



TEXAS LOW INCOME HOUSING INFORMATION SERVICE

# HOUSING MATTERS

A newsletter dedicated to the goal that every Texan should have decent, safe, affordable housing

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*First in a series on the housing problems of five low-income families*



## One Texas family's struggle to build a home in a colonia

**O**n a late winter afternoon, children walk home from school along the web of muddy streets that make up their neighborhood. They pass houses of cinder block—some with roofs, some without. One just a skeleton of a structure, shrouded by a plastic tarp.

Inside the home of the Vela family, 19-year-old Cathy Vela sits on the rough cement floor watching the popular sitcom “Malcolm In The Middle,” a show that depicts the gaiety of family life in middle class America.

To Cathy, who lives in a colonia outside Alamo, Texas, and who has known poverty all her life, this comfortable world once seemed within her grasp...



Home of the Vela family in Texas' Rio Grande Valley

Each day, Cathy, who shares a room with her three siblings, Juana, 18, Susana, 15, and Efren, Jr., 8, goes to work to support her family. She has a part-time, minimum wage job at the upscale mall just a few miles from her home selling gourmet cookies to wealthy and middle-class customers. One “super” cookie she sells costs \$22, more than Cathy makes during her entire afternoon shift.

The job isn’t steady, but she can sometimes get up to 35 hours a week and bring home over \$700 a month, which amounts to nearly half her family’s monthly income. Cathy’s father, Efren, suffers from diabetes and doctors have discouraged him from taking jobs that require continuous standing. Cathy’s mother, Angelica, works as a *palomita* (home care provider) and seamstress to bring in necessary additional income.

Cathy’s job selling cookies is, in many ways, like the home she grew up in: a makeshift, hopefully temporary arrangement, until the American promise of prosperity can be realized.

Cathy attended Pharr-San Juan-Alamo High School (PSJA), where 88 percent of the students are considered “economically disadvantaged” by the Texas Education Agency. The dropout rate is high. According to data compiled by the McAllen Monitor, 36 percent of freshmen enrolled in PSJA high schools during the 1999-2000 school year had either not earned enough credits to be a sophomore or had stopped going to PSJA high schools altogether.

But Cathy was committed to her education and made mostly A’s and B’s. She graduated, did well on the college entrance exam and had plans to attend the University of Texas at Pan American to become a teacher. By all accounts, she was on a track toward a middle class life.

However, what had once seemed possible quickly faded, as financially supporting her family became exigent over her pursuit of a higher education.

This is an all-too-familiar story for families living in the colonias along the Texas-Mexico border, hoping to climb out of poverty. These families live with American affluence frustratingly within sight, but not within reach.

This is not the story of Horatio Alger’s America. This is the story of an American dream deterred by obstacles that may seem trivial to many Americans: an injured foot, a water bill, a leaking roof.

## **FROM MEXICO TO TEXAS’ RIO GRANDE VALLEY**

Efren Vela was born in the small town of General Terán, outside Monterrey, Mexico, where farming and ranching is the mainstay of the local economy and orange groves emblazon the surrounding landscape.

Efren grew up on his grandfather’s ranch. He spent his early childhood there, working alongside his father. Their home was modest, but well built. “We lived in little bitty houses. Those houses are made of poles and wet earth, instead of cement, you [use] mud. You put poles up and fill mud in between so the air, the cold, nothing can get in,” Efren explained. “Oh, those houses last a long time.”

His family has lived in the same house for 40 years, he said. It is a simple house: only two small rooms, but made of wood from trees the Vela family cut from the hillsides.

In the 1970s, when Efren was only 14 years old, he and his father left General Terán in pursuit of better paying jobs in the United States. But they quickly found that success in the U.S. required more than hard work.

They arrived in the U.S. in 1979. Efren’s first years in America were spent laboring in the grape vineyards of California. Despite the fact that father and son were working full-time, they remained seeped in poverty. Migrant farm workers average an annual income of \$7,500. Farm workers’ life expectancy is about 25 percent shorter than the national average; their infant mortality rate 25 percent higher.

After three years, Efren’s father no longer had the strength for arduous farm work. His father returned to Mexico and Efren decided to live in the border city of Harlingen, Texas in the Rio Grande Valley, and to take whatever work he could get.

As in many border towns, impoverished barrios and colonias abound in the Rio Grande Valley—home to many recent immigrants from Mexico. The McAllen metropolitan area ranks sixth among all U.S. cities, behind only New York City, Detroit, Chicago, Los Angeles and Philadelphia, in having the largest ghettos, barrios and slums according to research by Paul Jargowsky, a political economist at the University of Texas at Dallas. Today, a quarter of the region’s population lives below the federal poverty line.

Efren lived in labor camps while working in California but had few affordable housing options in Harlingen. The only housing he could afford was a dilapidated trailer he rented.

