

From Colonias, to Informal Housing Subdivisions (IfHSs), to “Model Subdivisions”: *A déjà vu* for policy makers?

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*Session 1. Secure Housing for All: The Urban-Rural Connection:
Housing, Infrastructure and the “New Colonias”*

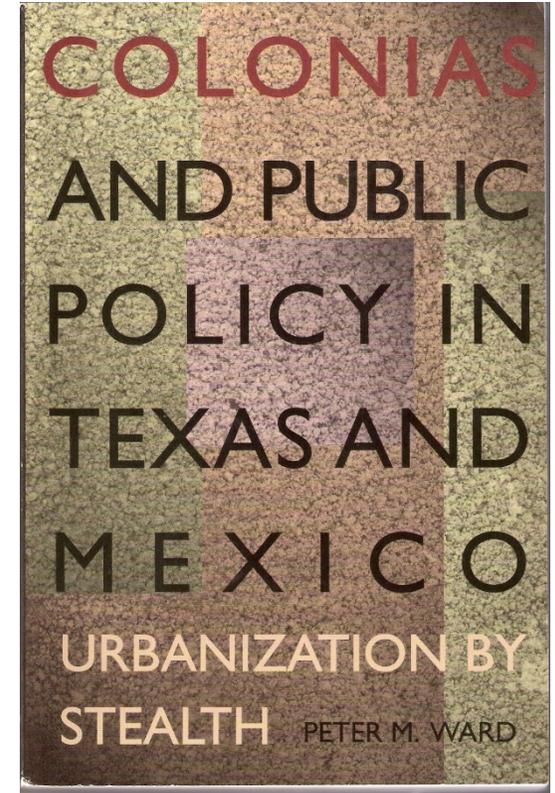
**Presentation to the Southwest Border Colonias:
Housing and Sustainable Development in the 21st Century:**

A UN-Habitat III U.S. Domestic Conference

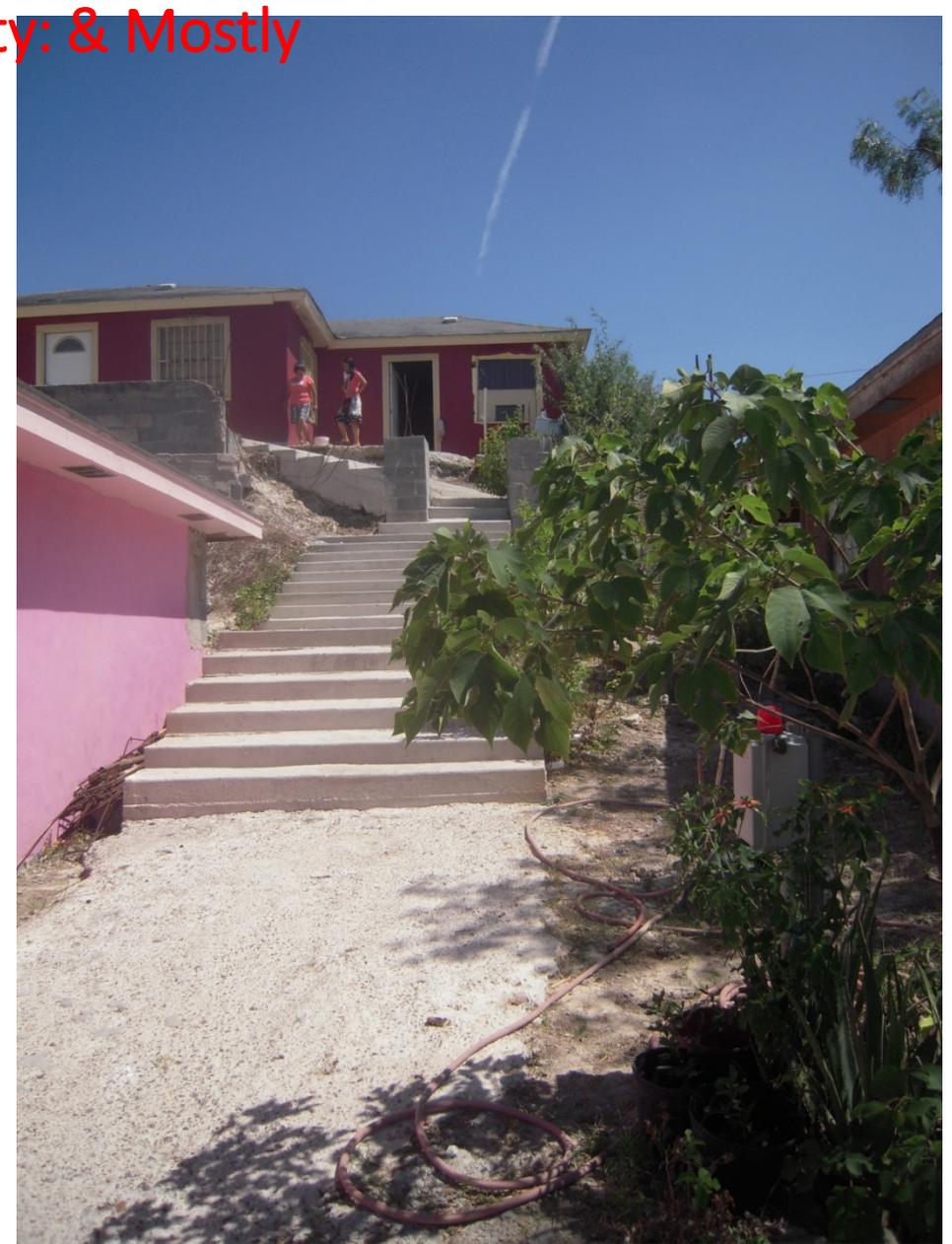
June 22-23, 2016, El Paso, Texas

See final slides for listing of papers and data from which this presentations is
derived

