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**Case No. 23, Day 1**  
**Date Due:** Nov. 16, 2011

**Learning Objective:** Describe existing state policies and funding mechanisms for farmworker housing in WA state. What incentives have been provided to growers to provide housing?

### **Washington's Funding and Policy Efforts to Boost Farmworker Housing Have not Resolved Chronic Problems in the State's Rural Counties**

**Abstract:** In Washington state, thousands of farmworkers still lack basic housing despite the continued global success of a multi-billion-dollar agriculture sector that exports the state's crops and produce to the nation and world. For 12 years, the state has invested in farmworker housing, through grants, loans, and voucher assistance, valued at \$100 million. The efforts have led to the development of more than 1,300 permanent units and 9,200 seasonal beds for farmworkers throughout rural Washington, but far behind the actual needs of the seasonal and permanent workers—nearly all Latino—who cultivate and harvest the state's crops every year. Funding dedicated to the Housing Trust Fund has begun to decline amid the ongoing recession, without a clear replacement funding source identified at the local, state, or federal levels, further putting at risk residents who have some of the most difficult jobs in Washington.

**Introduction:** In 2008, the nonprofit Washington State Farmworker Housing Trust released a report and survey results showing a problem impacting a dozen rural, agricultural counties. The state still needed 39,000 homes for seasonal and local farmworkers throughout the state.<sup>1</sup> This finding came nearly a decade after the state launched an ambitious effort under the leadership of Gov. Gary Locke to provide “safe, decent, and affordable housing for farmworkers.”<sup>2</sup> That effort included a range of legislative actions, budget authorizations, and other mechanisms coordinating state regulatory authority to address the unmet need of the mostly Latino workforce that provides the sweat, muscle, and manpower to sustain the state’s \$5.3 billion a year agriculture sector.<sup>2</sup>

Yet, as our case’s trio of MPH students found on their excursion through Grant County, in south central Washington, farmworker families are still camping out of doors in “makeshift tents and shacks.” The MPH students learned that some programs, such as temporary tents, are no longer used. And, they may soon learn that Mattawa, where they stopped for lunch, was one of the first agricultural communities to receive assistance in 1999 from the state, matched by local public housing funds, to build Esperanza, a community of 40 converted cargo containers that provides 240 beds to seasonal farmworkers, in a town whose population can more than double during peak harvest seasons.<sup>2</sup> But despite the good intentions of the state and county to mitigate the housing problem, such efforts are still not enough.<sup>3</sup>

**State Funding:** In 1999, during Gov. Locke’s first term as chief executive, the state identified farmworker housing as a top priority through a legislative proviso—a state capital budget line

item\*— to the Housing Trust Fund (HTF).<sup>4</sup> State statutes declare that it is “in the public interest to establish a continuously renewable resource known as the housing trust fund [*sic*] and housing assistance program to assist low and very low-income citizens in meeting their basic housing needs.” State statutes further note “the needs of very low-income citizens should be given priority and that whenever feasible, assistance should be in the form of loans.”<sup>5</sup>

By 1999, the conditions facing Washington’s tens of thousands of farmworkers, particularly fruit harvest pickers in communities like Mattawa, had attracted significant media attention because of controversies surrounding homeless farmworkers forced to sleep in encampments or by roadsides. Critics also blasted the tent camps that had been created to house farmworkers, instead of permanent structures. One prominent Washington farmworker advocate, Lupe Gomboa, called the use of tents and plastic tarps as housing “unacceptable” and a “cave in” to agricultural interests. “It’s saying these workers are not human,” he told the Seattle Times.<sup>6</sup> That biennium, the Legislature appropriated \$8 million to the HTF for farmworker housing. The level was sustained in the following 2 biennia, and increased to \$11 million in 2005-07, and then \$14 million in 2007-09.<sup>6</sup> Additional funding was set aside to an infrastructure loan program to help Washington growers develop on-farm housing projects, totaling \$12 million in the last 3 biennia. In 2009-11, the HTF appropriation fell to \$ 7 million, with \$3.5 million reserved for the on-farm loan program, according to data shared by Janet Masella, associate managing director of the HTF.<sup>7</sup> For the current biennium, only \$3 million was appropriated in the capital budget, as the state continues to grapple with historic budget shortfalls amid the great recession.

