

Habitat for Humanity Monterey Bay

Joe Serna Jr. Farm Worker Mortgage Assistance

Market Study

Executive Summary

This study examines the potential for farm workers in Monterey County to achieve affordable homeownership through a partnership between Habitat for Humanity Monterey Bay and Joe Serna Jr. Farm Worker Mortgage Assistance Program. Our findings indicate a significant need and opportunity to assist farm workers in accessing new, farm worker-focused housing throughout the county. Habitat for Humanity Monterey Bay is poised to play a crucial role by distributing Joe Serna Jr. Farm Worker Mortgage Assistance Program funds to eligible applicants, facilitating their transition to homeownership.

Target Demographic and Urgent Need for Farm Worker Housing

Monterey County's agricultural industry is the largest employer, supporting a workforce of 57,593 individuals (Chimura Economics & Analysis). However, challenging labor conditions, including the absence of a union, limited overtime pay, and exemption from federal minimum wage laws, significantly hinder farm workers' ability to secure safe and affordable housing (Housing and Community Development of California). A recent survey revealed that a substantial portion of farm workers reside in inadequate housing situations: approximately 40% in houses, 30% in apartments, 19% in rented rooms without kitchens, and 12% in other precarious dwellings such as motels, boarding houses, or barracks. The vast majority (89%) are renters, while only 11% own their homes, with a quarter of these owners residing in mobile homes (Chimura Economics & Analysis).

The financial realities for farm workers in Monterey County paint a stark picture. Farm workers earn far less than what is needed just to rent in Monterey County, let alone purchase a home. The average annual income for farm workers in Monterey County is \$35,200, roughly minimum wage (Chimura Economics & Analysis). With average monthly rent at \$2,690 (Zillow), a renter would need to earn approximately \$36.50 per hour – 2.4 times the state's minimum wage – to afford the average monthly rent (Massachusetts Institute of Technology).

Overcrowding is a severe issue, with unrelated farm workers often cohabitating due to high housing costs and limited supply. 93% of farm worker households exceed the standard of one person per bedroom, often with more than two people per bedroom and five people sharing a single bathroom. A concerning 16% of farm workers do not even have a bedroom to sleep in. To

alleviate these extreme conditions and meet the demand for workforce housing, an estimated 47,937 additional housing units are needed in Monterey County (Wadsworth, Vallejo and Cummins-Carlisle).

Our focus is on connecting Monterey County farm workers with opportunities to provide stable, affordable homeownership opportunities to alleviate the cost burden and substandard conditions many experience in their current housing situations. Eligible participants for the Joe Serna Jr. Farm Worker Mortgage Assistance Program must have legal residency or citizenship status in the United States. Partnering with employers who E-Verify their workers' residency status such as Taylor Farms, Fresh Express, and TNA farms will enable us to find eligible applicants. They must also meet Habitat for Humanity's eligibility criteria: physical need for improved housing and ability to repay an affordable mortgage (demonstrated via credit score and income) and meet the 80 percent Annual Median Income (AMI) requirement for Monterey County.

Emerging Trends and Opportunities

Monterey County has a history of affordable housing development through collaborations between local developers and the agriculture community. Several urban areas have announced initiatives to continue building and address the low supply of affordable housing, signaling potential opportunities for farm workers to purchase affordable homes.

For example, in Salinas, several agriculture companies have invested in rental housing developments for their employees, including:

- 2016: Tanimura & Antle Fresh Foods, Incorporated opened an 800-bed apartment complex in Spreckels (California Environmental Quality Act).
- 2017: The Nunes Company Incorporated built the Casa Boronda Housing Project with 75 rental units (California Environmental Quality Act).
- 2020: Cafe Tori Investment, LLC owns the Harvest Moon Housing in Downtown Salinas with 150 units and space for up to 800 people (California Environmental Quality Act).