Steady jobs were hard to come by. Efren worked in the sorghum fields, at a factory that processed corn, as a construction laborer, and at a refrigerated foods plant. The Valley’s agribusiness economy is largely supported by immigrants such as Efren, who work for extremely low wages to weed, thin, pick and process Valley produce.

In 1984, Efren met a shy, pretty girl named Angelica, who was from a ranch nearby his own family’s ranch in Mexico. Like Efren, Angelica received no formal education beyond the sixth grade and though she understands some English, she cannot speak it.

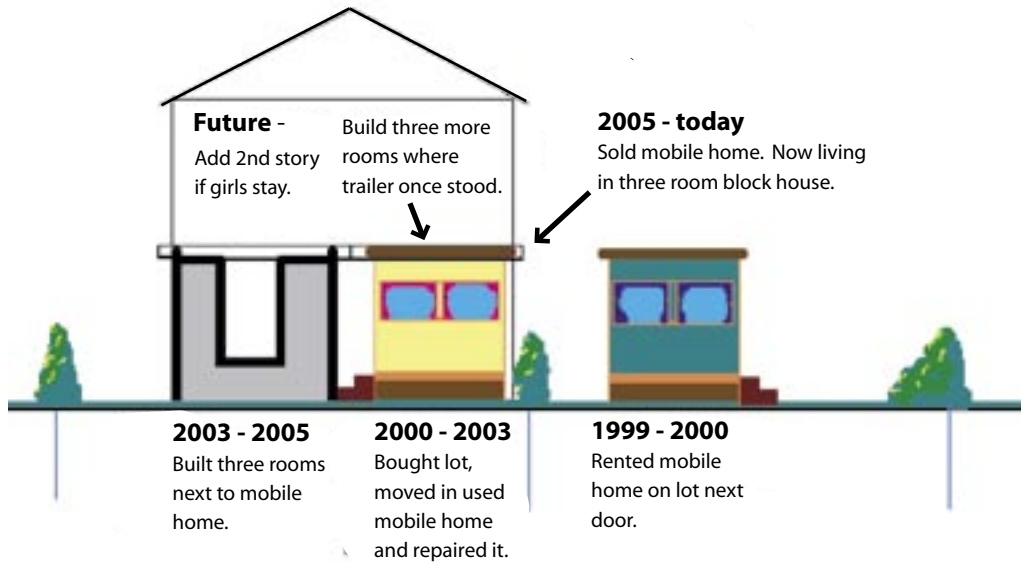
# Evolution of the Vela home



**2003 photo** - Family lives in the mobile home as they build three rooms of concrete blocks next door.



**2005 photo** - Family lives in a three room concrete block house. The trailer has been sold and moved away.



Soon after they met, Efen and Angelica were married and became legal residents. A year later, their first child, Catalina was born. Then they had their second child, Juana. Suddenly, Efen had a family to support. But he still lacked the money and the credit necessary to buy a decent home.

## BUILDING A HOME: ONE SECTION AT A TIME

The path the Velas took toward homeownership demonstrates that the method of acquiring a home in the colonias is far removed from the highly regulated marketplace that serves most Americans today.

The Velas lived in rented trailers for several years before Efen and Angelica felt they had saved enough money to purchase their first piece of land in the United States. Faced with few affordable housing options, they went to see a local land sales agent about buying the vacant lot next door to the trailer they rented in a colonia called Sunset Village.

Sunset Village was originally intended to be a retirement community for “winter Texans”—the middle class retirees

who migrate from the Midwest each year aboard their recreational vehicles. But the lots did not sell and a mobile home dealer bought the property with a \$100,000 loan from a local bank. When the mobile home dealer failed to pay and the bank became insolvent, the Federal Deposit Insurance Corporation (FDIC) placed a lien on the property.

A land sales agent saw a chance to make a profit by buying the property from the mobile home dealer and selling it not to middle class vacationers, but to low-income immigrants such as the Velas.

He started selling the lots under “contract for deed,” a predatory financing arrangement whereby the buyer does not obtain title to the property until it has been paid off entirely. Buyers are often subject to fraudulent fees and accounting practices. Many never obtain clear title to their property.

At the time, contract for deed sales were largely unregulated and unrecorded by the county clerk. The land sales agent was able to sell the lots to individuals without their knowledge of the existing \$100,000 lien against the property. Low-income

families found themselves unwittingly purchasing significant debt along with the land—debt that would normally have been discovered through a standard title policy search.

The Velas were lucky. In 1995, before they bought their lot, the Texas Legislature passed the Colonia Fair Land Sales Act, drafted by the Texas Low Income Housing Information Service (TxLIHIS) and the Border Low Income Housing Coalition (BLIHC). The law curbed many of the most egregious contract for deed abuses. Many colonia developers switched to traditional deeds of trust, rather than risk running afoul of the new law.

