Agricultural Employee Housing Resource | Farmworker Housing Opportunity Sites for City-County Partnerships Case Study Examples

INTRODUCTION

This resource outlines ways in which Cities and Counties can work together to promote farmworker housing. Three of the major barriers to farmworker housing development are access to land, funding and water services. This resource is applicable if your jurisdiction may have viable farmworker housing development sites in contiguous areas that straddle an unincorporated County and an incorporated City boundaries. This resource features two case study examples of successful City-County partnerships.

In this resource, we outline the approvals, steps, and key partner roles in these agreements. These case studies can inform other partnerships between Cities and Counties and encourage creative solutions to address development barriers.

- **Pippen Orchards** *(City of Watsonville and County of Santa Cruz)* is a multiphase housing development that is located on a mix of both City and County parcels. The City and County signed a Memorandum of Understanding (MOU) for the City to provide services to the property. Eventually, the County-owned parcel was annexed into the City. Out of the 80 units planned for Phase II of Pippen Orchards, 39 units are set aside for farmworkers.
- In the **Napa Pipe** project *(City of Napa and County of Napa),* the City agreed to provide services to the development, which was located on a parcel in unincorporated Napa County. In exchange, the County agreed to prioritize housing funds for projects inside the City of Napa as well as grant a proportion of development units to count toward the City's Regional Housing Needs Allocation (RHNA) count for a set number of planning periods.

Disclaimer: These documents are intended to provide general information and do not constitute legal advice. Additional facts, facts specific to a particular situation, or future developments may affect the subjects discussed in these documents. Seek the advice of your City/County attorney before acting or relying upon the following information.

HOW & WHEN TO USE

The primary audience for this template are City and County-level Housing Department Staff and housing developers who are seeking to build farmworker housing in unincorporated County areas and evaluating the respective responsibilities across multiple jurisdictions

This resource may be relevant to your jurisdiction if you have viable development sites that are along the border of neighboring jurisdictions.

CASE STUDY: PIPPEN ORCHARDS

SUMMARY

Pippen Orchards is a three-phase development project that creates affordable housing for low-income residents, including agricultural workers and households with supportive household needs. The project site was originally on two parcels, one of which was part of the City of Watsonville, the other which was located on unincorporated Santa Cruz County land. In 2018, the property that was located on County land was annexed into the City of Watsonville.

Developer: MidPen Housing

Phase I: completed 2018, 46 units (60 percent AMI)

Phase II: completed 2024, 80 units (30-60 percent AMI)

Funding: City of Watsonville, County of Santa Cruz, Housing Authority of County of Santa Cruz, California Tax Credit Allocation Committee, MUFG Union Bank

Development Program

- **Phase 1:** 46 units at 60 percent Area Median Income (AMI) (as determined by California State Housing and Community Development (HCD))
- **Phase 2:** 80 units at 30-60 percent of AMI
    - Thirty-nine units set-aside for agricultural worker households
    - Twelve units set-aside for households with supportive housing needs
- **Phase 3:** To be released

Tenant Benefits

- Community room with kitchen
- Open Courtyard
- Programs for youth
- Financial capabilities classes
- Workforce development
- Health and wellness programs
- Computer lab and assistance
- Case management
- Connection to community resources

ALLOCATION OF ROLES AND RESPONSIBILITIES

City Roles and Responsibilities

- ☐ Enter in MOU with County to jointly oversee planning and environmental review process
- ☐ Provide services (including fire, police, water, solid waste, and sewer) to property
- ☐ Apply to Local Agency Formation Commission (LAFCO) for a) expansion of Sphere of Influence to provide water and sewer connections, and b) annexation of county parcel to the City
- ☐ Provide funding to support project costs

County Roles and Responsibilities

- ☐ Certify Environmental Impact Report (EIR)
- ☐ Process building permits
- ☐ Provide funding to support project costs

Project Sponsor/Developer Roles and Responsibilities

- ☐ Parcel Acquisition and Assembly parcels (MidPen was supported by County funding)
- ☐ Based on agreements laid out in the MOU, make a one-time municipal services mitigation payment to the City related to this project
- ☐ Pay appropriate impact fees to City and County

Impact Fee Distribution

In the MOU, the County, City and Developer determined the distribution of any fees that came from the project. The Developer would pay the below fees to the respective parties.

- **City:** Sanitary Sewer Connection Fee. Water Service Fee, Groundwater Impact Fee, Storm Drainage Fee, Impervious Area Impact Fee, Public Facilities Fee, Fire Impact Fee, Underground Utility In-Lieu Fee
- **County:** Childcare Impact Fees (for 26 units located on County parcel)
- **Both:** Traffic Impact Fee, Parks Impact Fee

Success Factors

- **Early Collaboration:** In 2007, when adjacent parcels were identified as having potential for development. The County and City entered into a MOU (see Appendix) to jointly review the initial planning and environmental review process. This MOU helped to inform future collaborations and accountability between the two jurisdictions.
- **Clear Delineation between City and County Responsibilities and Benefits:** The MOU clearly outlines and anticipates not only responsibilities, but also ensures that both parties benefit from the partnership. The clear delineation of how fees are distributed from the project is an example of how the jurisdictions used an MOU to clearly lay out risks and benefits.

