing in a very competitive housing market was established. The Washington Community Investment Fund was established to allow housing developers to act quickly to acquire properties, thus saving money for the projects and reducing the amount of subsidy necessary from King County and other public lenders. The County funds are made available for housing developments serving households with incomes below 80% of the median income in King County. Since 1990 $500,000 has been appropriated annually to provide a flexible source of funds for new housing programs, including assistance to first-time homebuyers, affordable housing development on surplus County owned properties and credit enhancement for housing.

19) The Town of Telluride, Colorado adopted legislation which developers constructing buildings containing certain types of uses to partially mitigate the employee housing impacts of their development. The legislation establishes minimum amounts of square footage of affordable housing, which is to be provided by the developer concurrently with the construction of the development. The Ordinance is integrated into the General Plan and implemented by the Telluride Affordable Housing Guidelines.

20) Cambridge, Massachusetts requires commercial, hotel, retail and institutional development to pay a linkage fee of $3.00 per square foot to assist with funding for affordable housing development. In this city, the levying of exactions is believed to create a jobs/housing balance and assist in maintaining housing affordability.

21) In Boston, Massachusetts, developers of large scale commercial, retail or hotel structures pay an exaction toward construction of affordable housing off-site.

22) Hotel Workers Union Local 26 in Boston, Massachusetts created the Boston Union Neighborhood Assistance Corporation to collects fees from employers of union members and provide mortgage loans for its members. Now the Neighborhood Assistance Corporation of America administers this fund and has created a nationwide program providing mortgage services for low and moderate-income families in twenty-three states.

National Programs

There are a number of housing programs that are promoted by the federal government or national organizations to promote employer assisted housing programs.

2) Programs supported by the Department of Housing and Urban Development (HUD)
   a) "Teacher Next Door" Program offers teachers a reduced purchase price for defaulted single family homes in HUD's inventory in the San Francisco bay area. This program works best in areas where there are high default rates.
   b) Public and school district land can be sold or leased with provisions that the purchaser or lessor provides teacher housing units as part of the development of the site.
   c) Partnerships for Teacher Housing Developments with public agencies, private and non-profit developers, teacher's unions, local business and community organizations and community foundations can work together to develop housing programs for teachers in the community.
   d) The Federal HOME program can be used by local communities to support employer assisted housing programs.

3) Fannie Mae has developed an Employer-Assisted Housing (EAH) program that assists employers in giving some housing assistance as a benefit to its employees. The most common benefits are grants, forgivable loans, deferred loans, matched savings, interest-rate buy downs, shared appreciation and homebuyer education.

Their goal is to help 1,000 employers nationwide to establish employer-assisted housing plans by 2010. Examples are:

a) In Denver, Colorado Fannie Mae and eight Colorado companies developed a new initiative to encourage more Colorado employers to offer their employees company-sponsored benefits for the purchase of a home. Their goal is to have 20 more employers participate in this program within a four-year period.
b) J. D. Construction Company in Henderson, Nevada developed an EAH program which offers assistance totaling up to 2 percent of the purchase price of the home up to a maximum of $5,000. The assistance is available to employees who have been with the company for one year and who are first time homebuyers.
c) Duval County Housing Finance Agency in Florida partnered with Fannie Mae and local lenders to make it easier for critically needed public servants to become homeowners by providing two mortgage programs. 1) The HFA Teach Mortgage is for first time homebuyers who are full-time elementary or secondary classroom teachers or administrators employed by a public school, private school or federal, state county or municipal educational agency in the County. There are income limits to qualify and a maximum sales price for a home and borrowers must complete homebuyer education courses. The mortgage provides expanded affordability ratios, a low interest rate and a borrower contribution of only $500. 2) The HFA Home Mortgage plan is targeted to those working in the city's police and fire departments, but is also available to all eligible first time home buyers in Duval County who wish to live and work in the community. Income and home purchase price limits are similar to the Teacher Mortgage program.

4) Freddie Mac and City of Atlanta, Georgia and Bank of America created an initiative to help 10,000 Atlanta families to become homeowners. The Select Atlanta Homeownership Alliance will assist families to buy homes in Atlanta neighborhoods. This will strengthen these neighborhoods and reduce sprawl and traffic congestion.

In conclusion, there are numerous models of programs that could help provide affordable housing to the Monterey County workforce. Some of the models listed above can be modified and managed directly by the employers. Fannie Mae can provide technical assistance to those employers in Monterey County who wish to create an Employer Assisted Housing Program. This effort can be supported by the County through education and/or additional incentives. Other models could work well in the County through developing or expanding partnerships or collaboratives of public, private and non-profits.

Appendix B

Government Policies and Models of Collaboration

Over the past few years, as real estate prices have escalated beyond the pace of inflation, the need for local employers to recruit and retain employees has reached a crisis in many communities. State, county and local governments throughout the country are taking a more active role in the development of affordable housing in order to preserve the local industries. Historically, affordable housing has been funded primarily for low-income households through the federal government. Due to a few well publicized extremely run down and crime infested public housing projects; all "affordable housing" unfortunately received a poor reputation. The federally funded rental housing programs assist primarily low-income households and most have long waiting lists. The federal government has very few programs geared to assisting the local workforce, which are caught in the unfortunate position of earning too much to qualify for federal rental assistance programs and earning too little to be able to afford a market rate home. So as the prices of homes have increased way beyond what the local workforce can afford, the issue of affordable housing has become a major issue for the local community, and government and businesses have had to step in.