All told, in capital investments and loans to build seasonal and year-round farmworker housing, the state has contributed \$100 million.<sup>7</sup> (See appendices 1, 2, and 3.)

Locke’s original vision for a 10-year plan to build housing for 10,000 farmworkers came close, with 9,200 beds

**Table 1: Farmworker housing needs (source: Washington State Farmworker Housing Trust)**

County	Year-round Units Needed (for local workers)	Temporary Units Needed (for nonlocal workers)	Total New Units Needed	as % of Existing Housing
Yakima	8,858	4,237	13,095	16.5%
Benton	3,911	1,716	5,627	10.0%
Grant	3,391	2,229	5,620	19.4%
Franklin	2,728	1,176	3,904	24.3%
Chelan	2,109	1,300	3,409	11.1%
Okanagon	1,656	457	2,113	11.1%
Douglas	1,520	676	2,196	16.9%
Walla Walla	1,079	196	1,275	6.0%
Skagit	596	248	844	2.1%
Adams	523	108	631	10.9%
Whatcom	511	Unknown	>511	<1%
Snohomish	176	Unknown	>176	<1%
<b>Total:</b>	<b>27,058</b>	<b>12,343</b>	<b>&gt;39,401</b>	<b>10.69%</b>

\* The proviso was made under title 43 of the Revised Code of Washington (RCW), which outlines the authority of the state’s executive branch.

built by 2009.<sup>5,7</sup> However, this milestone still falls short of the demand. As of 2005, the state estimated the number of agricultural workers ranged from 125,000 to 180,000, with seasonal workers moving from farm to farm depending on the crops. A full third of the workforce was believed to be migrant—without a permanent place of residence.<sup>2</sup> A 2002 study by the University of Washington found that the state still needed to develop 47,000 units.<sup>2</sup> In the 2008 study by the Washington State Farmworker Housing Trust (see table 1) cited already, it was determined the state still needed 12,000 seasonal-occupancy units for non-permanent workers and 27,000 for local workers—mostly in counties east of the Cascade Mountains.<sup>1</sup>

**How State Financing Works:** The HTF’s Farmworker Housing Program’s strategy to address the lack of “safe, decent, and affordable housing” identifies 3 priorities<sup>8</sup>:

- *Capital investments in year-round housing for farmworkers:* These include grants and loans to nonprofit organizations and local governments to help build rental or home ownership projects for farmworkers living in an area year-round.
- *Capital and operating investments in seasonal housing for migrant workers:* These involve grants and loans and subsidies to help run seasonal camps and rental quarters for migrant farmworkers. Partners include entities like the Housing Authority of Grant County, which along with Federal Home Loan Bank, helped to develop the Esperanza complex in Mattawa for seasonal housing for 240 workers.
- *Emergency assistance for migrant farmworkers who are homeless and displaced “due to health and safety issues”:* This program is administered by the state Department of Health. These are most frequently used during peak demands periods, which occur during July and October harvests.

The Farmworker Housing Program boasts that the funding and loan strategy had created an additional 12,000 bednights of emergency shelter for migrant farmworkers who were found to have been living in “unsafe conditions.”<sup>8</sup>

Staff from the state Department of Commerce\*, which oversees the HTF, also offer technical guidance to growers and housing providers who are interested in developing farmworker housing. This is provided through feasibility studies and the development of engineering and building plans. As of 2005, \$26 million of all state funding had been steered to build permanent, year-round farmworker housing. Investments went to local home ownership and rental projects, which leveraged \$10.2 million in low-income housing tax credits. These federal tax credits are appropriated annually to all states on a per-capita basis and managed through the Washington

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\* Prior to 2009, the Department of Commerce was called the Department of Community, Trade, and Economic Development, or CTED.