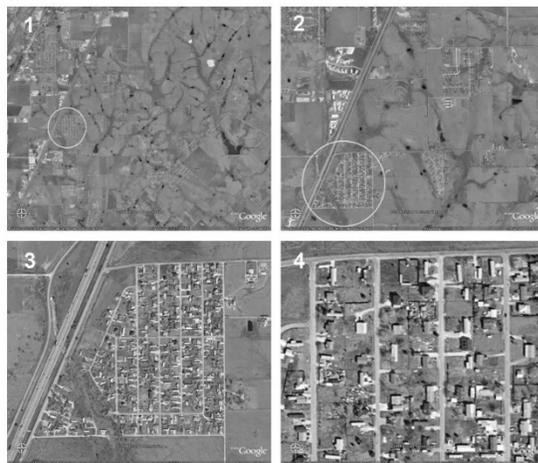
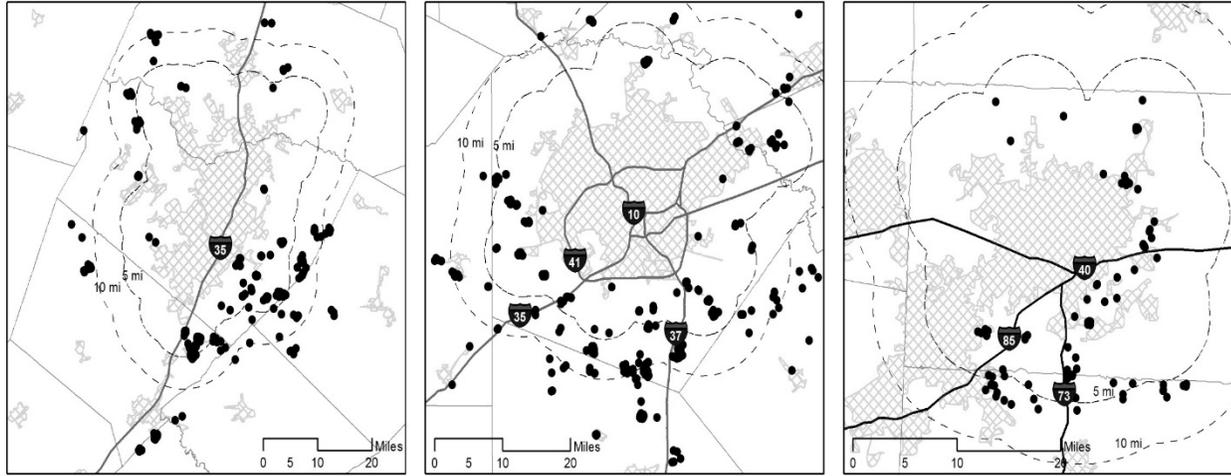
Familiar with border Colonias and with public policy interventions since the early 1990s...



A Decade of Change & in the *Colonias* of Starr County: & Mostly Positive and Impressive (see Durst and Ward 2014)



Less familiar, however, with other self-built low income settlement and housing conditions beyond the border in Texas and elsewhere: Informal Homestead Subdivisions (aka colonias beyond the border)



Housing types in IfHSs





- But problems of poor & dysfunctional market performance in both colonias and IfHSs.
- Faced with incapacity to sell under seller financing, owners resort to abandonment or switching to renting out and/or loan to kinsmen. (See Durst and Ward abandonment paper)

Table 2. Lot vacancy and abandonment in *colonias* and informal subdivisions in eight Texas counties: 2012.

County	<i>Colonias</i> surveyed (<i>n</i>)	Total lots visited (<i>n</i>)	Unoccupied lots		Status of unoccupied lots			
			(<i>n</i>)	(%)	Vacant (%)	Unfinished Structure (%)	Abandoned Structure (%)	Unoccupied Home (%)
Hidalgo	12	874	125	14	—	—	—	—
El Paso	12	695	72	10	—	—	—	—
Cameron	11	845	218	26	—	—	—	—
Starr	10	1074	263	24	—	—	—	—
Webb	7	769	135	18	—	—	—	—
Maverick	7	1078	327	30	67	9	13	6
Guadalupe	4	384	43	11	44	5	26	26
Hays	2	369	91	25	66	8	15	11
Total	65	6088	1274	21	65	9	15	9