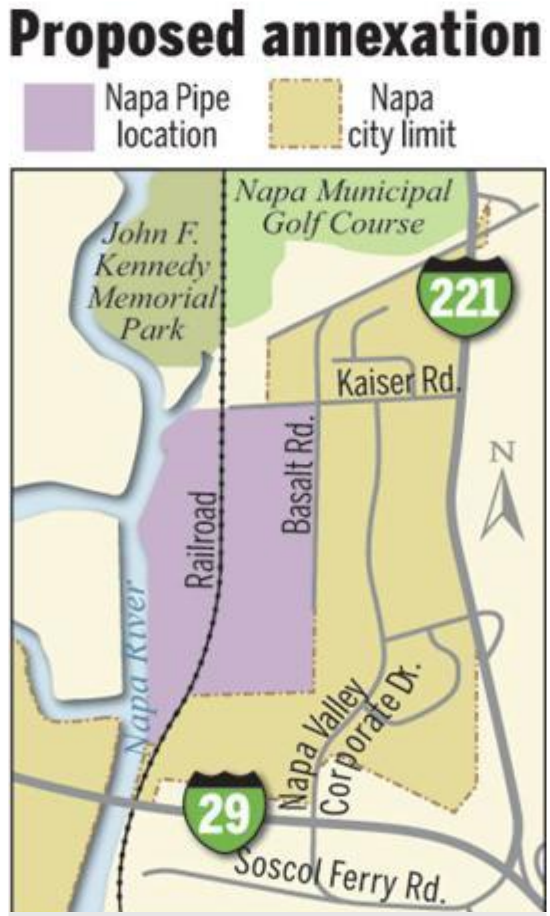
Sources

- Pippin Orchard 2014 MOU

- County of Santa Cruz Pippin Orchard Public Hearing [Documents](#) (2014)

CASE STUDY: NAPA PIPE

Introductory Note: This case study highlights an example of a City-County partnership which involved sharing RHNA allocations and the passage of state legislation. This case study illustrates the hurdles that RHNA sharing across jurisdictions would need to navigate and is therefore not an easily replicable model.



Credit: Napa Valley Register

SUMMARY

Napa Pipe is a development located on a 154-acre property, originally located in unincorporated Napa County. The property was annexed into the City of Napa. The County, City and Developer signed a MOU so that the City would provide services to the property. In exchange, upon the passage of state legislation, the County would get a portion of RHNA allocation from these units for a set number of planning periods. The County also agreed to prioritize County housing funds towards other projects within the City.

Developer: Napa Redevelopment Partners, an LLC comprised of Rogal + Walsh + Mol and Farallon Capital Management

Development Program Up to 945 residential housing units, of which 20% or 190 units would be deed restricted. No units are deed restricted for farmworkers.

- 70 units are Low Income, 60-80 percent of AMI
- 70 units are Very Low Income, no greater than 50 percent of AMI
- 50 units are Moderate, 80-120 percent of AMI

Community Benefits

- Park and recreation areas on approximately 30 acres
- Retirement community of 150 suites
- 15,000 square feet of community facilities

ALLOCATION OF ROLES AND RESPONSIBILITIES

City Roles and Responsibilities

- ☐ Provide water services to the property
- ☐ Apply to Local Agency Formation Commission (LAFCO) for expanded Sphere of Influence (SOI) to include the property and phased annexation of the NPP to the City
- ☐ Pass local zoning code changes to include the development

County Roles and Responsibilities

- ☐ Approval of initial development application materials
- ☐ Prior to annexation, provide police and fire services to the property
- ☐ Approve building permits for development pre-annexation
- ☐ Provide portion of funds for project

Joint Roles and Responsibilities

- ☐ Advocate for State legislature (SB 235) to enable transfer of RHNA credits (See Appendix)[1]
- ☐ Upon passage of legislature, jointly apply to ABAG to support revised RHNA allocation between the City and County

Project Sponsor/Developer Roles and Responsibilities

- ☐ Provide one-time payment to City for water allocation
- ☐ Reimburse City for infrastructure needed to provide water service to the Property

Success Factors

- **Political Support:** Political support at all levels, including the State level, was critical for the success of this agreement. Strong leadership at the local level was a necessary part of
- **Aligned incentives across all parties:** Incentives were clearly laid out for involved parties.
- **Legal Constraints** Because of State legislation governing RHNA allocations, the City and County could not independently adjust their allocations for the Napa Pipe project. Therefore, the City and County advocated for the passage of Senate Bill 235 (SB 235), which was passed in 2019, effective January 1, 2020. To execute SB 235, the City and County executed an updated agreement (see Napa Pipe 2019 MOU).

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[1] In the 2013 MOU, the City and County agreed that the City would accept 80 percent of the County's RHNA for a set amount of planning periods. The process outlined in the 2013 MOU was through the "subregional process in Government Code Section 65584.03. However, upon revisions to the RHNA process in 2018 via Assembly Bill 1771 (AB 1771), alternative distributions of RHNA allocations require additional approval. Therefore, the City and County proposed SB 235 to the State legislature to enable transfer of RHNA credits for the Napa Pipe project.