Government policies

There are various tools local governments can utilize to help create new developments, secure affordable units in market rate developments, and prevent the loss of low income housing through conversion to market rate units. Examples of some are:

1) Adopt policies and programs that promote sustainable development/smart growth development, including those that facilitate the re-use of difficult to develop sites.
2) Work at educating the public about the need for higher density homes and affordable housing.
3) Streamline entitlement, reviews, and permitting processes for new affordable housing development that will lessen the financial exposure and the cost to build.
4) Provide permit and fee waivers or deferrals for affordable housing.
5) Provide grants for infrastructure costs.
6) Grant variances when and where applicable to facilitate housing development.
7) Limit architectural guidelines that inhibit design and increase costs.
8) Manage Inclusionary Housing program with strict controls for developers and provide a fair participation process for residents.
9) Provide density bonuses to increase affordable housing.
10) Ensure permanent affordability through deed restrictions and the creation of community land trusts.
11) Designate two-unit lot districts.
12) Reduce minimum street widths in new subdivisions.
13) Reduce set-back areas (with appropriate design standards).
14) Provide districts that allow clustered or attached townhouses as transition between single family detached homes and multifamily areas.
15) Provide minimum lot sizes in targeted areas for single family detached housing.

16) Provide maximum lot sizes in all districts.
17) Work together regionally to develop a jobs and housing linkage fee to reduce traffic issues as well as increase affordable housing for the local workforce.

Zoning Laws

A common method to encourage the development of affordable housing is through the zoning process. Many communities are rezoning areas to encourage affordable housing by changing zoning for *increased densities* and encouraging in-fill development and redevelopment of underused properties such as commercial strip malls. For example parking lots can be constructed at street level and affordable new homes built above them. Local governments need to communicate to the community that reasonable density is advantageous because it can support jobs, businesses, and the services people want near their homes. It also lessens traffic congestion.

The State of California requires all communities to offer a 25% increase in the density of any development if they provide a minimum of 20% of the units as affordable housing. State law also requires jurisdictions to provide density bonus incentives for senior and disabled housing, and requires each community to adopt a secondary unit ordinance and designate districts to promote secondary units. In addition to these "voluntary" options for developers, some communities mandate the inclusion of certain percent of affordable housing in all developments over a certain threshold size. This is called "Inclusionary zoning." Jurisdictions determine the specific terms (% of units, who will be able to afford the units, whether on-site, off-site or ***in-lieu fees***, and the length of the affordability requirement) of their inclusionary housing zoning requirements.

The encouragement of housing at all income levels requires designing incentives which allow developers to build affordable units while still making a reasonable profit. Incentives encouraged include: increased densities or density bonuses, reduced impact fees, tax abatements for affordable units and accelerated processing times for permits and land use approvals.

The importance of inclusionary zoning was highlighted at the national level at a forum for the Millennial Housing Commission held by the Urban Land Institute and the National Council of State Housing Agencies in October 2001. The forum encouraged a national housing policy requiring every local zoning code to provide for inclusionary zoning to encourage sufficient affordable housing to meet the needs of the next century.

The Urban Land Institute reports that Inclusionary Housing zoning has been in existence for over thirty years in the states of California, New Jersey, Massachusetts, and Maryland. The Inclusionary Housing Programs can take many forms and the key is to encourage housing development at all income levels. Examples of inclusionary housing programs are:

a) The City of San Rafael, California has two policies promoting housing production. To provide workforce housing in the downtown area, the city has an ***inclusionary ordinance*** that requires 10% of new housing to be affordable and gives a ***density bonus*** to developers adding more affordable housing. Existing housing is protected through a ***conservation ordinance*** that requires that all units that are removed must be replaced by units of the same scale and in the same price range.

b) Marin County California is allowing ***second units*** – fully independent domiciles connected to existing homes for 20 percent of the housing built on unincorporated land south of Novato.

Development fees and processes

One tool can government can help with is to streamline the various processes and thereby making it quicker (and less costly) for a developer to get through the various government reviews to develop housing. There is a holding cost to the developer and a level of risk if the development process in a specific jurisdiction is complicated and takes too much time. Many local governments are looking at ways to develop additional affordable housing by improving the development process. For example, Montgomery County, MD has all of its forms, fees, submission requirements, zoning ordinances on the government website (www.mc-mncppc.org) making it easier for developers to know what to expect, how much it will cost and when it will happen.

Another method is to tie certain exactions specifically to affordable housing or provide relief from exactions if affordable housing is created near jobs. Exactions are a developer's payment of "Impact Fees", which are commonly utilized to fund new schools, parks, construction or maintenance of public infrastructure directly connected to the new development and off site improvements and services. Under California law exactions must be linked directly to the impacts generated by the new project, and are levied in exchange for project approval at the land use stage. Typically cities and counties utilize developer exactions as a strategy to offset burdens of new development on a community. These exactions have become common since the passage of Proposition 13 in 1978 dramatically impacted the ways communities financed a variety of services and infrastructure. Regionally, exactions are believed to contribute to regional equity by ensuring that new development pays a fair share of the public costs upon infrastructure that they generate.

In order to obtain developer concessions the local government responsible for land use approval has the authority under California Planning and Zoning law to regulate through its general planning responsibilities, zoning ordinances, and governance of subdivisions the following:

- **Infrastructure costs:** Includes utilities, roads, parks, schools, or other services
- **Affordable Housing:** Part of a broader "linkage" program to support affordable housing, linkage programs generally require exactions from the developer in the form of construction of affordable housing or payment into a housing fund in return for permits or other concessions.
- **Community Benefits:** Negotiation of exactions can occur at the local governmental level, on a project-by-project basis based upon the linkage in content and cost to the impact of the proposed development.

