



**COUNTY OF SAN MATEO**  
**Inter-Departmental Correspondence**  
**County Counsel**



**DATE:** September 19, 2016  
**BOARD MEETING DATE:** October 4, 2016  
**SPECIAL NOTICE/HEARING:** None  
**VOTE REQUIRED:** Majority

**TO:** Honorable Board of Supervisors

**FROM:** Ken Cole, Director of San Mateo County Department of Housing

**SUBJECT:** **Measure A:** Loan to POST and Blue House Farm for Farm Labor Housing at 950 La Honda Road, San Gregorio, California

**RECOMMENDATION:**

Adopt a resolution authorizing the Director of the Department of Housing to execute a loan agreement with Peninsula Open Space Trust (POST) and Blue House Farm, LLC (Blue House Farm) in an amount of \$200,000.00 for two new mobile home units to serve as farm labor housing pursuant to the County's Farm Labor Housing Initiatives for a term beginning October 1, 2016 through the date on which the loan is discharged.

**BACKGROUND:**

Improving farm labor housing has been identified in the Housing Element of the County's General Plan as an important housing-related need. Since 2014, the Board of Supervisors has allocated funds for initiatives to address the need for agriculture workforce housing, including the commission of an agriculture workforce housing needs assessment and funds to repair existing, or create new, agriculture workforce housing.

Initially, the Board, sitting as the Board of Commissioners of the Housing Authority of the County of San Mateo County, approved the allocation for \$500,000 of Moving to Work Funds (Voucher Reserves) for this program. These funds were later replaced with **Measure A** funds to allow the County to better tailor a program that addresses local needs. The Board followed up with a commitment of **Measure A** funds in the amount of \$500,000 in FY 14/15, \$500,000 in FY15/16 and \$500,000 in FY 16/17.

The Farm Labor Housing Rehabilitation Pilot Program was created to facilitate the rehabilitation of existing farm labor housing and replacement of existing dilapidated mobile home units, with a goal of building partnerships and providing the resources to enable farmers and agricultural landowners to improve housing for the County's low-income agricultural workforce. The direct beneficiaries of this work will be the low-income agricultural workers who live in these rehabilitated units.

The program provides no-interest, forgivable loans to qualified applicants. Tenants of

the housing built with such loans must be low-income farm laborers working in San Mateo County. Owners are required to continue to use the housing for low-income farm laborers and to hold rent payments and another other housing related expenses stable for one year and to an agreed level for the duration for the loan. The Department of Housing monitors these commitments for the term of the loan.

### **DISCUSSION:**

The approximately 1,700 farmworkers in San Mateo County face many challenges, including a lack of safe and affordable housing, adequate food, availability of health care, and transportation. In San Mateo County, the high cost of living adds to these challenges.

Much of the identified housing in San Mateo County where farmworkers live in is considered substandard. San Mateo County farmers, farmworkers advocates, and farmworkers themselves are concerned about the quality of this housing as much of it is beyond its useful life. Furthermore, the housing was built for a seasonal workforce. San Mateo County's agricultural workforce is less transient than most, given the coast's extended growing season, the number of nurseries that grow year round and the high level of training required of workers by nurseries and specialty crop growers. Over the years, a trend has developed as farmworkers bring families with them to establish residency. This has often resulted in families occupying houses built for single male farmworkers. The two factors, year round use and overcrowding, have accelerated the physical decline of the housing stock.

San Mateo County's Environmental Health Division reports that farmers are responsive in addressing issue that the County raises during its annual inspection of employee housing, spending funds annually on maintenance. Environmental Health has worked with owners to address issues related to matters such as heat, water, windows, and flooring. Environmental Health has identified the aging state of employee housing and overcrowding as the underlying reason for most of the problems.

Further, basic maintenance for aging structures has become expensive due to the need for constant repairs, and Environmental Health has expressed that this is a "band aid" approach to addressing the issue. The key challenge is that many of the units need either replacement or significantly more substantial rehabilitation work than the farmers have the financial capacity to provide.

The current opportunity involves partnering with Peninsula Open Space Trust (POST) the owner of property located at 950 La Honda Road, in San Gregorio, California, and POST's agricultural operator tenant, Blue House Farm, to replace a dilapidated, abandoned house located on the property, likely built in the late 1800s, with a new mobile home unit. In addition, POST and Blue House Farm propose to replace an existing dilapidated, approximately twenty three year old mobile home, with a new mobile home unit. These two new manufactured housing units will be leased to farm workers employed in San Mateo County.

Project costs will include the following:

Well drilling	\$30,000
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Well pump, water storage and conveyance	\$20,000
Septic system design and installation	\$50,000
Supplies, fixtures, signage, fritter	\$ 4,000
Utility upgrade	\$40,000
Removal of existing house, deliver & install mobile home	\$50,000
Purchase mobile home	\$120,000
Permitting and school impact fees	<u>\$20,000</u>
Total anticipated project costs	\$334,000

The County will loan POST and Blue House Farm \$200,000 to carry out this project (\$100,000 for each of the replacement units), with POST and Blue House Farm providing the rest of the project cost, with a minimum of 20% (\$20,000 for each unit) required as a match for the County loan. The loan will be at zero percent interest, forgiven at a rate of \$20,000 a year (\$10,000 per year for each unit) over 10 years, once the units are installed and occupied by qualifying farm worker tenants.

The Planned Agricultural District zoning will restrict this housing to use by farmworkers and the terms of loan further restrict the use of the housing to low-income farmworkers and provides for rent that is affordable to low-income households. Occupancy restrictions will be monitored by the Department of Housing for the life of the loan.

County Counsel has reviewed and approve the loan agreement and associated materials, as well as the resolution authorizing the loan, as to form.

Approval of this resolution contributes to the Shared Vision 2025 outcome of a Livable Community by enabling the Department of Housing to provide affordable housing to low-income housing.

**Performance Measure(s):**

Measure	FY 2014-15 Actual	FY 2016-17 Projected
New and rehabilitated housing units through the Farmworker Housing Rehabilitation Program	6	6

**FISCAL IMPACT:**

The loan will total \$200,000 using funding from the Farm Labor Housing Initiatives, funded through **Measure A**.