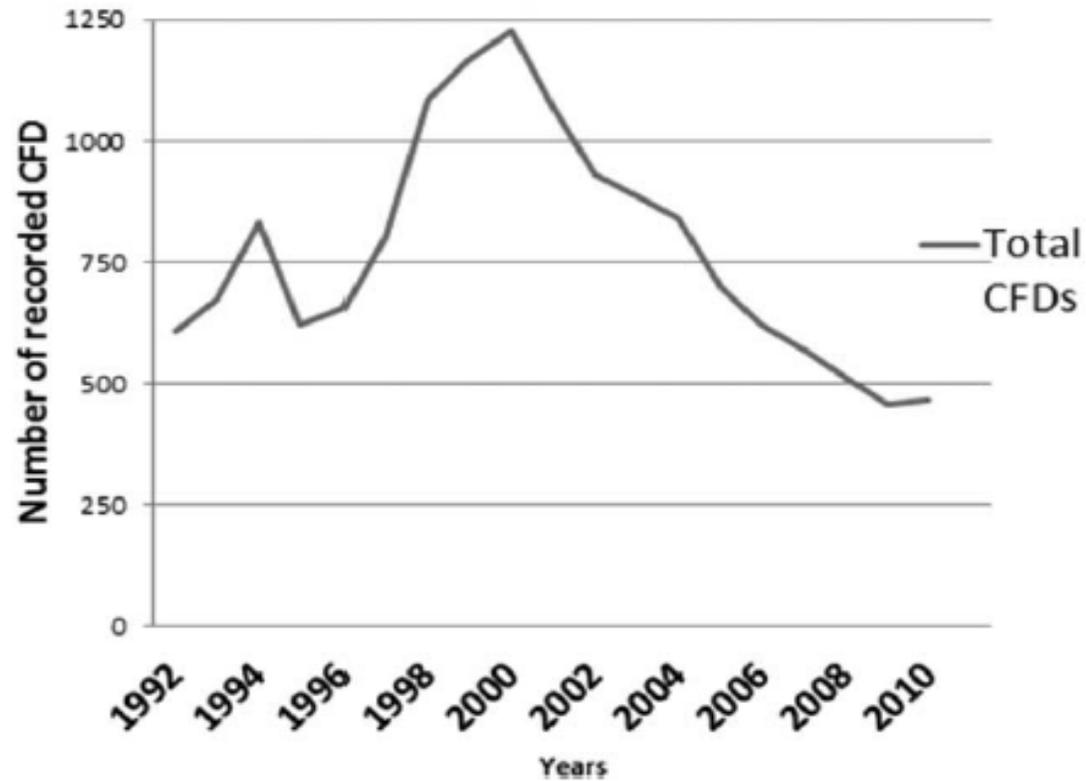
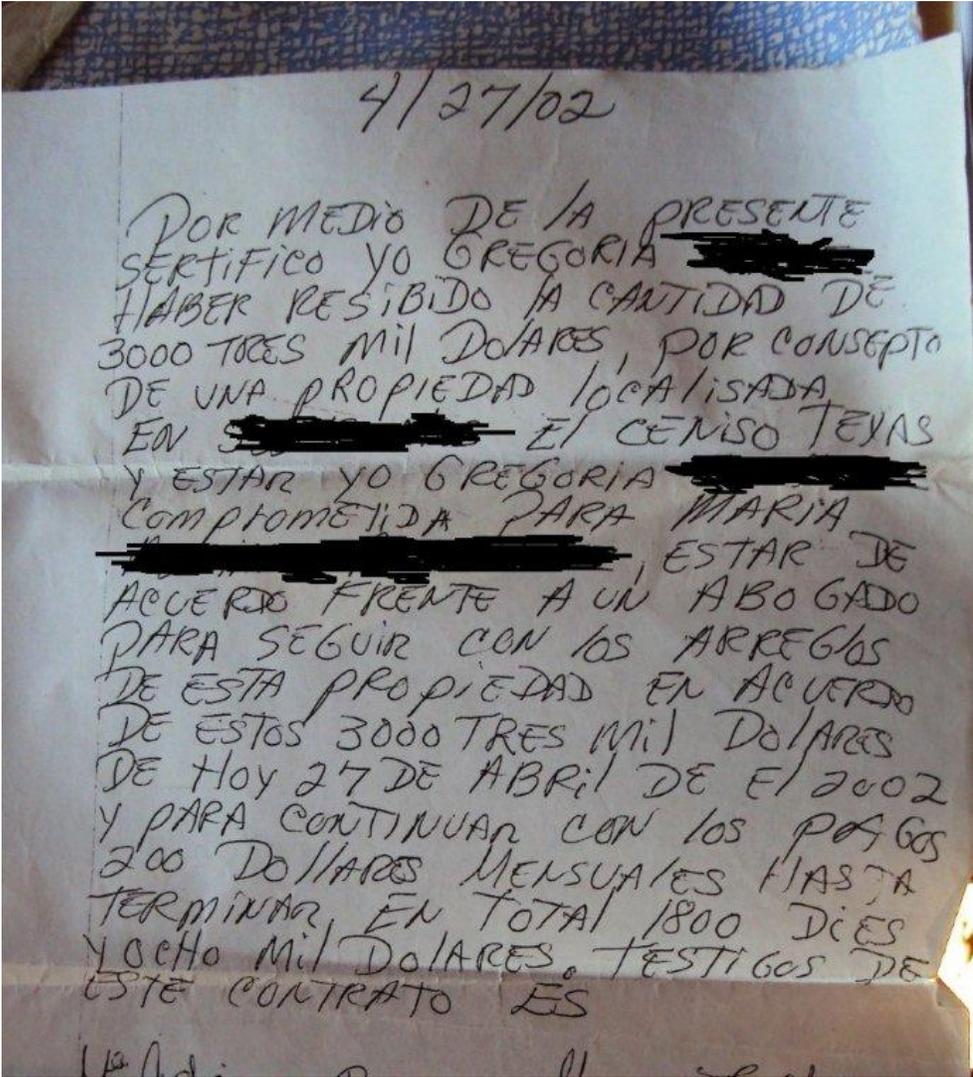
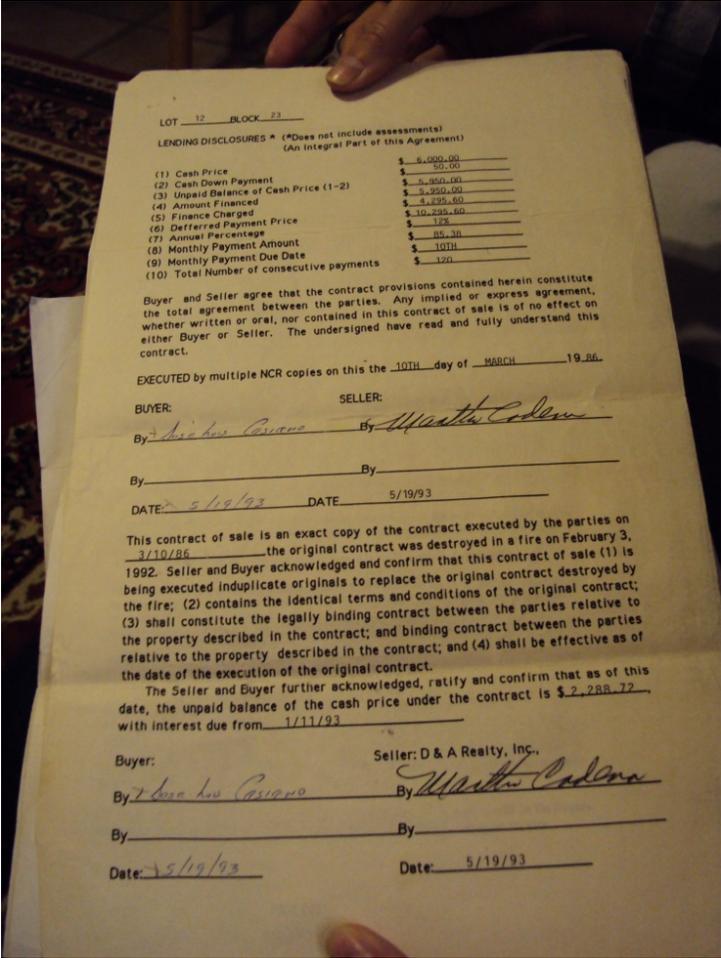


FIGURE 2.
Total Number of Recorded Contracts for Deed 1989–2010 (Three-Year Running
Mean)

Informal land transfers continue today (TDHCA survey) but no longer developers



“Tangled Titles” – a problem in the future

Recent Property Transfers:

Continued Informality: **40% of property transfers since 2003 were informally documented (with receipts or simply oral contracts).**

Limited Use of Wills: 93% of household did not have a will.