Under threat of a lawsuit from Texas Rio Grande Legal Aid (TRLA), the seller of the lots in Sunset Village converted the properties he sold under contracts for deed to deeds of trust. TRLA negotiated with the FDIC and they forgave the lien. However, the new law and the efforts of TRLA did nothing to curb outrageously high interest rates colonia land sellers charged desperate immigrant buyers.

In 2000, Efren and Angelica agreed to pay \$100 down on \$12,500 for a 49-by-109 foot lot in Sunset Village. Their note bore an interest rate of 12 percent when a conventional mortgage rate might have been eight percent.

With no credit and no steady income, they could not have qualified for a bank loan. Efren was wary of banks anyhow, even though lenders, most likely predatory, were calling him with seductive offers. “The other day they called to ask if I wanted money, something like a mortgage,” Efren said. “What kills you is the financing from the banks, they charge more. It’s more expensive.”

Despite the excessively high interest rate, the Velas finally had land of their own—the first step towards economic stability and one day, the place where their home would stand.

But they needed shelter immediately. So, with the remaining \$800 they had in savings they bought what they could afford: a used, two-bedroom trailer from a friend. It had a badly leaking roof, electrical shorts and a host of other problems. They paid another \$200 to

have it moved onto their property.

Texas law prohibits mobile home dealers from selling substandard used mobile homes, but nothing keeps individuals from selling such trailers to one another. Today, there are more than 100,000 decrepit and dangerous aging mobile homes in Texas colonias.

“They sell very old trailers, that is to say, really beat up trailers,” Efren said. “They sell them cheap because they lack floors, the walls are ugly, or the roof is already falling apart. New trailers, those are very expensive.”

With months of backbreaking effort, Efren managed to mend the roof, tie down the foundation, and eliminate short circuits in the electrical system, but the repairs drained his paychecks. Efren spent \$1,300 on the materials he needed and all his spare time was devoted to laboring over the trailer.

He was aided in part by his neighbors. In Sunset Village, as in many colonias, bartering and labor exchanges are central to development. Work on a neighbor’s house accumulates as informal “labor credits” that can be redeemed at any time for a return of the favor. For this reason, there is a certain unity among residents of Sunset Village unseen in many American suburbs.

Despite the work of Efren and his *compadres*, one harsh reality could not be fixed: the house was severely overcrowded. He worried for his family’s health and safety. Used mobile homes, such as the one the Velas lived in, have twice the rate of fire death than other types of housing and are five times more likely to be wind damaged than a conventional house in the same area.

Efren soon encountered another financial burden. The state considers Sunset Village to be an area where water supply and wastewater systems—or the financial resources to provide them—are inadequate. And though Sunset Village is preferable to many of the colonias in the Rio Grande Valley because it is not in a flood plain, there was no sewage system and water service extended only as far as the Vela’s lot. Efren spent his nights after work digging a hole and installing a septic tank that cost him another \$200.



The family's kitchen has no running water.



Four children share one bedroom.



A sewing machine brings in extra money.



Bathroom and closet are an attached room.

Yet the Velas found a sense of freedom in homeownership, even if it came in the form of a decaying trailer only a few miles from McAllen's prosperous facade of restaurants, highways, shopping centers and upscale, palm tree-lined subdivisions.

When they moved in, Angelica told her children, "You can do what you want with it because it is yours."

Efren took Angelica's suggestion to heart. Soon, he embarked upon a prolonged process of home expansion that is well known to most colonia residents, and one that lends the impression of colonias as being perpetually under construction.

Efren started collecting cinder blocks a few at a time and began to build three rooms adjacent to the south wall of the trailer. As the Vela's home took form, it filled out a larger pattern of colonia development that reflects the hardships and hopes of colonia life.

Many houses nearby were in similar unfinished stages. Others were left permanently incomplete—serving as stark reminders of the difficulty of breaching the divide between poverty and security.

## PROGRESS SLOWED

Shortly after Efren began repairing the trailer, everything seemed to go wrong. One day while working in the fields, he injured his foot. Though his children qualified for Medicaid, Efren had no health insurance. He couldn't afford proper medical treatment. What might have been a minor injury was soon debilitating.

He could no longer endure the hours on his feet working in the fields and began frantically searching for another job. He landed a factory job, which was promising, until the factory closed. Efren was among the 200 employees who were laid off.

Meanwhile, his children were assimilating to American life. The Vela's eldest daughter, Catalina, started going by "Cathy." She and their second daughter, Juana, were attending high school. Their poverty deprived them of many of the things other American teenagers

take for granted, like driving their own car, or owning a telephone. Yet both talked about eventually attending college.