Within the context of particular development scenarios, under most state's laws, governments may mitigate effects of increased motor traffic to a new shopping center, by requiring the developer to pay for construction of traffic signals, turn lanes, roadway improvements and other effects. Local governments may require exactions from developers of commercial and office space to offset raising housing prices caused by economic growth. These fees are generally linked to a square footage formula. Examples of use of exactions:

a) In Lancaster, California the municipal code authorizes the levying of a variety of impact fees on new development including sewage treatment, traffic fees, water improvements, park fees, and library facilities. In order to further smart growth principles, Lancaster levied fees based upon new development outside a certain radius of the central core. A typical house located within the core incurs an impact fee of $5,500, with the same house located one mile beyond the core incurring a fee of $10,800.

b) The City of Sacramento, California, imposes a developer fee exaction by charging varying square footage fees on non-residential development for affordable housing. Developers pay a fee to a housing fund, or meet up to 80% of their obligation by directly building affordable housing.

c) The county and the cities of Sonoma County, California have joined together and funded a study to document the impact of new development on the supply of affordable housing in the County in order to determine an appropriate job/housing fee. The study has recommended that the jobs/housing linkage fee contribute ten percent of the subsidy needed to provide affordable workforce housing (as calculated over a five year period). Initially, it is recommended that the linkage fee be applied for new commercial ($2.08 per square foot), industrial ($2.15 per square foot) and retail ($3.59 per square foot) development. If employer growth and associated development occurs at their projected rates and levels this linkage fee could generate as much as $35.5 million dollars. These revenues would be combined with other funding sources to construct 1,180 affordable housing units County wide. (See santarosachamber.com)

Rental Assistance programs

Jurisdictions can create special rental assistance programs for low-income workers. If funds from public and/or private sources were available, a special program could be established that could provide some rental assistance for a short period of time. Examples of local rental assistance programs are:

a) In 2002 the Illinois Housing Development Authority (IHDA) earmarked $750,000 for a three-year housing subsidy program for migrant farm workers run by the Illinois Migrant Council to assist up to 150 very low-income migrant farm workers. Under the program, migrant workers will pay no more than 25 percent of their income toward rent. The IHDA funds will pay the balance for a maximum of nine months each year.

b) In Montgomery County, Maryland the County matched HOME funds with a State rental assistance program to provide temporary emergency rental assistance to very low-income residents. The State rental assistance program did not provide enough assistance to cover the rents in the high cost area of Montgomery County, so the local government used some of its HOME funds to provide a match.

Intermediary Organizations

A non-profit intermediary organization can be set up by a collaboration of public and private partners to fund and promote affordable housing. Examples of an intermediary organization are:

a) The cities of Minneapolis, Saint Paul, and the Metropolitan Council, and The Minnesota Housing Finance Agency have established the Family Housing Fund which is a non-profit organization whose mission is to preserve and expand quality affordable housing for families with low and moderate incomes in the seven county region. The Family Housing Fund is a housing intermediary that brings together people, money and expertise to support the delivery of affordable housing.

b) Rural Community Assistance Corporation (RCAC) may be considered an intermediary organization and the funder of programs under various initiatives. In 1994, RCAC became a conduit for a regional grant that provides direct services and manages ten sub grants to agencies in Washington, Oregon and California. RCAC provides technical assistance and training to community-based organizations, growers, and rural governmental agencies for the purpose of creating and maintaining farmworker housing in 12 western states. In 1996 the organization was designated as a Community Development Financial Institution by the United States Treasury to help address the capital needs of rural communities, and has added other loans to their portfolio. The loans include community facilities, water and wastewater treatment improvements, community health care facilities, educational centers, and adult and child care centers. The organization provides technical assistance and training to developers and sponsors of farmworker housing in the following areas:

   - Single family housing financing and production programs such as USDA Section 502 rural housing mortgage, homeownership, and the Federal Home Loan Bank's Affordable Housing Program.
   - Multi-family housing production programs such as USDA Section 514-516 farm labor housing, USDA Section 515 rental housing, and HOME rental housing.
   - Housing Rehabilitation programs, utilizing USDA 504 repair loans, USDA Section 533 housing preservation, community development block grant housing rehabilitation, and HOME rental rehabilitation.
   - Community facilitates financing and compliance, housing counseling and development of demonstration programs such as single-room occupancy housing, mobile home park conversions, resident ownership of at-risk property, mutual housing, limited equity cooperatives and land trusts.
   - The agency provides assistance to organizations in development of USDA pre-applications, and is a designated technical assistance provider under the HOME program.

Consortiums for affordable housing

Many communities in California are coming together for the purpose of addressing the affordable housing crisis in their communities.

a) The San Francisco Chamber of Commerce has a special Workforce Housing Committee and has partnered with the Federal Home Loan Bank of San Francisco to create a Workforce Housing Initiative that includes raising a $4 million Workforce Housing Fund to increase affordable homeownership opportunities for the middle-income workers in San Francisco and will work with local developers, housing advocates, planners and architects to increase the availability, supply and density of housing in San Francisco. (See www.sfchamber.com).

b) The Silicon Valley Manufacturing Group in Santa Clara has a Housing and Land Use Committee that works to increase housing production in Silicon Valley and proposes responsible land use policies. The Silicon Valley Manufacturing Group has been a major player in the development and funding of the $20 million Housing Trust Fund. The group is now assisting efforts of organizations in San Mateo to launch a Housing Trust Fund in that County. (See www.svmg.org)

c) In Sonoma County, private industry and public interest groups have joined to create the Sonoma Housing Coalition of 80 participants to evaluate housing issues and bring forward new ideas for addressing identified problems. One of the recommendations was to create a housing trust fund that would be cooperatively managed to meet housing needs throughout the County. This Coalition is working together with the county and cities in Sonoma County to address the complex workforce housing issue.

d) Marin Consortium for Workforce Housing includes representatives of several major employers. The consortium is backing an effort to establish a housing trust fund with money from major employers, private and government sources in order to purchase land as it becomes available. The idea is to have a revolving loan fund of $7.5 million for land and related planning costs. The seed money would be paid back to the fund once a developer finances a completed development.

e) Coastal Housing Partnership of Santa Barbara is a consortium of 15 public and private employers who have worked out an agreement with a local lender to secure favorable financing for their employees.

f) A group of landlords in San Rafael banded together and came up with their own voluntary resolution of principles after the city's plans for rent control ordinance were rejected by both the renters and the property owners. The San Rafael Fair Rental Practices states that participating landlords will"

    i. Limit rent increases to no more than one per year.
    ii. Provide 60 days' notice on any rent increase.
    iii. Limit rental increases to less than 10 percent per year.
    iv. Maintain buildings in safe condition and do timely repairs.
    v. Encourage other property owners to abide by the principles.