Documentation Received at Purchase					
Year of Purchase	Contract for Deed	Deed	Receipt	Oral Agreement	Other
1970-1989	6.1% (4/66)	13.6% (9/66)	77.3% (51/66)	3.0% (2/66)	0.0% (0/66)
1990-1994	4.3% (2/47)	10.6% (5/47)	74.5% (35/47)	8.5% (4/47)	2.1% (1/47)
1995-2002	16.1% (5/31)	16.1% (5/31)	58.1% (51831)	3.2% (1/31)	3.2% (1/31)
2003-2011	26.7% (4/15)	33.3% (4/15)	26.7% (5/15)	13.3% (2/15)	0.0% (0/15)
Total	9.4% (15/159)	15.1% (24/159)	67.9% (108/159)	5.0% (8/159)	0.6% (1/159)

The Rise of Model Subdivisions – the new “face” of colonia-type housing? Two major surveys and studies: Colmedo & Ward (2016); Durst (2015)

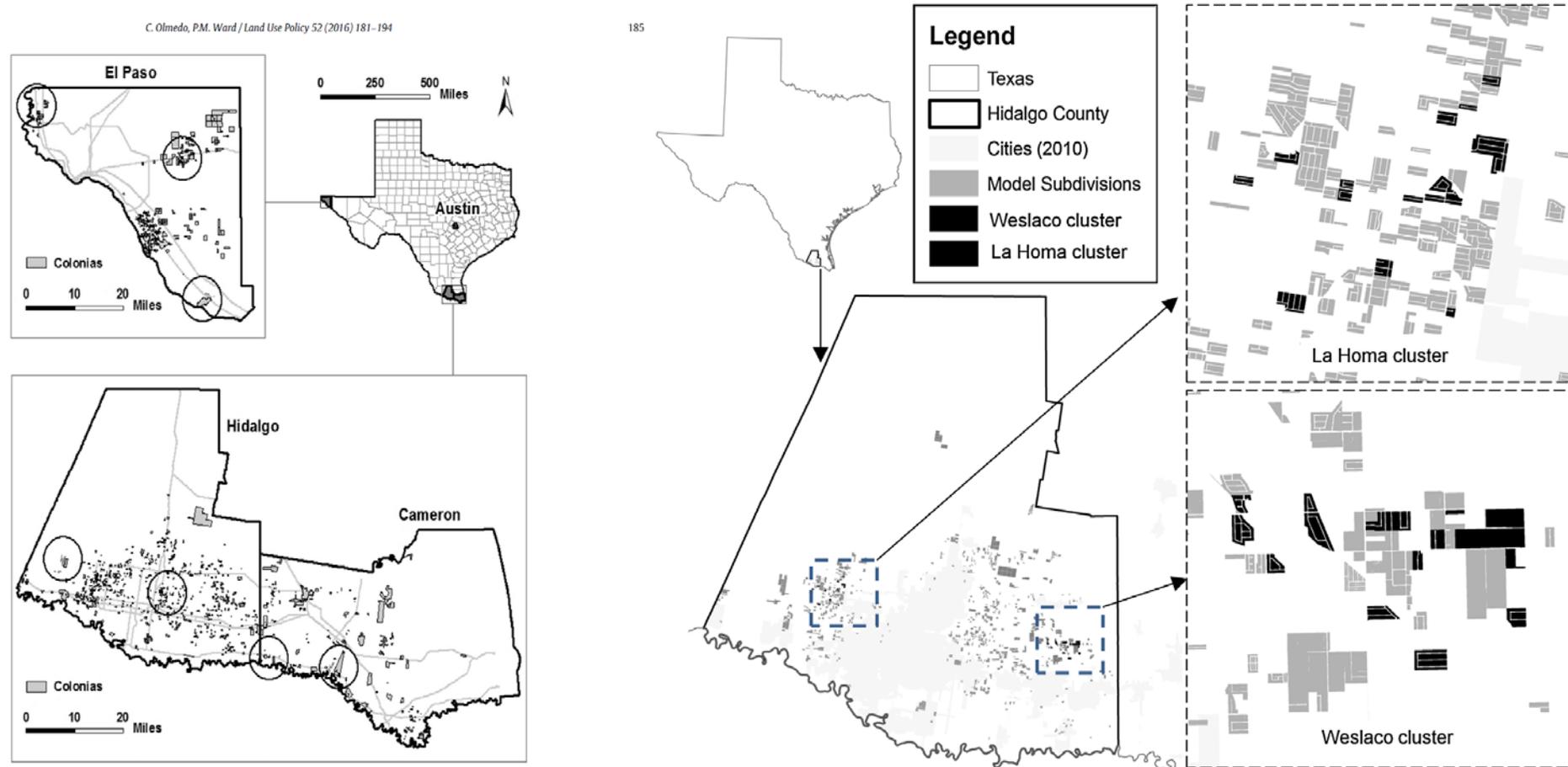


Fig. 1. Model subdivisions sampled (locations encircled).
Sources: maps created using the Texas Attorney General (2013) Colonia Geographic Database and GIS property parcels from respective county CADs (2014). MSs are oftentimes located clustered alongside established colonias.

Table 1. Settlement selection and survey completion.

	Average plat date		Subdivision size			Total
	Early (1990–2001)	Late (2002–2013)	Small (<50 lots)	Medium (50–99 lots)	Large (≥100 lots)	
<i>County</i> (No. of subdivisions)	306	150	305	101	50	456
<i>Cluster selection</i>						
La Homa cluster (No. of subdivisions)	64	12	58	10	8	76
Weslaco cluster (No. of subdivisions)	13	13	14	8	4	26
<i>Settlement and lot selection</i>						
Visited (No. of subdivisions)	11	14	14	6	5	25
Completed (No. of surveys)	70	81	49	43	59	151

Distribution of model subdivisions (plats and lots)

Table I. Tracking Changes in Subdivisions and Poverty across Seven Counties.

