

MARKET STUDY REQUIREMENTS FOR JOE SERNA Jr. FARMWORKER HOUSING GRANT PROGRAM PROJECTS

For projects that will utilize the Joe Serna Jr. Farmworker Housing Grant Program (Serna Farmworker Program) to assist units to house farmworkers, a market study must be prepared pursuant to the Market Study Guidelines that the California Tax Credit Allocation Committee (TCAC) published on March 31, 2004 as well as the requirements specified below. Besides demonstrating the overall demand for the rental housing units within the market area, the purpose of the market analysis is to demonstrate the extent of effective demand for the rental units that will be occupied by members of the Serna Farmworker Program eligible targeted population- “agricultural workers”. “Agricultural workers” must be engaged in “agricultural employment” and these jobs typically pay lower wages than workers engaged in later stage manufacturing activities, e.g., food processing. The market analysis must include information that documents the extent of the demand for the housing units from this specific category of worker as well as the ability of these workers to pay the proposed rents.

The Serna Farmworker Program statute and regulations define Farmworkers as “Agricultural Employees”. An Agricultural Employee” as one who is engaged in agriculture which includes farming in all its branches, and, among other things, includes the cultivation and tillage of the soil, dairying, the production, cultivation, growing, and harvesting of any agricultural or horticultural commodities, the raising of livestock, bees, furbearing animals, or poultry, and any practices (including any forestry or lumbering operations) performed by a farmer or on a farm as an incident to or in conjunction with such farming operations, including preparation for market and delivery to storage or to market or to carriers for transportation to market. It also includes any person who works at a packing shed, for a labor contractor, or other entity that contracts with an agricultural employer in order to perform services in connection with handling, drying, packing, or storing any agricultural commodity in its raw or natural state. **Food processing plants such as canneries are not considered as agricultural employment.**

Per the TCAC Market Study Guidelines that can be obtained from the TCAC website (<http://www.treasurer.ca.gov/ctcac/mktstudy/mktstudy04.pdf>), a separate farmworker section must be completed because Farmworkers are defined as a separate, distinct target population. **Please note that TCAC approval of the Market Study does not guarantee HCD approval nor shall HCD be held to TCAC evaluative methods or guideline interpretations.**

The following are requirements in addition to the TCAC Market Study Guidelines. The requirements are organized to correspond to specific sections in the TCAC Market Study Guidelines. These items are in addition to all of the items that must be addressed in the separate Farmworker study section required by the TCAC guidelines.

Project Description

USDA Rural Development Farmworker housing projects in the area must be identified.

Market Area Economy

- Provide general information concerning the type of labor intensive crops grown in the area and prospects for continued demand for farm laborers. Information may be available from the local Farm Extension Service Office or the USDA Farm Service Agency.
- Identify and list major agricultural employers in the Primary Market Area (PMA); provide a scaled map with the project and the different employers locations and that also indicates public transportation routes in the area.
- Show agricultural employment growth (or decline) over the past five years or ten years.
- Comment on the agriculture worker employment trends.
- Comment on the availability of affordable housing for farmworkers in the PMA.
- Provide a breakdown of typical wages by occupation for agricultural workers. Typical wages may be found in the Economic Development Department's Labor Market Information publication. Contact and interview, when possible, major agricultural employers in the PMA for verification of the stated wage rates, employment levels and trends.
- Relate the available agricultural employment and associated wage rates to the target population and projected rent levels.

Population, Household and Income Trends

Provide an estimate of the number of farmworkers who are home based in the area. Cite the data source for this estimate. Provide an estimate of the growth (or decline) of the farm worker population for the next 2-5 years. Provide the source(s) of all data used in the estimate and a description of the methodology employed in the analysis.

Demand Estimate

Assume that Farmworker Households will spend no more than 30% of their income for gross rent.

Capture Rates

Capture rates shall not be required by the project to be unreasonably high and shall be within industry norms. PMA's shall not be expanded in order to reduce capture rates. Capture rates will not be accepted at a higher than normal rate solely due to the target population. Reasonable capture rates range from five percent to ten percent. Any deviation from the capture rate range shall require extraordinary and compelling explanation and the Department is under no obligation to accept such explanations.

Competitive Rental Market

Existing and Planned Affordable Housing Comparables

Identify the number, condition, adequacy, ownership, and rental rates for affordable housing units. This includes but is not limited to units currently used or available to Farmworkers. If there are existing farmworker housing projects in the market area, those should be contacted to learn of the typical rents, income levels of the tenants, and the number on the waiting list and occupancy rate. Other rental projects should be contacted to find out the percentage of farmworker tenants and, if possible, income information. A good source to contact for possible project identification is the USDA Rural Development Office serving the market area.

Note: All affordable housing units in the PMA are considered potentially comparable, not just those specifically targeted to Farmworkers.