Housing Trust Funds

The Housing Trust fund model is an innovate departure from the way that funding has historically been secured to support affordable housing. Typically housing trust funds are distinct funds established by cities, counties and states that dedicate sources of revenue to support affordable housing. Trust funds are created by legislation or ordinance. According to the Housing Trust Fund Progress Report there are more than 275 housing trust funds in the United States providing $750 million each year for housing programs.

The majority of housing trust funds are established through public sector revenue sources. The private sector can be encouraged to contribute to affordable housing trust funds through the use of tax incentives. Typical revenue sources for a housing trust fund include:

- Linkage fees placed on non-residential development to offset the impact of their development on the housing market.
- Inclusionary Zoning in-lieu fees
- Developer fees
- Property taxes
- Real estate excise taxes
- Hotel/motel taxes
- Document and deed recording fees
- Interest from real estate escrow funds
- Interest on tenant security deposits
- Interest on mortgage escrow accounts
- Tobacco settlement funds

Local governments have become very innovative in finding sources of funds. For example in Los Angeles they sell advertisements on bus stops and other dedicated public spaces for their housing trust fund. In Napa County the vineyard owners agreed to be assessed a fee per vine to help fund their housing trust fund.

Housing Trust Funds make it easier to coordinate various housing programs and funds and allow applicants "one-stop" shopping where a request for funding is reviewed and a range of funding options are available.   Examples of Housing Trust Funds are:

a) In Santa Clara County a consortium of business leaders, elected officials, and housing advocates has raised $19.1 million of its $20 million goal in twenty-two months. One third of the funds come from the County and several cities that have devoted redevelopment funds to establish the fund on a regional level. Over one half of the funds have been contributed by area employers in sums ranging from $50 to over $1 million, which is an acknowledgement that the housing crisis in Silicon Valley is having a serious impact on workers, and recruitment of skilled workers. Additional funds are solicited from private foundations, and individual donors. Programs targeted to receive Housing Trust Fund allocations include homeless housing programs, affordable rental housing, and first-time homebuyer activities. A similar Housing Trust Fund is being developed in San Mateo County.

b) The San Diego Housing Trust Fund resources are pooled with other affordable housing money (HOME and CDBG) and allocated by the City's Housing Commission. Since HUD requires a matching grant from the local jurisdiction for HOME funds, pooling trust fund money in this way allows the city to leverage that program's resources. The model of program administration places the burden of understanding each program's requirements on the Housing Commission rather than on the applicants.

c) Both the City of Sacramento and the County of Sacramento established housing trust funds in 1989 under separate ordinances. Revenues are collected from linkage fees and the funds are kept separate but administered together by the Sacramento Housing and Redevelopment Agency. The Trust Funds have helped produce more than 2,700 affordable housing units with $22 million that leveraged $270 million in other investments.

d) The Berkeley Housing Trust Fund was established in 1990 and requires that all s housing assisted through the Fund remain affordable for a period not less than 55 years from the date of the development loan agreement. Owners of rental properties are required to provide annual verification as requested by the City. First time homebuyers are required to provide verification of income and homebuyer status at the time they apply.

Housing Land Trusts

Local governments can encourage the development of a Community Land Trust (CLT). A CLT is a tax-exempt organization and acquires property in the same manner as other non-profit organizations. They can receive gifts of property or funds from corporations and individuals as well as receive property from cities and counties. In many cases they purchase property from the open market, with the assistance from public resources.

The land trust model works effectively in communities experiencing rapidly escalating property values with the primary goal to limit resale prices so the homes will continue to be affordable in the future. The key features in a CLT are:

- Dual Ownership – the CLT owns the land and sells the improvements to an individual homeowner, a cooperative housing corporation, a nonprofit developer of rental housing, or some other nonprofit, government or for-profit entity.
- Leased Land – the CLT plans never to resell the land and provides for the exclusive use of its land by owners of any buildings located upon it through long-term ground leases.
- Perpetual Affordability – the CLT retains an option to repurchase the improvements that are located upon its land should their owners ever choose to sell. The resale price is set by a formula, contained in the ground lease that is designed to give present low-income homebuyers fair access to housing at an affordable price. The CLT is committed to preserving the affordability of housing in perpetuity.
- Perpetual Responsibility – the CLT does not disappear once a building is sold to a homeowner, a coop, or another entity. As owner of the land underlying multiple buildings and as owner of an option to repurchase those buildings the CLT has a continuing interest in what happens to those buildings. The ground lease gives the CLT the right to step in and to force repairs, or if the owner defaults on its mortgage, the ground lease gives the CLT the right to cure the default and stop the foreclosure.
- Community Control – the CLT is a community-based organization drawing members from its own leaseholders.

- Expansionist Acquisition – the CLT is not focused on a single project but is committed to an active acquisition and development program.
- Flexible development – the CLT is a community development tool of great flexibility, accommodating a variety of land uses and a diversity of building tenures and types.