County	Colonias		Model Subdivisions		Families in Poverty ^a		
	Plats (n)	Lots (n)	Plats (n)	Lots (n)	1970	1970–1990	1990–2010
					(Total n)	(Change in n)	(Change in n)
Cameron	149	16,953	115	5,021	11,686	8,858	7,462
El Paso	276	31,506	27	2,364	14,211	18,048	7,773
Hays	—	—	56	1,898	1,277	486	1,455
Hidalgo	838	38,885	576	24,028	15,995	16,177	22,247
Maverick	64	8,874	18	857	1,589	2,179	–199
Starr	232	8,451	4	83	1,896	3,321	–105
Webb	53	7,521	0	0	5,927	3,911	4,410
Total	1,612	112,190	796	34,251	52,581	52,980	43,043

a. Data calculated from the 1970 and 1990 decennial census, and 2008–2012 ACS 5-Year Estimates.

Durst, 2015

The Rise of Model Subdivisions – the new “face” of colonia-type housing?

Durst – shows how model subdivisions have replaced colonia housing production and developments – especially prominent in Hidalgo

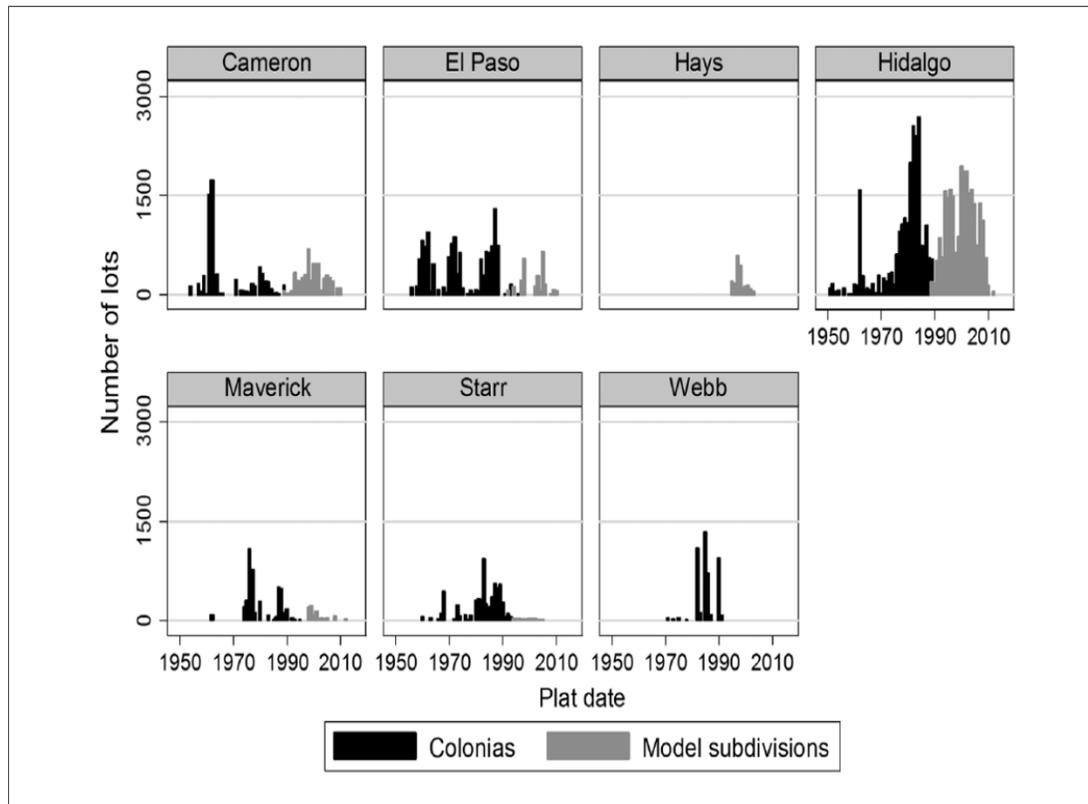
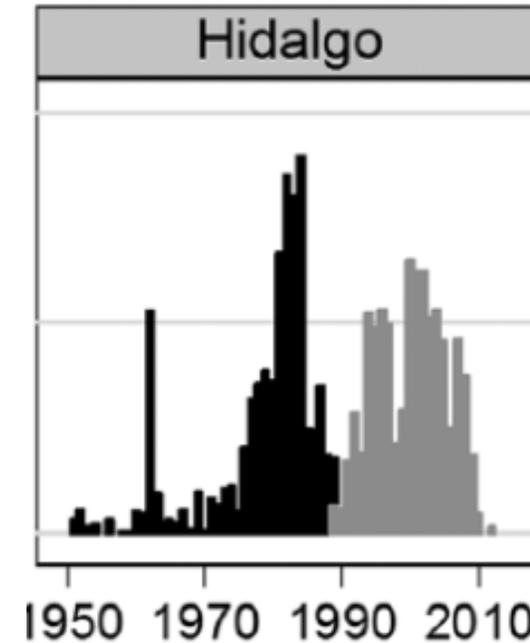
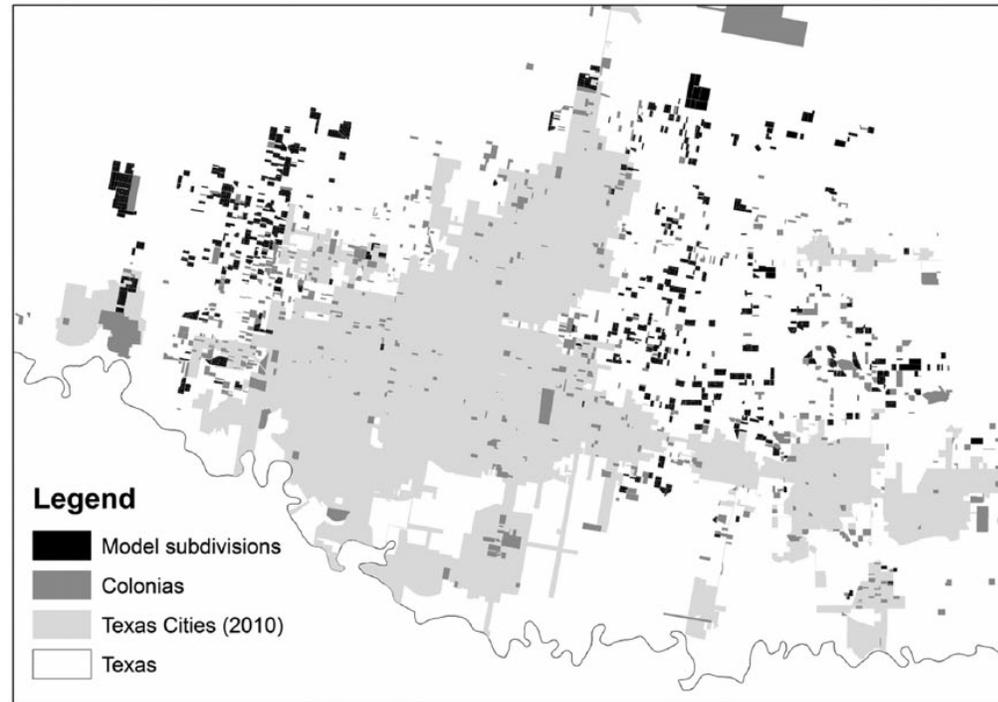
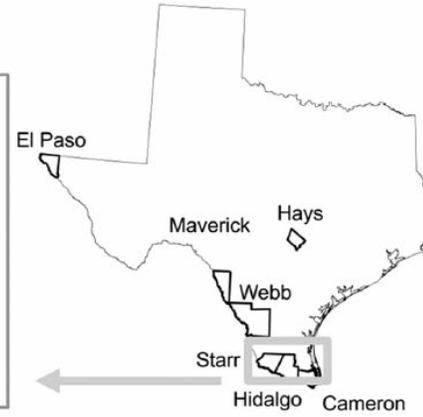
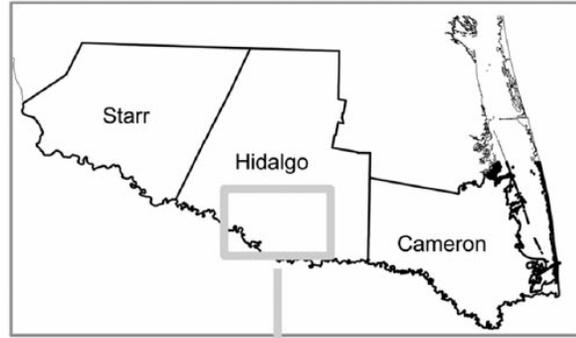


