

Farmworker Housing

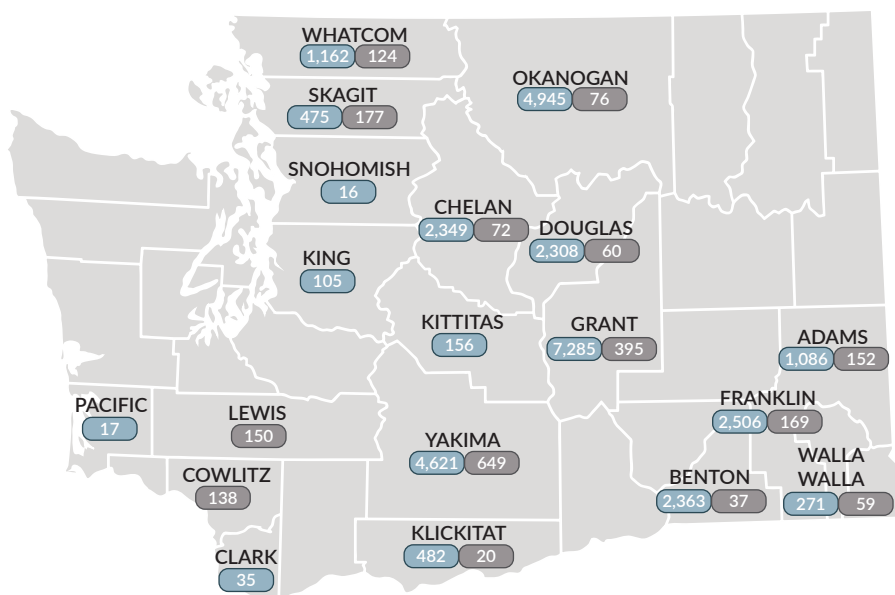
2020 JLARC TAX PREFERENCE REVIEW

Estimated 2021-23 beneficiary savings: \$3.4 million

Sales and Use Tax

The exemption may have incentivized construction of some farmworker housing but likely has not eliminated the shortage

The exemption was intended to address an estimated housing shortage for **57,000 farmworkers** in 1996. Since that time, housing construction added at least:



29,987 SEASONAL BEDS

2,425 PERMANENT UNITS

Employment in Washington's agricultural sector varies seasonally. In 2017, the number of jobs fluctuated from approximately 65,000 in January to 145,000 in July.

- **Some housing likely not caused by the exemption.** At least 84% of the seasonal housing is required under a federal program for temporary farmworkers and likely would have been built without the exemption. The other 16% of seasonal housing and all permanent housing may have been incentivized by the preference.
- **New housing unlikely to eliminate the shortage.** A 2012 report on the farmworker housing estimated a shortage of 15,000 permanent units and 36,200 seasonal beds. Housing built since this estimate has not eliminated the housing shortage.

Exemption requirements may not align with current housing practices and other funding requirements

- **Housing serving multiple populations is not eligible for this exemption.** Some developers build housing for farmworkers and other populations, such as large families or people with disabilities.
- **Housing funded in part by other state programs may not be eligible.** Exemption defines "agricultural employee" differently than other funding programs, including the Housing Finance Commission and the Housing Trust Fund.

LEGISLATIVE AUDITOR'S RECOMMENDATION

Clarify

The Legislature should clarify the preference by including a performance statement and determining if the preference should align with other housing practices or be maintained in its current form.

The complete report is on the JLARC web site: www.leg.wa.gov/jlarc

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