State Housing Finance Commission.<sup>2</sup> The credits, which have been steered to farmworker housing developments, are designed to spur the building or rehabilitation of housing for low-income persons by offering a dollar-for-dollar credit from a developer's federal taxes.<sup>9</sup> The state infrastructure loan program, totaling \$7 million to date, also provides zero-interest deferred loans to growers for any improvements they make to on-farm housing.<sup>7</sup> Growers are required to offer a dollar-to-dollar match in the project's total costs, and they must keep a site in use and licensed for temporary worker housing for 15 years.<sup>6</sup>

**State Regulatory Oversight:** The state's involvement in farmworker housing financing also required regulatory coordination. In 1999, the state designated the Department of Health to "streamline" farmworker housing regulations, in collaboration with local governments and growers.<sup>2</sup> This followed a short-lived DOH oversight period in the 1990s of a controversial tent housing provision for 1,900 cherry pickers. Farmworker advocates blasted the camps for being illegal, and the U.S. Department of Labor enforcement closed the camps in 1998. A 2005 Farmworker Housing Program report concluded that new rules were needed to make farmworker housing "more reasonable and affordable to growers, while still maintaining essential public health protections."<sup>2</sup> The DOH, along with the state Department of Labor (DOL), created a formal agreement that led to the development of a single set of rules covering growers, workers, advocates, and state agencies, with the DOH given authority to implement and oversee farmworker housing rules.<sup>2</sup> Four sets of DOH rules currently address farmworker housing in state law and regulations. DOH authority covers<sup>11</sup>:

- Health and safety regulations for temporary worker housing that provides "a clear and concise set of regulations for temporary worker housing";
- Regulations for minimum health and safety requirements for temporary worker housing;
- Construction requirements for structures used as temporary worker housing;
- Minimum health and safety requirements for cherry harvest camps, governing conditions impacting the harvest of the most lucrative state fruit crop. CTED provides loans to the "rent-a-tent" program that allows federally approved tents to be leased to growers for cherry picker farmworkers only, though the program is administered by the Washington Growers League.<sup>8</sup>

**Local Funding and Partners:** Since 1999, 16 Washington counties have received nearly \$100 million in seasonal and permanent housing from the HTF (see appendix 2). The agricultural counties that received the most funding were Chelan, at \$18.5 million, followed by Grant, at \$17 million, both major fruit-growing areas with many seasonal workers.<sup>7</sup> Often projects bring

together multiple partners and funding streams—a county housing authority that can tap federal assistance for low-income housing, HTF support, federal tax credits, and some local charitable funding within the state’s agricultural counties. For instance, the 19-unit Lugar Seguro seasonal housing facility in Othello, which opened in 2010, cost \$2.5 million. Developed by the Othello Housing authority, the project drew grant funding from CTED, the

Farmworker Housing Financing Stakeholders



Housing Trust Fund, and a local bank.<sup>12</sup> In heavily agricultural Yakima County, the Farmworker Trust Advisory Council, which promotes farmworker housing, numbers more than a dozen organizations, including a local housing trust, growers’ groups, faith-based housing organizations, and others.

**Federal Aid:** Federal funding is not promising. The U.S. Department of Agriculture (USDA) has a half-dozen loan programs for rural rental and permanent housing assistance. Some additional funding to complement state funds can be tapped from the USDA’s section 514 loans and section 516 grants, both created in the 1960s.<sup>10</sup> These are provided nationally to buy, build, improve, or repair housing for legal or permanent resident farmworkers only. However, changes to the program in the last 10 years required more work to put together the funding packages, with leverage needed to equal at least 10% of total development costs. This can be challenging, given seasonal housing provides extremely low returns, below market value. The Washington State Farmworker Housing Trust also determined that the USDA’s method of determining rental assistance is not compatible for many farmworkers, who rent on a short-term basis.<sup>10</sup>

**Conclusion/Back to the Case:** My research did not uncover any private sector-led effort to spur the development of farmworker housing among the grower community. Federal and state funding sources provided most of the incentives. Yet, the Farmworker Housing Program’s 2005 study of farmworker housing reported “the availability of housing is consistently identified as a key factor in [growers’] ability to attract and retain a stable workforce.”<sup>2</sup> For its part, the

Washington State Farmworker Housing Trust, which identifies a large need, offers few new policy suggestions to spur new funding. The group's 2008 report can only recommend "additional financing tools to increase both private and public investment in housing and infrastructure," as well as stronger local efforts that draw upon the resources of agricultural businesses, farmworker advocates, and affordable housing providers. No realistic fiscal plan is offered. Given the state's continuing budget crisis because of weak sales-tax-based revenue generation and the budget-cutting focus in Congress, it appears farmworker housing's only reliable funding sources may soon see further cuts.

