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Testimony for Hearing on: Persistent Poverty in America: Addressing Chronic Disinvestment in Colonia, the U.S. Territories and the Southern Blackbelt

Testimony before the Committee on Financial Services U.S. House of Representatives

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I am Amber Arriaga-Salinas, Assistant Executive Director at Proyecto Azteca. Proyecto Azteca is a 501(c)3 non-profit construction company based in San Juan, Texas. Our mission is to provide affordable housing for low-income families who cannot obtain a traditional mortgage. Our goal is to empower them to become responsible homeowners and move them from poverty to prosperity.

History of Colonias

Colonias are isolated, substandard residential housing developments where residents lacked basic services like potable drinking water, sewage treatment, electricity, paved roads, adequate drainage, streetlights, sidewalks and decent housing.

Cheap land was sold to low-income families and farmworkers who could not afford conventional mortgages. Real estate developers were not required to improve infrastructure. Health, safety, economic, and housing challenges plagued thousands of colonia residents by the end of the 1970s.

Poverty persists in colonias. Colonias lack access to safe, decent and affordable housing.

The Life of a Colonia Resident

Approximately 200,000 people live in Hidalgo County Colonias. They are hardworking, industrious, and family-oriented. It is not uncommon for residents to work multiple jobs to make ends meet. There is a low rate of conventional homelessness; its common practice for several families to live under one household.

I met Nancy a year ago. She lives in a small colonia in Donna, Texas. She is creative, hardworking, a mother, a wife and an active member of the community. Our organization first met Nancy when we started a solar panel installation project; SEMPRA Energy and S.E.L.F (Solar Electric Light Fund) donated panels and support for the project. We began knocking on doors and distributing flyers to let families know that we had solar panels to give away. After ten minutes, Nancy opened a warped picket gate and asked if we needed assistance.

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We walked behind the gate and saw a cement slab surrounded by 2.5-block walls. Their dream home has been under construction for 10 years. She hoped they would be able to finish it soon. Strong winds caused the roof of their trailer to fly off during the last storm. The rain had leaked into her daughter's room, causing the floor to sink. The family earns approximately \$18,000 a year. After receiving their stimulus checks, the couple built a metal roof over their mobile home, "to stop the leak when it rains," and saved the rest because they did not know how long they would have to wait before getting back to work.

Two of Nancy's daughters are in high school and are both homebound. So she stays at home to make sure they have everything they need.

Nancy's husband, Jesus, works odd jobs. Because he works with cement, the rainy months are difficult for him to bring in money. To earn money, Nancy makes and sells jewelry and food; she is currently selling Christmas decorations she made to buy small gifts for children in her neighborhood. "Everyone should open a present at Christmas," she says.

Thanks to the donated solar panels, the family saved over \$100 last month. There were infrastructure challenges that prevented the panels from being installed almost a year ago. Permits were difficult to obtain. The summer months yielded electrical bills of \$380 dollars. Nevertheless, they are grateful for the help. Nancy and Jesus dream and pray of finishing their home, "Con el favor de Dios." [With God's favor]

Other families in the neighborhood were not as lucky. They will not be able to receive assistance. They live in homes that don't meet minimum building standards. Additions built over time would have to be demolished to obtain permits to install solar panels. Additional structures are haphazardly put together with pieces of plywood or metal sheets. Nevertheless, it's part of their home.

Furthermore, they cannot pull permits due to title and deed issues. Remediating those issues, is time-consuming and costly; they cannot take time off work. There are few options for them right now. It is everyone's dream to build something safer and better one day.

Prevention of Colonias

In 1996 the Texas Legislature began to implement the Model Subdivision Rules which made many improvements for colonias. Colonias still lack safe, decent and affordable housing. Currently, county officials are addressing major drainage issues with the federal dollars they receive. The Hidalgo County Judge has started a prosperity task force to see how county leaders can help address issues affecting low-income families.

Challenges in Colonias

Poverty

Despite significant urban and economic growth in nearby municipalities, South Texas colonias have persistent poverty. In 1977, research by the LBJ School of Public Affairs showed that 40

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percent of residents lived in poverty^[i]. The Hidalgo County Judge believes the poverty rate has not changed and is still at 40%. The pandemic resulted in colonias being severely undercounted during the 2020 Census. The McAllen-Edinburg and Brownsville metropolitan areas alternate between the poorest in the country every year.

Transportation

Rural Hidalgo County has very limited public transportation available. Rural communities are extremely dependent on transportation. In the absence of these transportation options, people have difficulty accessing what they need. Owning a vehicle is a necessity for rural and colonia residents to maintain a job, go to school, shop for groceries, and visit the doctor.