Figure 3. Colonias and model subdivisions by plat year.



Durst, 2015



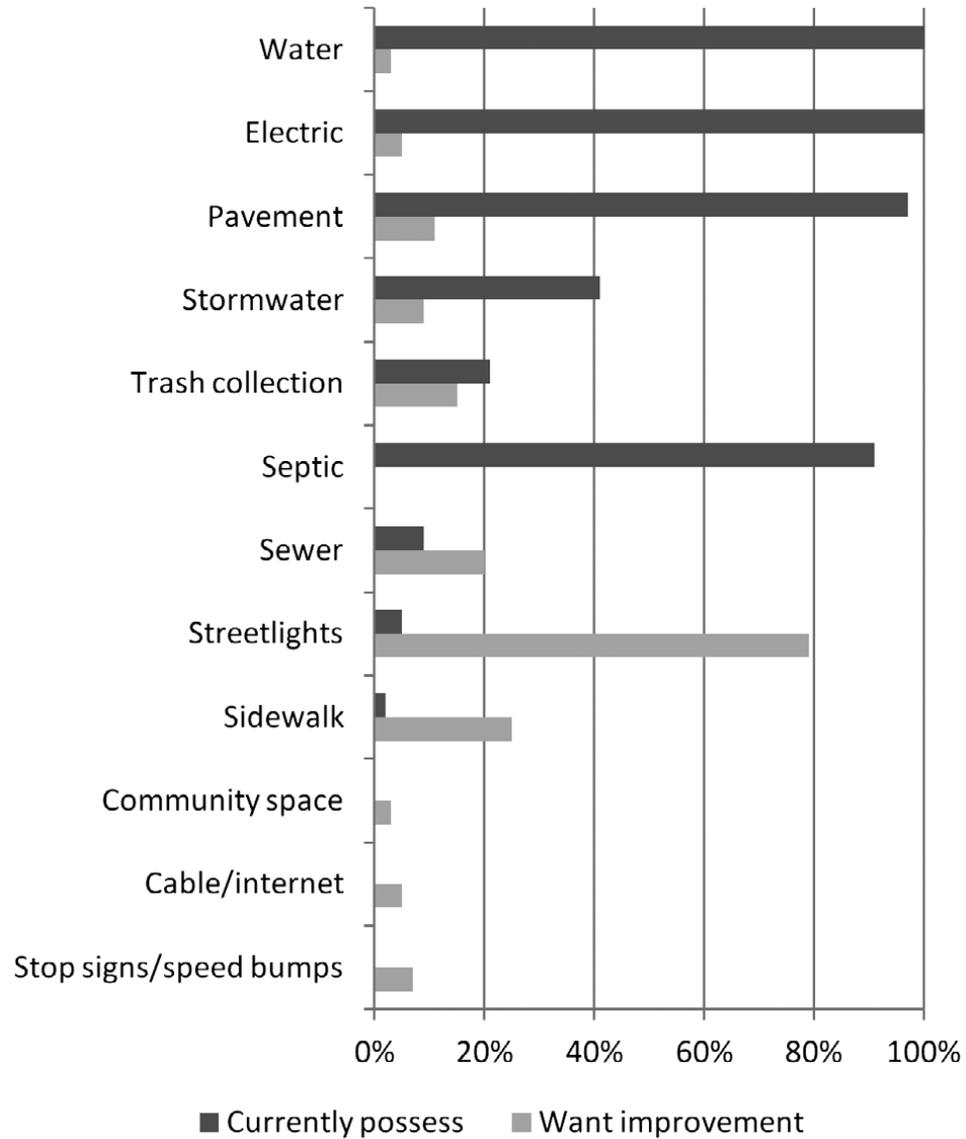
From Durst,
2015.

Colonias and model subdivisions compared (Source, Durst 2015)

Table 2. Key market characteristics: A comparison of colonias and model subdivisions.