Susana and Efren, Jr., the youngest, were still sharing an overcrowded room with their family, yet were attending school with children whose parents drove new sedans and took them to Sunday brunch at Applebee's.

Despite his efforts, Efren could never seem to narrow the gap between the lives of those children and the lives of his own. "I don't want them to work on the farms like I did," he said.

A steady job came in 2002. Efren was responsible for deer hunts on a nearby ranch. Deer flourish amidst cactus, mesquite, blackbrush, and guajillo of South Texas and it was Efren's responsibility to ensure that the recreational hunters who paid top dollar to hunt them were satisfied.

Shortly after he took his new job, the owner of the ranch died, "and so did my job," Efren said.

Forced by the lack of work to economize further, the Velas sold the trailer for \$1,800—a net loss of \$500 in equity. Plus, their cinder-block structure was far from complete. The children spent that South Texas summer, with its scorching 110+ degree heat, camped out next to their unfinished home.

With money from the trailer and his income tax rebate, Efren was able to partially complete the three rooms. But soon the money was gone and though he persistently checked employment postings, he was unable to get a job.

Many houses in the colonias, like the Vela's home, offer a graphic display of the income instability of the families who live there: housing conditions wax and wane over the years as the incomes of the families fluctuate.

Efren was discouraged, but at least he had begun to build his home, and one as sturdy as the one he left behind in Mexico. He proudly put up a chain link fence around his property, where he placed a sign, reading: "Don't Beware of Dog, Beware of Owner."



*A bible, with candles on the Vela's table.*



*Signs like this one are common.*



*An old refrigerator is the kitchen pantry.*



*Rebar that will tie together future rooms.*

By the winter of 2004, Efren was still without work. Cathy's books and college applications were nowhere to be seen, and her current reality of selling cookies had seemed to set in.

The three-room house lacks heat, and that winter was humid and unusually cold. A single sheet at the back door failed to deter the chilly breeze. The walls were flanked with ornate family photographs of Angelica on her wedding day and the Vela girls at their *quinceañeras*.

A makeshift kitchen had been set up in a room intended to be a bedroom. In a testament to ingenuity and poverty, a school desk functioned as a kitchen counter, a non-working refrigerator became a pantry, and its crisper drawers a double sink. But the kitchen had no running water.

A worn, open Bible sat on a small table by the sofa.

## THE FUTURE

Efren looks tired when he talks about the future.

He says in five and a half years, their contract to buy the lot will be paid off and they will completely own the property. He takes out the mortgage papers, which shows a remaining principal of \$5,465. If they pay it off in five years as planned, they will have paid over \$9,000 in interest.

Of course, with Efren unemployed, this will only be possible if Cathy and Angelica continue to work. Together, the most they can bring home is \$1,700 per month, which amounts to \$20,840 per year. According to federal poverty guidelines, the Vela family would need to make \$25,870 to rise out of the government's formulaic "poverty" category.

In addition to their monthly \$150 mortgage, they pay \$100 for electricity and \$40 for water. Their property taxes are \$497 a year, and they have never filed a homestead tax exemption.

All four Vela children share a single room, while Efren and Angelica sleep on the sofa in the other room. The bathroom is a small addition on the back of the house accessible only through an exterior door.

"Sometimes you have to limit yourself and not buy things," Efren said. "The lot payments have to be made. You can't let yourself get behind. Because if, on occasion, you don't pay...

well, you have to make two payments. Sometimes it seems very painful, but there isn't anything else."

The woman who collects the Vela's payments for their lot says that they are typical customers. "These are good, hard working people who will pay their mortgages before anything else."

The Velas have not benefited from any government housing program. They have not been able to take advantage of the homeowner tax deduction and the interest subsidies of the Federal Housing Administration (FHA). Nor have they received Section 8 housing vouchers or public housing assistance.

Juana, the second daughter, will graduate from high school soon and talks of college. She is interested in studying for a business degree. But the aging minivan the Velas bought for \$1,000 cannot be depended upon to get Cathy and Angelica to work. Efren says the family could use another car, "but

not until [Juana] starts working."

The sun sets, and as young Efren, Jr. and a neighborhood boy strike fear into a stray cat caught between a game of tug-of-war, Cathy and Efren, Sr. walk in the yard, talking of the family's plans for expanding and improving their home.

"If the girls want to add an upstairs and live there, they can put two rooms upstairs, there's a lot of space," Efren says. "Me...

I'm a very little old man (laughs). With that [the next phase of building], it's enough—three rooms, the living room and kitchen."

Christmas is nearing, and lights adorn many of the surrounding houses—lights of every color, whimsically strewn on even the most decrepit homes. Sunset Village is without the streetlights found in most other neighborhoods. But during Christmas, Sunset Village glows. And for a few brief weeks, the colonia is no longer enveloped in darkness while symbols of American prosperity shine around them.