**Questions:** 1) I was told by the HTF's Janet Masella that the statutory authority creating the HTF amounted to nothing more than a line item in the state capital budget approved every biennium. Could the fund disappear easily if the fiscal crisis continues in Olympia? 2) Given the combination of campaign finance regulations and voters' reluctance to pass an income tax on wealthy state residents, can the state's large community of multi-millionaires and billionaires be shamed or tapped to provide matching funding for farmworker housing?

**Appendix 1:** Investments in farmworker housing by the Washington State Department of Commerce, through the Housing Trust Fund (HTF), 1999-2011.<sup>7</sup>

Biennium	Community-Based	On-Farm	Total Set-Asides	Total Investments to Date*
99-01	\$ 8,000,000		\$ 8,000,000	\$ 11,674,667
01-03	\$ 8,000,000		\$ 8,000,000	\$ 13,308,075
03-05	\$ 8,000,000		\$ 8,000,000	\$ 11,541,034
05-07	\$ 11,000,000	\$ 2,500,000	\$ 13,500,000	\$ 16,487,098
07-09	\$ 14,000,000	\$ 6,000,000	\$ 20,000,000	\$ 30,752,628
09-11	\$ 7,000,000	\$ 3,500,000	\$ 10,500,000	\$ 16,149,423
	\$ 56,000,000	\$ 12,000,000	\$ 68,000,000	\$ 99,912,925

\* Includes all fund sources, including \$2.3 million federal.

**Appendix 2:** Total investments, organized by county, in farmworker housing by the Housing Trust Fund, 1999-2011.<sup>7</sup>

County	Seasonal Housing		Permanent Housing		Total \$ Invested*
	Beds Created	\$ Invested*	Units Created	\$ Invested	
Adams	116	\$ 4,045,090	25	\$ 776,868	\$ 4,821,958
Benton	298	\$ 941,590	23	\$ 840,000	\$ 1,781,590
Chelan	2,097	\$ 17,528,354	22	\$ 1,038,913	\$ 18,567,267
Clark	453	\$ 282,743			\$ 282,743
Cowlitz	382	\$ 34,751	100	\$ 2,850,000	\$ 2,884,751
Douglas	960	\$ 7,537,649	42	\$ 2,537,495	\$ 10,075,144
Franklin	831	\$ 5,279,994	87	\$ 3,655,000	\$ 8,934,994
Grant	1,059	\$ 5,379,316	309	\$ 11,668,841	\$ 17,048,157
Klickitat	210	\$ 390,381	19	\$ 636,690	\$ 1,027,071
Lewis	-	\$ -	169	\$ 5,880,000	\$ 5,880,000
Okanogan	1,324	\$ 4,929,382	27	\$ 1,202,850	\$ 6,132,232
Skagit	890	\$ 667,799	174	\$ 6,405,805	\$ 7,073,604
Snohomish	54	\$ 286,867			\$ 286,867
Walla Walla	108	\$ 1,500,000	60	\$ 2,500,000	\$ 4,000,000
Whatcom	-	\$ -	50	\$ 980,000	\$ 980,000
Yakima	427	\$ 2,214,530	225	\$ 8,606,892	\$ 10,821,422
<b>Total</b>	<b>9,209</b>	<b>\$ 51,018,446</b>	<b>1,332</b>	<b>\$ 49,579,355</b>	<b>\$ 100,597,801</b>

**Appendix 3:** Investments by housing type, by the Housing Trust Fund, 1999-2009.<sup>7</sup>

Seasonal Housing	Beds	\$ Invested
Community-based	1,127	\$20,990,194
Migrant camps	1,095	\$13,827,213
On-farm	6,987	\$16,201,038
<b>Total Seasonal</b>	<b>9,209</b>	<b>\$51,018,446</b>
Permanent (Year-Round) Housing	Units	\$ Invested
Multi-family	1,282	\$48,079,355
Homeownership	50	\$1,500,000
<b>Total Permanent</b>	<b>1,332</b>	<b>\$49,579,355</b>

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