  - Note: RHNA sharing negotiations was one aspect of the negotiating terms between the City and County for the Napa Pipe project. This process is unusual and falls under the legislative context presented in Appendix A.

Sources

- Napa Pipe 2013 MOU
- Napa Pipe 2019 MOU
- Napa County Board of Supervisors, “Where’s my Costco? A History of the Napa Pipe Project” (2019)

APPENDIX A: CURRENT LEGISLATIVE CONTEXT

ARTICLE 10.6. Housing Elements [65580 - 65589.11]
Section 65584.07 (Legislation linked here)

(d) (1) If an annexation of unincorporated land to a city occurs after the council of governments, subregional entity, or the department for areas with no council of governments, has made its final allocation under Section 65584.03, 65584.04, or 65584.06, a portion of the county's allocation may be transferred to the city. The city and county may reach a mutually acceptable agreement for transfer of a portion of the county's allocation to the city, which shall be accepted by the council of governments, subregional entity, or the department, whichever allocated the county's share. If the affected parties cannot reach a mutually acceptable agreement, then either party may submit a written request to the council of governments, subregional entity, or to the department for areas with no council of governments, to consider the facts, data, and methodology presented by both parties and determine the number of units, by income category, that should be transferred from the county's allocation to the city.

(2) (A) Except as provided under subparagraph (B), within 90 days after the date of annexation, either the transfer, by income category, agreed upon by the city and county, or a written request for a transfer, shall be submitted to the council of governments, subregional entity, and to the department. A mutually acceptable transfer agreement shall be effective immediately upon receipt by the council of governments, the subregional entity, or the department. The council of governments, subregional entity, or the department for areas with no council of governments, shall make the transfer effective within 180 days after receipt of the written request. If the council of governments allocated the county's share, the transfer shall be based on the methodology adopted pursuant to Section 65584.04. If the subregional entity allocated the subregion's share, the transfer shall be based on the methodology adopted pursuant to Section 65584.03. If the department allocated the county's share, the transfer shall be based on the considerations specified in Section 65584.06. The transfer shall neither reduce the total regional housing needs nor change the regional housing needs allocated to other cities by the council of governments, subregional entity, or the department for areas with no council of governments. A copy of the transfer finalized by the council of governments or subregional entity shall be submitted to the department. The council of governments, the subregional entity, or the department, as appropriate, may extend the 90-day deadline if it determines an extension is consistent with the objectives of this article.

(B) If the annexed land is subject to a development agreement authorized under subdivision (b) of Section 65865 that was entered into by a city and a landowner prior to January 1, 2008, the revised determination shall be based upon the number of units allowed by the development agreement.

(3) A transfer shall not be made when the council of governments or the department, as applicable, confirms that the annexed land was fully incorporated into the methodology used to allocate the city's share of the regional housing needs.

Section 655.74.08 (Legislation linked here)

This amendment was passed in 2019 to recognize the unique conditions of the Napa Pipe project.

b) The County of Napa and the City of Napa may reach a mutually acceptable agreement to allow one of those jurisdictions to report on its annual housing production report to the department, pursuant to subparagraph (H) of paragraph (2) of subdivision (a) of Section 65400, those completed entitlements, building permits, and certificates of occupancy issued by the other jurisdiction for the development of housing if all of the following conditions are met:

> *(1) Both jurisdictions have adopted a housing element that, pursuant to Section 65585, the department has found to be in substantial compliance with this article.*
>
> *(2) Within the 12 months preceding the effective date of the agreement, both jurisdictions have submitted to the department the annual report required by paragraph (2) of subdivision (a) of Section 65400.*
>
> *(3) The completed entitlements, building permits, and certificates of occupancy that are to be reported by one of the jurisdictions will not also be reported on the housing production report of the other jurisdiction.*
>
> *(4) One of the following conditions applies with respect to a housing development that will be reported by a jurisdiction under an agreement pursuant to this section:*
>
> > *(A) The housing development is proposed to be located in an area subject to the housing element of the County of Napa at the time of the final allocation of regional housing need under Section 65584.03, 65584.04, or 65584.06, as applicable, that is subsequently annexed by the City of Napa, provided that all of the following conditions are met:*
> >
> > *(i) The City of Napa annexed the territory after the final allocation of regional housing need.*
> >
> > *(ii) The council of governments, the subregional entity, or the department, as applicable, provides written confirmation that the methodology used to allocate the share of the regional housing need did not account for the annexation.*
> >
> > *(iii) There was no transfer of units from the site of the housing development pursuant to subdivision (d) of Section 65584.07 of a portion of the County of Napa's allocation of regional housing need to the City of Napa.*

(B) The housing development is located on land owned by one of the jurisdictions that is located within the jurisdictional boundaries of the other jurisdiction.

(C) The housing development is located within the jurisdictional boundaries of one jurisdiction and receives funding from the other jurisdiction.

*Note: 65584.08 also includes text that states that “The Legislature finds that this unique circumstance is not intended to set a precedent or encourage or justify future similar actions by a county or city.”