Cathy laments that her father won't allow them to put up lights of their own. "Our dad says no, too many people with wiring problems that end up in fire," Cathy says.

"Maybe next year." 🏠



# Public policy insights from the Vela's story

When we first met the Vela family in 2000 two things struck us. The family was very poor, but hopeful. They seemed headed toward a better life. We felt that as we followed them over the years we would be referring to their children's success as a modern tale of the American dream.

When we visited the family in 2005, however, they were as poor as five years before and their hopes had dimmed considerably.

From an outsider's viewpoint our greatest disappointment was for the family's eldest daughter Cathy. A good student, in 2000 Cathy was planning to attend college. The Velas could have been a testament to the notion that in this country, hard work and talent are rewarded with a better life. But Cathy has not gone to college. Instead, she works in a part-time minimum wage job to help support her family.

Education, they say, is the "ticket out of poverty." Cathy seems to have lost the ticket that a few years earlier was within her grasp.

Society's return on the Vela's discipline, planning, physical labor, and sacrifice is dismal. Yet they exhibit a stoic determination not to fall apart. Each family member steps up to do what they have to in order to keep the family economically afloat. In this we find them to be a remarkable family, endowed with extraordinary strength.

## **TEXAS' STAKE IN THEIR SUCCESS**

Texas has a vital stake in improving the chances of success for families like the Velas. Today, twenty-four percent of all Mexican immigrants in Texas live below the poverty line. In one generation, Hispanics will become the majority ethnic population.

These demographic changes make the persistent poverty rate of the Hispanic population still more troubling. The Vela's story is just one of many. Some immigrants succeed and rise up the economic ladder quickly. But if the poverty remains, then unavoidable social problems will result. For example, over time, there may be a deficit of taxes necessary to support Texas' public services.

Moreover, if vast disparities in educational attainment between the rich and poor and between Anglos and Hispanics continue, many families such as the Velas will be

permanently ensnared in the underclass of the uneducated, working poor.

The Vela's story shows that affordable housing is an important factor in a family's prospects for achieving middle class security. The personal and social strains of their overcrowded and substandard living conditions are largely masked from outsiders, but the economic consequences are readily apparent.

The fact that Cathy is not going to college is directly related to her family's poverty—she is helping pay for their lot and basic necessities. Her sacrifice is doubly tragic considering it's made to maintain such clearly inadequate housing.

## **COLONIAS: FOR LACK OF AN ALTERNATIVE**

There are at least 1,400 colonias along the Texas side of the Texas-Mexico border, home to more than 350,000 people. Colonias exist in growing numbers in other parts of Texas although there are no reliable figures on non-border colonia numbers or populations.

The Vela's colonia is typical. Colonias are characterized by low land values, a lack of water and sewer services (although this is changing along the border), and owner constructed homes or mobile homes. Eighty percent of colonia residents live at or below the poverty line. According to the Texas Attorney General, between 65 to 80 percent of adult colonia

residents are U.S. citizens, with an even higher citizenship rate among children.

Many colonia homes are built in a piecemeal and at times dangerous manner. To a great extent, the type of colonia housing development occurring on the border today is not good for families, their neighbors, or the wider community. The present loosely regulated system of exurban colonia development promotes inefficient land use and urban sprawl, with all the attendant environmental, transportation, health, and economic problems.

An incomplete portrayal of colonias by government officials and the media has distorted the public's view of the problem. The common perception is that colonias are simply the result of ventures by unscrupulous private land developers, who subdivided and sold land without proper infrastructure, exploiting low-income buyers. To many, the colonias are

*The Vela's story provides a perspective on the colonia phenomena that is much more complicated than a simple story of developer greed and exploitation of the poor.*

solely a consumer protection issue. Yet this is only half the story. The larger economic dimension of the colonia problem tends to go unexamined.

Economic conditions are at the root of the proliferation of colonias in Texas. Policy makers have avoided the expense of addressing the real problems: lack of living-wage jobs, lack of education and lack of decent, affordable housing. Shamefully little has been done to provide alternatives to colonias for poor families or to help existing colonia residents improve their living conditions.

Responding to regulatory changes and a wave of prosecutions in recent years, colonia developers have built new colonias with water service and paved roads. This good outcome has come at a price. The lots in these new colonias sell for considerably more. Whereas ten years ago colonia lots were selling for \$5,000-\$10,000, today a similar lot (this time with water service) sells for twice as much.

Increasingly, colonia residents respond to higher land costs by permitting children, relatives and friends to build a second house on their existing lot. Other low-income families, without such an alternative, are forced to pay higher prices, buy a less expensive used mobile home, or build a smaller, shoddier home.