Examples of Land Trusts are:

a) Una Nueva Esperanza, in Monterey County is a CLT that also used self-help housing funds allowing a group of agricultural workers and their families to build their own homes with technical assistance.

b) The Berkeley Housing Trust Fund has supported through the Northern California Land Trust (NCLT) ten separate projects preserving more than 100 units of affordable housing with an average housing trust fund subsidy of $38,000 per unit.

c) The San Francisco Community Land Trust was recently set up by a group of organizations and individuals. This is a product of the City government's establishment of a Community Land Trust Task Force to develop recommendations on steps necessary to implement community land trusts in San Francisco.

d) The Sawmill Neighborhood in Albuquerque, New Mexico was organized to eliminate industrial pollution that was undermining the health of the working class community. The community won the opportunity to control the redevelopment of 27 acres of previously industrial land adjacent to their neighborhood. They formed a community land trust to make sure that the affordable housing they developed would remain affordable for low income residents. Economic development opportunities created on this land benefits local residents.

e) The Rochester Area Foundation concerned about the projected growth of the City's workforce negotiated with the Mayo Clinic to commit more than $7 million to affordable housing for working families and created the First Homes Program, Rochester, MN to create nearly 1,000 units of affordable housing though a community land trust.

f) The State of Vermont has been very supportive of the creation of Community Land Trusts through funding from their Vermont Housing and Conservation Trust Fund. They have created the following CLT projects in the past year:

    a. One of the most successful programs that combine the resources of a CLT and the trust fund is the Homeland Program. Lower income households can receive financial assistance to purchase their own homes. Market-rate homes are selected by participants and, through the program the purchase price is subsidized by grants depending on income level, need, and other factors. In return for Homeland Assistance, the new homeowner relinquishes a portion of appreciation value in order to maintain affordability for subsequent buyers and to reuse the initial public investment. In operation since 1990 many of the homes have been resold. A number of CLTs use the Homeland

Assistance Program that operates in five Homeownership Centers throughout the State. The Vermont Housing and Conservation Trust funds the program for $500,000 to $1 million annually.

b. Brattelboro Area CLT purchased a 100 unit apartment complex and rehabilitated some of the units.
c. Burlington CLT acquired, rehabilitated and constructed 46 units of affordable housing plus commercial space in a historic building.
d. Central Vermont CLT acquired and rehabilitated eight units of affordable housing for persons with chronic mental illness, acquired and upgraded a 12-lot mobile home park, acquired and rehabilitated two historic apartment buildings with six affordable units plus commercial space.
e. Rockingham Area CLT rehabilitated 17 units and acquired and upgraded infrastructure of two mobile home parks.
f. Rutland County CLT acquired and rehabilitated nine apartments, a vacant historic four-unit apartment building with commercial space, and restructured the debt on 31 apartments on scattered sites.

Other Deed Restrictions to retain permanent affordability

In addition to Community Land Trusts there are other models of permanent affordability that include limited equity condominiums, limited equity co-ops, and mutual housing associations.

Deed restrictions can limit the equity received by the seller by tying the sales price to increases in area income instead of the local real estate market. The number of clients that can be served in the retention model with the same dollars is dramatically increased over the typical recapture of subsidy programs most governments have utilized in the past.

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Appendix C

Fair Housing Issues related to Workforce Housing in Monterey County

Fair Housing laws are a major challenge to public and private housing providers who wish to provide housing to a targeted population.

Several fair housing laws may impact a housing provider when housing is attempted to be reserved for a particular population, including the Federal Fair Housing Act, as well as State and local laws. Federal and California state anti-discrimination laws explicitly prohibit discrimination against persons based on race, religion, nationality, ancestry, sex, sexual preference, marital status, source of income, age, families with children, and persons with disabilities.

A housing provider may establish reasonable criteria for occupancy, as long as those criteria do not prohibit occupancy by one of the protected groups of people, and the criteria are related to the services and/or facilities provided. If occupancy is limited to a designated group for a good reason, and no protected classes of people are affected, the limitation may not be impacted by Fair Housing Laws.

A housing provider may gave a good reason for restricting housing to a particular group, and the restrictions on their face may not prohibit people in the protected classes from residing in the housing, the restrictions may still violate fair housing laws, if the result of the restriction is to exclude people in a protected group. The legal concept of "*disparate impact*" means that a housing provider does not have to intend to discriminate against a protected group to be illegally discriminating. Unintentional discrimination may result in a liability if a particular protected group is excluded from the housing, and the housing provider cannot articulate a sufficient business necessity for the policy.

The disparate impact theory presents one of the largest challenges to housing providers who desire to target specific industries, professions, or disabilities. It is often not easy to determine if a particular occupancy policy will have a disparate impact on a protected group. Determining disparate impact requires a comprehensive demographic analysis of the targeted population versus the general population. If this data is readily available, agencies must have resources when designing occupancy policies to access and analyze the relevant data.

While the Fair Housing Law applies to projects receiving public funds, it also reaches into the private housing market, and government funding is not required for the Act to apply. A number of federal circuit courts have held that a plaintiff bringing a challenge under the Fair Housing Act need only show a *discriminatory effect (or disparate impact), and not a discriminatory action,* in order to prevail in court. The Ninth Circuit Court, which encompasses California, has implied that it may reach the same conclusion in Fair Housing Act cases, if discriminatory effect is shown, and the housing provider has the burden to justify the practice that causes the discriminatory effect. The standard to be met by the housing provider is analyzed and described in different ways by different courts, generally, the housing agency or owner, that it has a *business necessity* for the practice. An example is a mobile home park that was challenged as having a discriminatory effect on families with minor children, because it operated to exclude such families from the park. The owner was able to justify the policy was a "business necessity" because he was able to produce a study that showed that the sewer system of the park was unable to accommodate a large population of residents.

Under Section 504 of the Rehabilitation Act of 1973, all developments receiving federal funds, must comply with the Act, this presents a large obstacle to many housing programs in targeting to specific populations with disabilities or set-asides. The U.S. Department of Housing and Urban Development's regulations implementing Section 504 prohibit housing owners receiving HUD funding from restricting occupancy to persons with disabilities, or specific disabilities, unless a federal statute or executive order specifically authorizes the restriction. This limitation of occupancy issue to specific disabilities has implications for many supportive housing providers that desire to provide specific services to a targeted population such as mentally ill individuals, in that it is treating one disability differently than another.