	Colonias (mostly pre-1990)		Model subdivisions	
	(Durst & Ward, 2014)	(Ward et al., 2012)	Early (1990–2001)	Late (2002–2013)
Property purchased				
Lot only (%)	–	70%	82%	91%
Year purchased: mean	1989	–	2000***	2006***
Seller financing (%)	–	71%	79%*	93%*
Cost and terms				
Purchase cost per lot: mean (median)	–	\$15,630	\$22,939*	\$28,304*
Monthly cost: mean (median)	–	\$278	\$306*	\$370*
Dwelling type and size				
Self-built (%)	59%	–	55%†	44%†
Bedrooms (mean)	2.97	–	2.98	2.85
Full bathrooms (mean)	1.35	–	1.55	1.5
Persons per bedroom	1.32	–	1.76*	2.22*

Note: † $p < .10$; * $p < .05$; ** $p < .01$; *** $p < .001$.



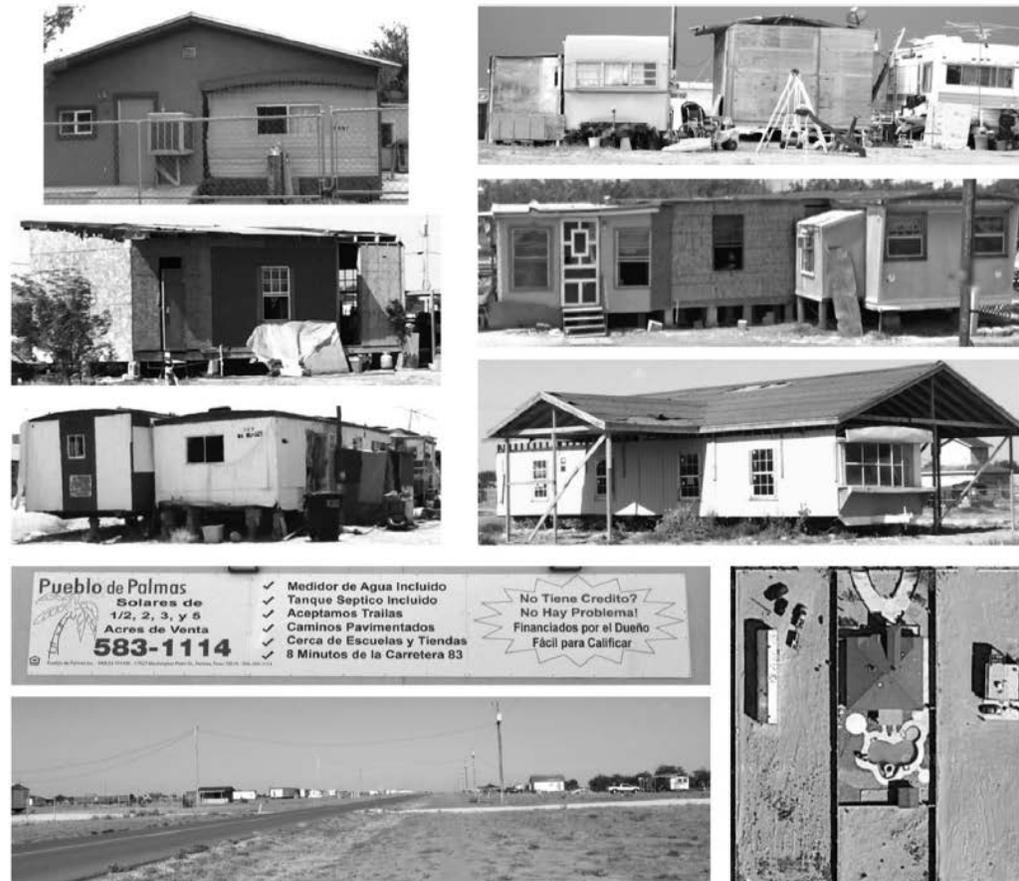
Yes they have some basic services – that’s the good news...

But still major deficiencies

And maybe worse still, some of the worst housing conditions – reminiscent of early colonias development, albeit with basic infrastructure

C. Olmedo, P.M. Ward / Land Use Policy 52 (2016) 181–194

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Colmedo & Ward 2016

Fig. 2. Housing and land across model subdivisions.

Top three rows—self-help hybrid structures using single-wide trailers, campers or shacks. Bottom left—sales promotion and view of lots available; sign reads: “various lot sizes with metered water, septic, trailers accepted, and seller financing with no credit needed and easy qualification terms.” Bottom right—aerial view of custom built home with a pool, while neighboring lots contain a trailer, and self-built home.

Durst and &
Ward 2015



Figure 4. Self-help and self-managed housing in model subdivisions: retrofitted temporary dwellings (a–b), reused waste materials (c), hybrid dwellings (d), cement blocks (e), and wood framing (f).

Table 2. Land and Housing Market Conditions in Three Types of Subdivision.

	Model Subdivision (Max $n = 3,601$)	Colonia (Max $n = 9,068$)	Traditional Subdivision (Max $n = 18,633$)
Land size and value: mean (median)			
Acres	0.81 (0.59)*	0.45 (0.19)*	0.24 (0.14)
Value (per lot)	\$17,426 (\$16,900)*	\$15,160 (\$13,965)*	\$20,653 (\$16,000)
Value (per square foot)	\$0.71 (\$0.60)*	\$1.38 (\$1.32)*	\$3.92 (\$2.82)
Dwelling type (all dwellings)			
Mobile home (%)	35%*	16%*	1%
Other (%)	65%*	84%*	99%
>1 dwelling per lot (%)	3.3%**	4.3%**	0.3%
Improvement value: mean (median)			
No improvement value	24%*	28%*	20%
All	\$27,070 (\$19,491)*	\$34,785 (\$23,336)*	\$85,671 (\$70,914)
Mobile home ^a	\$13,882 (\$9,473)†	\$15,388 (\$13,947)†	\$19,111 (\$17,129)
Nonmobile home ^a	\$27,980 (\$20,258)*	\$36,526 (\$23,960)*	\$86,132 (\$71,175)
Dwelling size (sq. ft.): mean (median)			
All	1,119 (1,056)*	1,372 (1,140)*	1,670 (1,456)
Mobile home ^a	682 (624)*	820 (840)*	857 (896)
Nonmobile home ^a	1,133 (1,064)*	1,377 (1,152)*	1,674 (1,460)
Year built: mean (median)			
All	1991 (1995)*	1986 (1989)*	2001 (2003)
Mobile home ^a	1985 (1984)*	1983 (1982)*	1985 (1985)
Nonmobile home ^a	1997 (2001)*	1987 (1992)*	2001 (2003)

Note: Two-sample t -test or chi-square test comparing model subdivisions and colonias: *.01 level; **.05 level; †.1 level.

a. Estimates refer only to parcels with a single dwelling.

