

Southwest Border Colonias: Housing and Sustainable Development In The 21st Century

El Paso, Texas

June 22-23, 2016

Taking place at the University of Texas at El Paso on June 22-23, 2016, the Southwest Border HUD co-hosted convening on Habitat III was a remarkable and effective gathering, which wisely recognized the need for input across the spectrum of housing issues. Those in attendance represented housing advocates, non-profit developers, academia, local and state governments, as well as the U.S. Department of Housing and Urban Development and the Federal Reserve Bank of Dallas. Most importantly, residents of Colonias were present to add their direct and invaluable perspective into the challenges they face in daily life. This convening provided a complete picture of issues facing the Southwest Border area in regards to housing and community development, which may be of relevance in other border areas around the world.

Sessions Highlights

- *Colonias/Model Home Communities:* In the United States, soon nearly $\frac{3}{4}$ of the nation's population will live in cities. On the border, a Colonia is an unincorporated settlement, usually developed on plots sold by private developers, typically without access to basic utilities such as running water, electricity, sewage, and even basic infrastructure such as paved roads and designed drainage. A Model Home Community usually provides access to basic services, but again with minimum building codes and with a lack of infrastructure. Both such substandard communities are usually located close to larger urban environments but outside city limits, therefore avoiding zoning requirements or building codes that city centers typically enforce. Thus, costs are lowered for obtaining ownership. Being close to those urban areas further allows access to job markets. So immigrant and low income families often see Colonia communities as a way to participate in the American Dream of homeownership and economic opportunity. In Texas alone, it is estimated that 500,000 people reside in Colonia communities, with homeownership rates well above national averages at 77%.
- *Economic Consequences:* Analysis has shown that a minimum of 60% of Colonia residents in the El Paso area, for instance, live in extreme poverty, as the stated conditions in those communities bare out. Furthermore, only 11% of Colonia homes or lots were purchased through banks. So, the conventional benefits of homeownership, such as wealth building, often do not materialize as subprime lending instruments and contracts of deed, often with interest rates between 15 and 18%, dominate the market. And with families living paycheck to paycheck, the loss of a job, or even the short term lack of pay due to an illness, can be devastating with the ripple effect of unpaid bills and housing payments. Without access to conventional banking, often immigrant families turn to payday loans in desperation. But, with rates in New Mexico, for instance, of up to 300% interest, those loans often end up merely spurring on a spiral of untenable economic burden that leads to ruin.
- *Lack of Educational Opportunities:* Along with the basic infrastructure that most neighborhoods and communities take for granted, access to educational opportunities is

likewise abridge in many unincorporated communities. While children of those communities usually have access to schooling, they often unable to take full advantage. Very often students participate with English as a second language, with Spanish language classes not universally available, placing a burden on both student and school. And in modern classrooms, access to the internet is often required and necessary to interface with teachers, receive grades, homework assignments, to apply for special programs, scholarships, and even colleges and trade schools. Those systems regularly require a computer and will not work with other mobile devices. Families without access to either computers or high speed internet are forced to improvise. In some more fortunate communities, children share computer and internet access a local libraries or community centers. In Texas, around 50% of border communities have no access to broadband internet services. Less fortunate families struggle with absence of needed access, which inhibits the abilities of Colonia students to learn and keep pace at school and creates ongoing disadvantage that follows generations. It has been said that disadvantage is inherited as surely as advantage, and lack of education only stiffens the negative condition for struggling families.

- *Fair Housing:* While it is important to note that residents of Colonia and model home communities participate by choice, it is impossible to escape that fact that the consequences of failure greatly impact Hispanic populations. And those families often make the choice to live in a Colonia because other avenues for affordable housing are lacking. Regardless, it is impossible to separate the fact that the negative consequences of substandard communities adversely impact minorities and communities of color. HUD Assistant Secretary for Fair Housing Gustavo Velasquez provided the Conference's keynote address, emphasizing the importance of fair housing, the recent court rulings that have substantiated Affirmatively Furthering Fair Housing and disparate impact. But on a more basic level, he spoke of doing the right thing in addressing these substandard communities - Colonia residents are overwhelmingly Hispanic.

Anna Alvarez Boyd, Board of Governors of the Federal Reserve, succinctly summarized the focus of the Southwest Border Conference with the mission to collectively assess the state of border communities, focusing on a better life for all citizens with an inclusive approach to housing and community development. Conclusions reached focused on the enforcement of fair housing laws and access to federal funding, with specific mention of HUD's 15% set aside in local CDBG funding that communities can use to improve Colonia and other substandard communities. Encouraging cooperation between city and county governments was another emphasis. Different zoning and building code requirements encourage often courage Colonia type communities in County jurisdictions, but residents usually funnel into city jobs markets, so the two are connected. Attendees also suggested that county governments be held accountable for conditions in communities lacking infrastructure and services. A massive public education campaign to inform the public on Colonia communities and to provide Colonia residents with the information and tools needed to make good financial decisions was also proposed along with greater access to conventional mortgage instruments.

Key Partners

Thanks to all who attended the Southwest Border Communities Conference for highlighting issues, tools, and strategies for advancing the human condition in border communities. The Federal Reserve, the US Department of Housing and Urban Development, the Texas Department of Communities Affairs, the cities of Brownsville and El Paso, and Dona Anna County in New Mexico all participated along with the University of Texas at El Paso, the University of Texas at Austin, the University of Texas Rio Grande Valley, Texas A&M University, and El Paso Community College. Representative from many other institutions contributed including the Bank of American/Compass Bank, CareMessage, the Community Development Corporation of Brownsville, CTC Technology and Energy, the Lift Fund, the Lower Valley Housing Corporations, Project Vida, Proyecto Azteca, Texas Low Income Housing Services, and Rising Barn among others.