Section 504 prohibits against restricting housing to people with a particular disability, but this can be overcome if the federal funding source allows such specific targeting. For example, the statutes and regulations authorizing the Housing Opportunities for People with AIDS program requires providers to limit the housing to people with HIV or AIDS. In regard to the Shelter Plus Care Program, the regulations allow providers to establish a preference for a particular population suffering from one of the disabilities the program is designed to serve, which are primarily homeless individuals suffering from serious mental illness, drug or alcohol addiction or AIDS. The regulation also states that providers cannot exclude other qualified applicants to the program except in very limited circumstance.

In order to not create a disparate impact, the targeted industry must mirror the ethnicity of the community, and not serve to exclude a specific ethnicity. Often times by looking to Federal models, such as the HUD Teacher Next Door Program, or Cop Next Door Program that were designed to bring public servants back into the inner city, and specifically public housing, for a direct benefit to the community, then a violation does not exist. There must not be a disparate impact focus of the targeting. While in the <u>Salinas Valley</u> studies exist to justify the need for greater housing choices for agricultural workers, there may be an issue, when one targets housing for vintner workers vs. lettuce workers, especially when a substantial amount of public funds are dedicated to the project including donation of a specific industry related property or funds. The Napa model can work for vintner housing due to the fact that 90% of the Farm workers in Napa work in the winery industries.

If a specific farmer gives land, or large contributions for a project to serve a specific industry such as vintners, then a preference may be utilized that targets vintner workers, due to the substantial business contribution to the project and if the majority of the agricultural related workers in the area are in fact vintner workers. In the Salinas Valley, one can not make the finding that vintner workers have a greater need for housing than the lettuce workers. Studies do not exist to substantiate the greater need of one vs. the other. While the need to house a large workforce during the strawberry growing season may exist, where estimates from the U.S. Department of Labor study on Migrant Workers in the United States, which indicates that approximately 20,000 to 50,000 strawberry workers travel to northern Monterey County, if this industry were identified as a critical under housed population, and public safety issues were identified, then the case of targeting may occur, if a substantial amount of donated land from a strawberry farmer occurred, or the strawberry growers gifted funds to the project. Although a specific farm or packing facility could not be targeted for preference in housing, nor could housing be dedicated solely to that farm.

Countywide the U.S. Department of Labor for the *National Agricultural Workers Survey* estimates that the migrant and seasonal farm worker population in Monterey County range from a low of 72,258 to a high of 128,584 individuals in peak growing seasons. These numbers were estimated from unemployment data reported to the Employment Development Department and it relies heavily upon reporting under Social Security numbers.

Under the Equal Protection Clause of the 14^{th} Amendment the government is prohibited from denying to any person " the equal protection of the laws", with the clause applying to all state action which has been held in some instances to include actions by private parties what receive governmental assistance including owners of housing receiving financial assistance from government, such as Section 8 housing subsidies. Some classifications become semi-suspect for scrutiny under the 14^{th} Amendment, which include gender, non-citizen status or illegitimacy, and can be justified by an important governmental interest, which is a lesser standard than a compelling state interest. The courts may find the governmental interest in conserving limited public resources to be an important governmental interest, that justifies programs that are available to citizens but not to non-citizens. This interest would not rise to the level of a compelling state interest that would justify a program that is available to one racial group but not to another

The California Fair Employment and Housing Act adopted in 1980, prohibit discrimination under the same categories as the federal Fair Housing Act, and includes marital status, ancestry, and sexual orientation and source of income. The Act applies to all housing accommodations except owner-occupied single family housing, with only one roomer or boarder, and prohibits land use practices and decisions that make housing opportunities unavailable to members of protected classes. The Act prohibits both intentional discrimination and facially neutral policies that have a disparate adverse impact on a protected group. If a discriminatory effect is shown in a private owner's actions, the owner must show that the practice causing the discriminatory effect is necessary to the operation of the business and effectively carries out the significant business need, and that no feasible less discriminatory alternative exists. If a governmental agency's practice has a discriminatory effect, the governmental agency must show that the practice's purpose is sufficiently compelling to override the discriminatory effect, that the practice effectively carriers out the purpose, and that no feasible alternative exists.

Much of the statistical information that needs to be available to make a finding for targeting a specific population can be obtained through comprehensive surveys and should be integrated into the Consolidated Plan processes, and Housing Elements. Each model of workforce housing should be reviewed by an attorney skilled in California and Federal Fair Housing Laws.

In summary, the dedication of housing solely targeted to a specific workforce has implications under the Federal Fair Housing Laws. To be able to develop housing for a specific industry the targeted industry must mirror the community, and not serve to exclude a specific protected class and:

a) An employer, group of employers or an industry provides significant funding toward a housing development then a preference can be given to those employees;
b) A finding can be made by the local jurisdiction through studies and findings that a specific industry has unmet housing needs;
c) A public benefit would occur through the targeting of that industry, such as employees in the agriculture and tourism industries;
d) There was a business necessity for providing such type of housing for a targeted group;

Appendix D

Case Study: Workforce Housing in Napa County, California

The winery industry in Napa County, California, can be looked to for examples of housing models and partnerships. The St. Helena Star reported in June 28, 2001 that a 60 bed farmworker facility in Napa County under development by the Napa Valley Housing Authority was given a loan of $800,000 from the Napa County Affordable Housing Trust Fund which was established to help meet the need for affordable housing generated by job growth and winery industry expansion in Napa County. The Napa Vintners Association Wine Auction leveraged State of California Joe Serna Jr. State Farmworker grant, by committing a $350,000 predevelopment grant, and a $241,025 land donation from Phelps Vineyards, with a portion of the River Ranch Vineyard being utilized for the facility. The Napa Vintners Associations' Wine Auction raised an additional $295,775 that was granted to the Housing Authority, as additional match for the Farmworker housing grant. Between June 1, 1996 and March 1, 2001 the Napa winery industry expansions brought $908,808 into the Trust Fund, this amount is 29% of the total commercial fees of $3,108,316 paid into the Housing Trust Fund paid during the same period.