This is not say that enforcement actions and consumer protections are not warranted. TxLIHS and the BLIHC have strongly supported initiatives to expand the legal rights of low-income consumers by eliminating exploitative “contract for deed” and “rent-to-own” sales scams. We also support additional land use and development controls. These are positive steps, but they alone do not address the fundamental problems that produce substandard housing within colonias.

In the words of Peter Ward, a

sociologist and border housing expert at the University of Texas at Austin, “... colonias appeared as a form of urbanization by stealth visited upon counties by land developers who, alone, it seemed, recognized that there was a rising demand for low-cost housing that neither the public nor the private sector was capable of or interested in providing.”

This void of decent, affordable housing on the border needs to be filled. Low-income families will not have an alternative to colonias until there is a system that provides better planned and better built housing. Despite periodic media attention, hand wringing and political promises, the resources to produce an alternative to colonias have not been forthcoming.

## **WHAT CAN BE DONE?**

Our purpose in telling the housing stories of five low-income families is to illustrate their circumstances and explore public policy reforms that could improve their living conditions and prospects for a successful life.

As we have pointed out, most efforts by the government to “deal” with the colonias have been a combination of regulatory efforts to restrict future colonia development and to provide remedial water, sewer and roads to existing colonias.

The federal government has done little to address the colonia housing problem other than providing block grants to the state. The state has provided funding for water, sewer and roads and has passed a small (less than \$5 million per year) portion of federal block grants through nonprofit organizations and local governments to deal with colonia housing conditions. Local governments have likewise used a very small portion of their federal funds to improve housing conditions in the colonias.

To date the modest government accomplishments lie in three areas.

### • **Reform of contract for deed land sales.**

Some of the most abusive land sales practices that prey on poor families have recently been curtailed by the Texas Legislature. HB



*An unfinished home in the Vela's colonia.*



*Used mobile homes are resold frequently.*



*Many mobile homes are not properly "tied down."*



*Two trailers share one lot in a colonia.*

passed this session, was developed by TxLIHIS and ACORN and authored by Sen. Eddie Lucio and Rep. Harold Dutton. It allows residential contract for deed buyers to have their contracts converted into deeds of trust. Hopefully, this will end contract for deed abuses once and for all. But the legislation will only benefit colonia residents if they know about it and use it. The Texas Attorney General, the Secretary of State, and the Texas Department of Housing and Community Affairs (TDHCA) should undertake an extensive educational campaign directed at colonia residents.

- **Model subdivision rules adopted.** The Legislature passed a law to halt development of substandard subdivisions like Sunset Valley, where the Velas live. The Legislature has insisted that land sellers provide water and roads before selling land in new subdivisions along the border. While this has largely halted the development of substandard subdivisions, the law has also driven up the cost of lots.

- **Water brought to some colonias.** The state, at the urging of Texas Interfaith, created the Economically Distressed Areas Program (EDAP) to provide water and sewer to existing border subdivisions. Unfortunately, the program will run out of money before the job is finished, leaving many colonias without water. For instance, water service in the Vela's colonia only extends as far as their lot. Their neighbors come to their house to fill barrels of water they need to drink, bathe, cook and to clean their homes. Senator Eddie Lucio authored a bill to fully fund the water needs of colonias. It passed the Senate last session but died in the Texas House.

There are several lessons we have taken from the Vela's struggle that teach us what else needs to be done.

**1) Correct the unfair distribution of government housing assistance.**

- **Address inequities in the regional distribution of U.S. Department of Housing and Urban Affairs (HUD) funds.** The Velas have never benefited from any form of government housing assistance. Fewer than one in six of Texas' eligible low-income families receive federal housing assistance. The numbers are even lower along the Texas-Mexico border. Decisions by local governments not to apply

for public housing assistance during the high point of construction in the 1950's and 60's has left the border with one of the lowest levels of public housing in the nation. Similarly, the process and formulas for public housing authorities to receive additional Section 8 housing vouchers have failed to bring much-needed housing assistance to border residents.

TxLIHIS and the BLIHC found that the distribution of HUD funds for public housing and Section 8 housing vouchers has unfairly discriminated against the Texas border region. A poor family in New York City is nine times more likely to have HUD rental assistance than a poor family on the Texas border.

- **Reform the overall housing subsidy system.** Beyond HUD funds, the U.S. housing subsidy system as a whole short changes poor families, while middle and upper income families see most of the benefits (see Issue #5 of *Housing Matters*).

One idea: change the current 100 percent deduction of mortgage interest to a 28 percent housing tax credit so that low-income people can benefit. The credit could be refundable like the Earned Income Tax Credit. To the average taxpayer paying a 28 percent marginal rate, there would be no change in benefits. To families like the Velas, this would bring substantial relief, as they would pay lower taxes or receive a refund. This kind of tax savings would have given the Velas the security to let Cathy go to college.