The City of Greenfield contributed \$500,000 towards the development of Walnut Place, a multi-family residential project for low- and moderate-income households with CHISPA agreeing to maintain the project in exchange for the city's contribution. The city also contributed \$500,000 toward the development of Vineyard Green Townhomes, another multi-family residential project for low- and moderate-income households (CHISPA).

In King City, CHISPA received a \$680,000 loan from the Monterey Bay Housing Trust (MBHT) to purchase property for a 59-unit housing development. The development, originally planned in 2007, is close to various community amenities and will have an average affordability of 50% AMI. While currently in its first stage, there are three more planned stages that will provide more affordable homes to farm workers and their families in Monterey County (CHISPA).

Competitive Analysis

The Joe Serna Jr. Farm Worker Housing Program has already supported projects like the Alfred Diaz-Infante Apartments in East Garrison, providing 66 homes for low-income residents, with 43 reserved for agriculture workers and their families (CHISPA). While there is a trend toward building farm worker housing, much of it, like the Alfred Diaz-Infante Apartments, is geared towards renting rather than homeownership. However, future homeownership opportunities are anticipated in Greenfield at Walnut Place and in subsequent phases of CHISPA's King City development.

Habitat for Humanity Monterey Bay holds a competitive advantage for administering Joe Serna Jr. Mortgage Assistance due to its proven expertise in collaborating with home developers, local governments, and agricultural companies in Monterey County. Our established community involvement, ability to measure and report on housing outcomes, and the presence of one of California's largest farm worker populations strengthen our capacity to effectively utilize Joe Serna funds for affordable home ownership. Furthermore, we would be the only nonprofit organization exclusively dedicated to promoting homeownership for Monterey County farm workers and their families. These factors position Habitat for Humanity Monterey Bay as an ideal candidate for Joe Serna Jr. Farm Worker Mortgage Assistance.

Risks and Challenges

A key challenge is the low supply of designated affordable homes in Monterey County, stemming from the slow pace of construction and the low turnover rate of existing affordable homes.

Despite the development of affordable housing in areas like King City and Salinas, the demand far exceeds the supply (CHISPA). With 57,593 people in the agricultural labor force and many more connected individuals seeking housing, even the construction of 250 affordable homes per year would only address a fraction of the housing need in Monterey County.

We also acknowledge that the limited availability of existing affordable homes further exacerbates the problem. People tend to remain in their homes for extended periods, whether aging in place or staying in affordable housing to save money, resulting in a stagnant market with low turnover.

Conclusions and Recommendations

Habitat for Humanity Monterey Bay, in partnership with Joe Serna Jr. Farm Worker Mortgage Assistance Program, offers a viable solution to the housing insecurities faced by Monterey County farm workers and their families.

The significant imbalance between the demand and supply of affordable housing underscores the urgent need for increased homeownership funding to farm workers through the Joe Serna Jr. Mortgage Assistance Program. Habitat for Humanity Monterey Bay has a unique opportunity to leverage Joe Serna Jr. Farm Worker Mortgage Assistance to provide permanent homeownership options for qualified farm workers. By partnering with agricultural employers who verify legal residency, our organization can effectively target eligible farm worker families and facilitate their transition into safe, affordable homes. Additionally, the increasing involvement of local developers and agricultural companies in building housing solutions demonstrates that there is momentum behind addressing the housing crisis for farm workers.

Habitat for Humanity Monterey Bay will lean heavily into their already established connections with local agriculture companies to support their workforce into becoming homeowners. Habitat for Humanity Monterey Bay will also work with local cities and their councils to help house their citizens by providing outreach and information across partnering government websites that already advertise affordable homeownership opportunities.

Monterey County has a strong history of developing affordable housing with local developers and their agriculture community with each urban area proclaiming initiatives on their websites to keep building and increasing the low supply of affordable housing. This trend provides encouragement to the farm workers of Monterey County that there will be new affordable homes on the market. If supported with Joe Serna Jr. Mortgage Assistance funding, Habitat for Humanity Monterey Bay will be there to help fill those homes with Monterey County's economic backbone of full-time resident farm workers.