The Napa County project was brought about by similar factors that Monterey County is now facing with the rapid increase in the vintner industry. In the 1980's there were over 400 beds for seasonal farmworkers, which were owned and operated by the private vineyard owners. Since that time, there has been a significant decline in the number of beds provided to single farmworkers in Napa County. Several reasons were cited for this decline:
1) Increased land values resulted in farmworker housing being removed to make room for expanded winery and tasting room operations;
2) Vineyard owners were having difficultly in managing the stringent State of California Title 25 regulations;
3) There was a prevailing belief among the vineyard owners, that because farmworkers received wages, they should be responsible for providing their own housing accommodations;
4) Vineyard operations were employing workers for more hours and more months of the year, so farmworkers were able to move to more permanent forms of housing;
5) Employers did not find it necessary to provide housing in order to attract seasonal workers, and many employers reported that year round workers preferred living away for their place of employment.
6) An additional factor in the decision by the vineyard owners to stop the provision of housing to the farmworker was the fear that if permanent housing were allowed in rural areas of the community, the preservation of valuable agricultural lands would be negatively impacted. This is still a belief held by many today, and it has resulted in no family style housing or permanent single farmworker housing located in the rural areas of Napa County.

In the early 1990's large corporate vintners began purchasing vineyards in Napa. Many of these vineyards that were purchased by corporate farming operations had existing farmworker housing facilities that were not utilized, some of these facilities were granted to the Housing Authority, which currently owns or leases 4 camps housing single farmworkers and they currently are in the final stages of a new development.

The creation of an assessment district for fundraising was brought about by a crisis that occurred during the height of the grape harvest two years ago. The Calistoga Farmworker Camp was operating at full capacity and turning workers away. Due to the extreme need for housing, the resident manager began letting others reside on the site, resulting in an occupancy rate that exceeded 100 individuals. The workers became disgruntled over the housing conditions, and threatened to shut down work and picket on Highway 29. The event became politicized and an emergency meeting was held by the Board of Supervisors under the urging of the winery industry, which resulted in the opening of the Mondovi facility.

During the same time the Housing Authority of the County of Napa had been working with the grape growers, vineyard owners, advocates for farmworkers, the Catholic Church, the Housing Authority of the City of Napa, and other interested parties for approximately 2 years. This meeting process was very productive and as a result the following occurred::

1) Collaborative relationships and trust developed amongst the group;
2) A change in local zoning Ordinance resulted in 11 months of housing operation vs. 180 days;
3) A Farmworker Housing Oversight Committee was formed;
4) Vintners agreed to levying an assessment to spread the burden of meeting housing needs to a broader number of grape growers; and
5) An agreement was reached to find additional housing sites. Ultimately the goal was to have land donated for the housing because the cost of land was so extreme.

In order to assist with operations, the Housing Authority approached the Vintners about accessing a portion of their annual wine auction that rises between $6,000,000 and $9,000,000 each year for charity. Initially donated funds were targeted to health services, but through the work of the Housing Authority the funding criteria was expanded to include affordable housing, and has assisted to cover the deficit of operating the facilities.

The Housing Authority of the County of Napa's Executive Director indicates that the process of setting of a Farm Assessment District is extremely labor intensive. To levy the assessments, it is necessary to comply with the procedures and requirements of Article XIII D of the California Constitution (Proposition 128). The process required working with the Tax Collector, Agricultural Commissioner, Local Agency Formation Commission, and each independent jurisdiction independently. An outcome of the entire process is a required report for the formation of the district, that was prepared by Terrance Lowell and Associates, which provided a very accurate description of each parcel of property, and prior to this time, it was extremely difficult to obtain an accurate count of the number of acres dedicated to grape production.

The current assessment is applicable to properties that contain one or more acre of planted vineyard acres in the unincorporated area of Napa County and certain designated properties in the incorporated areas. The assessment is currently $7.60 per acre with a maximum cap of $10.00 per acre. The assessment is in effect for five years unless re-authorized by the affected property owners.

There was no Fair Housing issue in designating the housing as vintner worker housing because the funding came from the vintners, and the current effort is considered **replacement housing**, and there is an overriding compelling need in the region for Farmworker housing. During the past two decades over 40% of the number of farmworker housing beds were decreased while grape production grew 30%. Prior to this time only the large vineyards were supportive of the concept of farmworker housing.

Overview of the operations

According to the *Napa Farmworkers and Their Housing Needs Study*, prepared by Dr. Phil Martin, in 2001, there were: 10 farm labor camps in Napa County:6 camps privately operated and inspected by Napa County Environmental Health Department with a total of 75 to 80 beds and camps owned or leased by the Napa County Housing Authority and managed by the California Human Development Corporation w(CHDC) with 177 beds. It is projected that the most probable source of additional beds for farm workers is likely to come from the Housing Authority/California Human Development Corporation.

The following are examples of Napa County vineyard related farmworker housing:

Mondovi Camp-
The Mondovi Camp currently houses 52 individuals, two single men per room. The Housing Authority of the County of Napa operates the Mondovi Camp. Originally it was operated during the harvest season for approximately 180 days, and after a request by the Housing Authority of the County of Napa, with the support of the Vintners and Grape Growers Associations, the County Board of Supervisors changed the zoning ordinance applicable to the property to allow the facility to operate 11 months (330) days of the year. The camp typically closes during December or January, with most of the workers traveling to Mexico for the holidays.

Calistoga-
Typically the Calistoga facility provides a 60-bed facility with three men per room, it operates at a deficit of approximately $140,000 per year. The site provides three meals, six days a week, and an on site resident manager for $10.00 per day per worker. In previous years, prior to the assessment, a couple of the larger grape growers assisted with covering the operational deficit despite the fact that they did not get a preference for housing their workers. A number of years ago, the grape growers attempted an experiment to have the growers who actually had workers housed at the facility pay offset payments to cover the deficit, but this proved infeasible because the workers often worked for several growers during a season, and the administration of this was difficult to track.