- **Help people obtain the homeowner property tax deduction.** TxLIHIS and the BLIHC have advocated, but the Texas Legislature has so far refused to adopt, a requirement that home buyers be provided a form to file for their homestead exemption at the time of closing on their home. If they filed for this deduction, the Vela family would save almost \$500 each year.

- **Create a new HUD colonia program.** HUD secretaries have made several promises to provide special assistance to the colonias. Most of these promises have not materialized. Congress and the Bush Administration need to establish a special program that provides an alternative to new colonias in urban areas and in preferred growth areas, and improves housing conditions in existing colonias.



*Families have few options besides colonias.*



*Families build over a protracted period.*



*Substandard trailers are common.*



*As lots get more expensive more houses are on each lot.*

## 2) Improve the quality and location of future colonias.

### • Get the Colonia Model Subdivision program working.

The Velas turned to a land sales agent who charged them a high interest rate because they had few market alternatives. A program has been on the books for five years that allows nonprofit organizations to create lower cost lots with infrastructure at locations closer to public services. Yet due to a lack of funding, the program has not been implemented by the state.

Competition in the colonia land sales market between the for-profit and private sectors would improve the quality of lots and help rein in the increasing prices.

### • Grant counties planning and land use controls.

Texas counties lack zoning powers and thus cannot effectively control the development of subdivisions. Senator Eddie Lucio has fought to give “ordinance making” power to border counties but his efforts have been thwarted in the Texas House of Representatives. The inability of counties to exercise reasonable land use controls has resulted in urban sprawl across the lower Rio Grande Valley and in El Paso County.

### • Develop standards for colonia lot re-subdivision.

Increasing densities in existing colonias can be beneficial, or can complicate existing problems. On one hand, it can make more homes affordable to low-income families, helping to prevent urban sprawl and increasing the efficiency of providing public services. On the other hand, it can produce unhealthy or unsafe levels of overcrowding and congestion.

With these consequences in mind, counties need to be given the authority to permit the formal re-subdivision of existing large lot colonias. There is no need to restrict one acre or even half-acre lots to one single-family house.

## 3) Redesign existing housing programs to support self-help housing.

When families like the Velas want to contribute their own labor to provide housing for themselves, public programs should support their effort. The problem with unsupported self-help housing, like that attempted by the Velas, is that the plans, tools and materials necessary to build a home that meets safety codes are lacking. The colonia self-help centers were designed to address this problem. The Hidalgo County self-help center that serves the Vela’s colonia is one of the

best in the state. The program can work with a family like the Velas to build a three bedroom, wood frame house for \$17,500, financed for 20 years at zero percent interest. The house payments would be about \$80 per month and the center can also refinance lots at zero percent interest.

Efren knew about and visited the Hidalgo County self-help center before he began building his house. He told us that he thought the houses his neighbors had built with the center’s help were high-quality. The Velas plan to pay their lot off in five years. Due to the family’s financial insecurity, they did not think they could risk extending the house payments out over twenty years. A further impediment was that the center had a long waiting list.

So Efren inquired about borrowing tools and buying less costly building materials through the center. In both cases the center could not help him because they lacked the state funding necessary to operate programs of this type.

### • Expand the colonia self-help centers’ outreach, funding and program offerings.

In 1995 the Texas Legislature, at the urging of TxLIHIS and BLIHC, established colonia self-help centers to assist families like the Velas. Several families in their subdivision have new affordable homes thanks to the local colonia self-help center.

The state should increase funding to the self-help centers so they can shorten their waiting lists, assist more families, and provide tool-lending and material-buying programs that would have helped the Velas. Vans with technical specialists and tools, going from colonia to colonia on a regular schedule would be very effective. The vans should operate during weekends when much of the colonia home construction takes place.

### • Create a homeownership subsidy program instead of just rental subsidy programs.

Four years ago HUD declared that Section 8 Housing Vouchers could be used to pay mortgages in addition to rent. Yet the program has not been implemented in Texas on a large scale due to a lack of leadership from public housing authorities and inflexibility from HUD. This program could leverage the self-help efforts of colonia residents and allow them to build decent houses in an expeditious manner.

## *Colonias continue to be the only viable housing options for poor immigrants like the Velas.*



HUD should determine how to make the program work in conjunction with colonia self-help centers in order to reduce the cost of building a home for low-income families. Additionally, HUD should provide a special allocation of Section 8 vouchers directly to the colonia self-help centers.

#### 4) Address the problems and loopholes in Texas' largely unregulated mobile home industry.

- **Expand the role of the self-help centers to include assistance with manufactured homes.** With substandard mobile homes being so prevalent, additional funding should be provided to the self-help centers to train and assist colonia residents on how to buy, repair, install and maintain manufactured housing.