Flooding

Drainage improvements and developments cannot keep up with Hidalgo County's rapid growth. As buildings, parking lots, and highways grow, there is less space to divert water. Because colonias are located in rural areas with poor infrastructure, the problem is magnified. There are many health challenges associated with flooding, such as mosquito-borne diseases, stagnant water, overflowed septic tanks, and increased mental distress. Many similarities exist between colonias and rural communities in developing countries^[ii].

Health

There are over 300,000 uninsured residents of Hidalgo County, there are no public hospitals, there is little assistance for those without health insurance; specialists will not serve patients without health insurance that are referred by federally qualified health clinics unless they can produce high cash payments.

Infrastructure

Infrastructure quality in Texas colonias varies. Homes often share garden hoses and extension cords as they cannot afford utility hookups. Wooden planks are used as pathways over flood-prone ground. There are no parks, no sidewalks. However, there have been improvements since 1996.

Texas invested millions in infrastructure projects. The basic infrastructure is now in place in many colonias that were previously underdeveloped. This success was due in great part to colonia Ombudsmen program. The program tracked the state's progress in improving conditions in colonias and reporting those results to the legislature. In 2016 that program was vetoed^[iii].

Policy Initiatives

Housing is the most important component that determines the quality of a family's life. The most prevalent challenge to colonias is the lack of decent, safe and affordable housing. Communities cannot thrive when so many live in unstable conditions.

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Definition of Colonia

Urbanization and growth in the Rio Grande Valley have placed many colonia residents in a position where they have been incorporated by a city, but do not enjoy its benefits and services. Because "rural" is no longer valid for some colonia residents, we can't provide them with services.

Colonias would have a greater opportunity to address affordability, equity, and sustainability problems if the term "colonia" were included in the Federal Housing Finance Agency's Duty to Serve (DTS) Underserved Markets.

Funding for the Purchase of Land or Infrastructure Improvements

We are witnessing an increase in residential land prices. In the last two years, the price of land in residential rural areas surrounding existing colonias has increased by 400%. Lots that were priced at \$15,000 now cost \$75,000 or more. At those prices, colonia residents cannot afford to build a safe and decent home. Sheds and dilapidated mobile homes are being used for homes.

We applied and received SHOP funds with the help of the Housing Assistance Council. We hoped to use the funds to assist families with lot payoffs. Rather than owing \$10,000, the families were required to pay \$75,000 in early payoff penalties or private transfer fees. Funds available to assist families are not enough to curb predatory practices. We are grateful to the Housing Assistance Council for recognizing this challenge.

Colonias and rural areas need more funding to purchase land at affordable prices.

Colonia Set-Asides

Build Back Better and the American Rescue plan monies provide great relief for the families we serve. However, the federal dollars I see are designated to address homelessness and encourage the construction of rental properties.

As a family-oriented community, the Rio Grande Valley has low levels of conventional homelessness. There is a lot of overcrowding in colonias; we often see three to four families living under one roof. Rental units are limited. Vouchers outside city limits are not available. Rentals in colonias consist of travel trailers parked on lawns.

Funds should be set aside specifically to address the unique need for affordable housing and community infrastructure upgrades in colonias.

We also ask that a program, like the Colonia Ombudsman program, be revived, to ensure that the progress made can continue to assist low-income families.

¹ Haynes, K. E. (2021, October 1). *Colonias in the Lower Rio Grande Valley of south texas: A summary report*. Lyndon B. Johnson school of public affairs, policy research report, number 18. Academia.edu. Retrieved November 11, 2022, from

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https://www.academia.edu/54598772/Colonias_in_the_Lower_Rio_Grande_Valley_of_South_Texas_A_Summary_Report_Lyn_don_B_Johnson_School_of_Public_Affairs_Policy_Research_Report_Number_18?email_work_card=view-paper

ⁱⁱ Galvin, G. (2018, May 16). *America's third world: Border colonias in Texas struggle to attain services*. U.S. News. Retrieved November 11, 2022, from <https://www.usnews.com/news/healthiest-communities/articles/2018-05-16/americas-third-world-border-colonias-in-texas-struggle-to-attain-services>

ⁱⁱⁱ *Las colonias in the 21st Century*. Focus Area: Infrastructure | Las Colonias in the 21st Century: Progress Along the Texas-Mexico Border. (n.d.). Retrieved November 13, 2022, from <https://www.dallasfed.org/~media/microsites/cd/colonias/infrastructure.html>



Photos of homes in Colonias in Hidalgo County



Mobile Home in Donna, TX



Home Under construction in Donna, TX

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Home in Colonia Lucero Del Norte in Mercedes, TX

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A mobile home with attached addition. Donna, TX

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Flooding in Colonia Lucero Del Norte in Mercedes, TX