Beringer Camp-
The Beringer Camp is operated by the Housing Authority, and operates for 120 to 180 days during the harvest season and houses 24 individuals.

Yurts Village-
The Temporary Yurts Village (Tent accommodations) allows for 40 beds and operates for 8-10 weeks during peak harvest, which typically occurs between August through October/November. The site consists of 10/4 bed Yurts. The yurts are set-up and broken down each season, and a contractor is hired each year to set up the on-site infrastructure (electrical, septic, platforms). The sites for the location of the village vary, and if a permanent site is located, the set up and installation costs will be reduced. The Yurt facility in the past has been housed at the Yountville Corporation Yard and is open 75 days during the harvest season.

Phelps Camp-
This site is the new facility that is the subject of the Farmworker Housing Grant and associated assessment on the vineyards. The site will contain 60 units of housing that will operate 11 months out of the year. The site will have a community room, commercial kitchen and on-site services consisting of classes, Spanish language television, a ½ size soccer field. The classes consist of English as a Second Language, health related training, safety courses coordinated with growers. The Phelps Vineyard donated the property.

<u>Overview of Occupancy and other issues-</u>

The occupancy rate of the camps is projected at approximately 82% for 2002-2003 budget projections. The former occupancy rate of 85% was based upon past experience of operations of the Calistoga Camp, which is well known to farmworkers for many years. The Calistoga and Mondavi camps have higher occupancies, and Beringer and the yurts have had low occupancies at the beginning and end of the season. For the 2002-03 operation year the opening dates were approved far in advance which is anticipated to facilitate the Housing Authority's first marketing effort. Marketing is targeted at migrant farmworkers living in what has been defined as "irregular housing situations" during a study conducted by Dr. Phil Martin. Irregular housing situations are commonly the riverbanks, and steps of the Catholic Church, or sleeping in cars and similar places. The study indicated that not all workers with irregular housing are regular or exclusively farmworkers, although they may take farm jobs if they cannot find non-farm jobs.

Since 1998 the Housing Authority and the CHDC operations admit tenants on a first-come, first served basis, with prospective tenants providing proof that they are farmworkers, and completion I-9 work authorization forms. The camps fill soon after they are open, especially the ones open only during the harvest. The workers are charged $10 per day for a bed and three meals, six days a week or approximately $300 per month; meals are served buffet style, and workers can consume as much as they desire. The cost of operating the camps is higher than the rent charged, and averages between $15.00 to $19.00 per day. The operating deficit is approximately $7.00 per day for a total deficit of $140,000 per year for the Calistoga Camp only.

A survey conducted by Dr Martin for the *<u>Napa Farmworkers and Their Housing Needs</u>*, indicated that the Napa wine grapes are very different from wine grapes produced else where in California, but the workers who harvest them are very similar to other California Farmworkers. All of the 72 workers interviewed were born in Mexico, with one half in Michoacan, and all were employed or seeking work in Napa when interviewed. Most of the workers are hired via family, friend, and foreman networks, and there is rarely only one worker from a particular Mexican village. Instead there are often several workers from a particular village in the same crew and housing unit. For example the Yurt camp in August 2001 contained 20 to 25 workers from the same area of Oaxaca who were brought to Napa by a contractor based in Madera. The crew had arrived in Napa just as the Yurt camp opened.

It should be noted that Dr. Martin's survey also surveyed growers, wineries and vineyard management firms on a variety of issues related to worker housing. The responses are worth mentioning from the standpoint of future planning for Monterey County. Almost 19% of the respondents currently provide housing to farm workers, usually as single family homes or for a few key year round employees, this is very similar to the survey conducted of a working group on farmworker housing entitled *<u>Operation of Farm Labor Housing in California.</u>* In Napa, 20 employers provided a total of 30 units in order to assure that they had dependable workers on site 24 hours per day. The major responses of Dr. Martin's survey reflected three trends:

- *<u>Provide temporary housing for temporary workers</u>*-Many respondents praised the Yurts, and urged collective action to get more yurts, RVs, and other temporary housing. May comments urged that only temporary housing be made available, that it be restricted to farmworkers, and that vineyards be assessed to provide for it.

- *<u>Have wineries and others provide housing.</u>* There is widespread recognition that less housing is being provided than in the past. Many comments urged that past providers as well as vineyard management firms provide housing for workers.

➢ *Increase Wages*. Some respondents urged that wages be increased so that workers could afford available housing, although few noted that workers who are trying to maximize savings might continue to double up and live in overcrowded situations, to increase their savings.

Conclusions for Monterey County vintner industry:

There are significant differences between vintner industry in Napa and Monterey Counties but there are also some efforts made in Napa County that could be helpful in Monterey County. As we look at what to do to assist the workers in the Monterey County, consider the following differences and lessons between the wine grape industry in these two counties.

- Most of the agriculture in Napa County is winegrapes and so the development of farmworker housing specifically serves that industry.
- The Napa County vineyards are much more labor intensive than in Monterey County, which uses more technology.
- Monterey County has a diverse agriculture base and the farmworkers work multiple crops *(See separate report on the Vintner Industry)*.
- Most of the farmworkers in the Napa County are single and many are migrant while most of the farmworkers in the vintner industry in Monterey County are married and live in Monterey County most of the year and, therefore, there is more of a need for single and migrant housing in Napa County than in Monterey County for the vintner workers.
- The development of a Housing Trust Fund with permanent source of funds through an assessment to those employers who need housing for their workers could be a useful tool in Monterey County
- There was no fair housing issue with the creation of the farm worker housing because most of the funding came from the vintners and also it was determined that this was a critical need in the County. Napa County also determined how many farmworker housing units were destroyed and counted the new units as replacement units.

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