- **Fix the system that allows sales of substandard mobile homes.** The Texas Legislature needs to rein in abusive sales practices in the mobile home industry. The resale of substandard mobile homes poses a health and safety danger to Texas families. TDHCA needs to be given the authority and funding to stop the sales of slum mobile homes.

- **Establish a comprehensive installation inspection program.** The Velas had their mobile home moved on and off of their lot by someone who did not get a state permit and therefore the installation was not inspected. In an area like Hidalgo County that is frequently subject to tropical storms and hurricanes, an improperly tied down mobile home can literally get blown away along with its occupants.

Every mobile home that is moved should be inspected. The state needs to establish a process to allow an owner like Efren Vela to get a permit and install his trailer himself, provided he complies with state code.

#### 5) Establish reasonable building standards.

Counties need to be able to inspect all homes to ensure they meet basic health and safety codes. The Texas Legislature should grant them this power.

However, it is critical that counties demonstrate common sense and not use this power to fine families who are too poor to correct building code violations. One approach would be to adopt a scaled-down building code for the

colonias. Senator Eddie Lucio offered a reasonable proposal to do this during the last two sessions of the Legislature, but those who oppose county regulation of private land blocked the bill.

#### 6) Provide consumer protections from predatory loan scams.

Incredibly, Efren reports that he is frequently contacted by lenders offering him home equity loans on his three-room colonia home. He has had the good sense to say no. Not all of his neighbors have been so wise.

Texas is long overdue to enact some reasonable protections to safeguard Texans' home equity. The Legislature needs to define and outlaw predatory home mortgage lending. These loans bear such high interest rates and bad terms that low-income borrowers cannot reasonably be expected to pay them, and they should be outlawed.



#### A PROBLEM FOR ALL OF US

When we go to the grocery store we buy fruits and vegetables grown and harvested by a farm worker like Efren, who often worked for the minimum wage and sometimes less, with no health insurance or worker's compensation to care for him when he became sick and disabled.

When we shop at the mall and stop in the food court, the girl who hands us the cookie is someone like Cathy who lives in grossly substandard conditions and who has forsaken a college education to work irregular hours for minimum wage to pay for housing.

When we grow old, the woman who comes to our house to help care for us is a woman like Angelica, who

earns so little that she has to haul water to her kitchen to do the dishes and go outdoors to get to the bathroom or to take a shower.

Americans depend on people like Cathy, Efren and Angelica.

Some of us may benefit in the short term from their sacrifices, but in the long run we will all lose. Over the years, as more and more of our workers and taxpayers are poorly housed, poorly educated and poorly paid we will all surely pay the price for their poverty. 🏠

## TxLIHIS' Five Families Project

# Learning from the experiences of low-income families

The TxLIHIS Five Families Project is an ongoing project based on the research of Bo McCarver, a longtime advocate of affordable housing with a doctorate in anthropology. Dr. McCarver worked with TxLIHIS to document the lives of low-income families of varying genders, ages and ethnic backgrounds in different geographic locations in Texas.

While these are real families we have used pseudonyms for their names and their subdivisions to protect their privacy.

Through this project, we follow the aspirations and day-to-day lives of these families and highlight the public policy issues that affect their ability to obtain decent housing. By chronicling their struggles, year after year, we are able to explore in detail the ways that their inability to obtain safe, decent, affordable housing has influenced their destinies.

The project focuses on five families living in poverty:

- an immigrant family living in a South Texas colonia,
- a single mother and her children living in rural North Texas;
- a disabled, homeless woman living in Lubbock;
- a man displaced from public housing in Fort Worth; and
- an elderly woman struggling to keep her home standing.

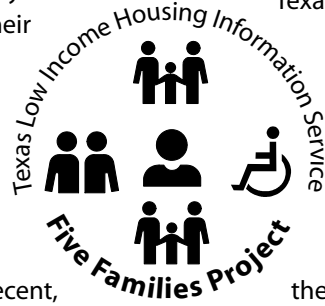
We use this project to inform our community organizing and advocacy efforts. Issues raised in this project guide us as we develop policy initiatives, work with government agencies, the private sector, state legislators and members of Congress to implement those initiatives. By publishing these stories, we hope to raise public awareness of poverty and housing problems—an inescapable reality for more than one million Texans.

TxLIHIS began the project in 2000 and our staff revisits the families from time to time. We try to help the families find housing assistance.

The first installment of the Five Families project (featured in this newsletter) was written by TxLIHIS staffer Kristin Carlisle. It tells the story of the Vela Family—a family like almost one hundred thousand others living in colonias, who despite their best efforts are unable to break free from the shackles of poverty.

This story will be followed over the course of coming months by the other four stories, to be published in future editions of *Housing Matters*.

We welcome your comments and suggestions, as well as your financial support. 🏠



[www.texashousing.org](http://www.texashousing.org)



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**One family's struggle to  
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