Model Subdivisions are becoming more expensive over time, interest rates are increasing, and purchase term is increasing

Table 3. Modeling purchase cost and conditions over time via ordinary least squares.

Independent variables	Dependent variable			
	Purchase price (\$2,014)	Monthly cost (\$2,014)	Estimated interest rate (%)	Purchase term (No. of years)
Year purchased	552.5** (202.32)	6.779* (2.52)	0.401** (0.13)	0.385*** (0.08)
Subdivision size (No. of lots)	35.92 (26.43)	0.33 (0.33)		
Distance from city (kilometers)	-774.1 (1,173.05)	-20.12 [†] (11.33)		
Lot size (square meters)	19.98 (13.63)	0.0731 (0.04)		
Constant	-24,180.1 (29,436.08)	125.1 (123.78)	7.567*** (2.04)	8.096*** (1.29)
<i>N</i>	69	71	47	67
<i>R</i> ²	0.333	0.256	0.151	0.211

Note: Clustered standard errors in parentheses.

[†]*p* < .10; **p* < .05; ***p* < .01; ****p* < .001.

Viewed graphically: Model Subdivisions are becoming more expensive over time, interest rates are increasing, and purchase term is increasing

Durst &
Ward 2015

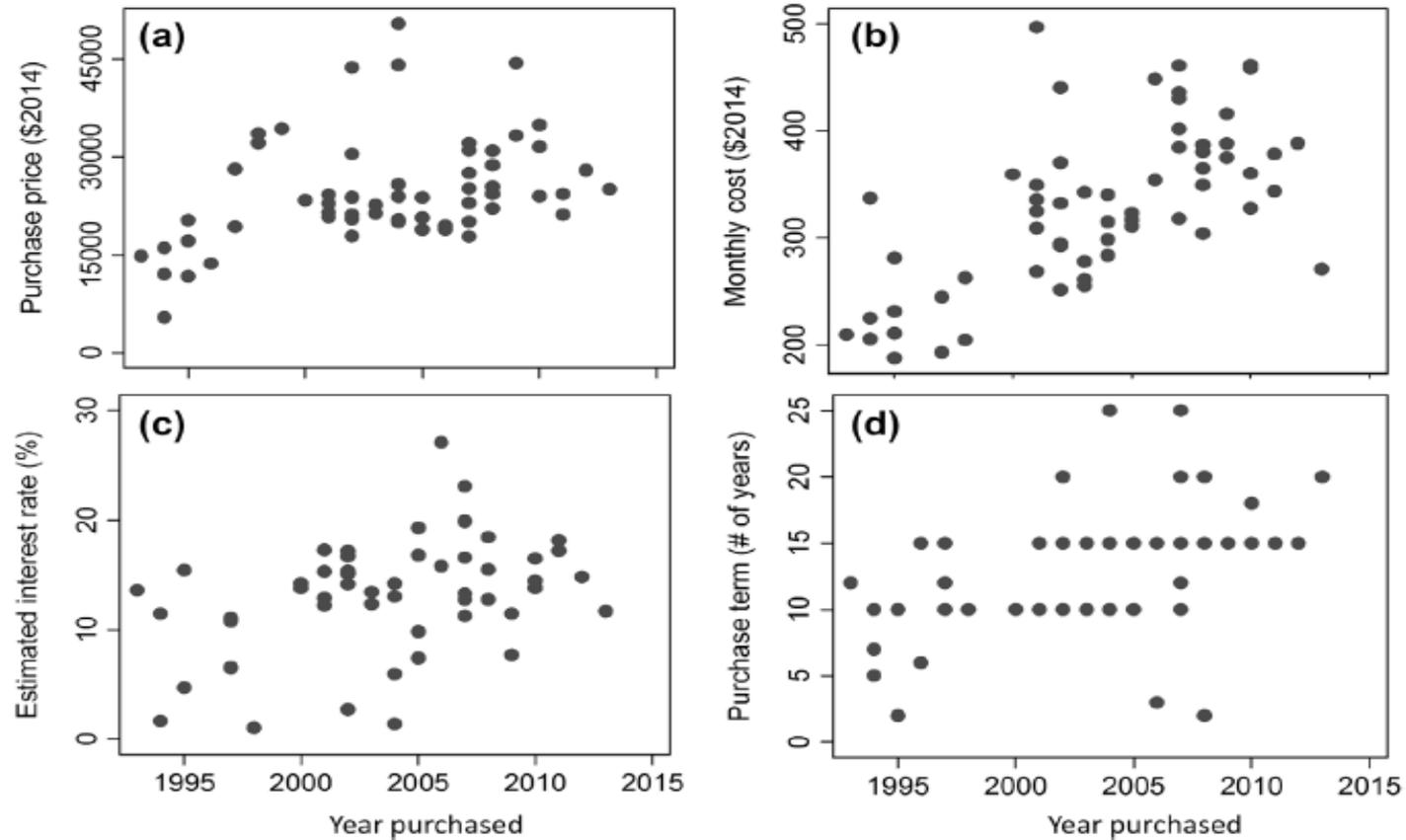


Figure 3. Purchase cost and conditions over time in sampled model subdivisions.

Rising costs having impact in lot purchase and home ownership “failures”, with evidence of developer promoted “flipping” practices – sometimes aggressively so (% of lots flipped and flip spans). Source Colmedo & Ward 2016.

Table 3
“Flips” by developers and resident sales (% of N).

		N	Flips				Flip span (in months)		
			None	Developer & related	Bank & related	Consumer	<=12	>12-24	>24
Cameron	La Gloria Canal	119	57%	35%	4%	3%	61%	16%	24%
	La Iglesia Vieja	75	91%	5%	4%	0%	43%	14%	43%
	Rancho Grande South	231	70%	26%	1%	2%	43%	20%	36%
	Santa Maria Norte	74	70%	30%	0%	0%	36%	27%	36%
El Paso	Deerfield Park 3	56	68%	25%	5%	2%	28%	22%	50%
	Drake	144	85%	13%	1%	1%	24%	38%	38%
	Rancho Estancias	67	87%	4%	9%	0%	11%	11%	78%
Hidalgo	Pueblo de Palmas	236	43%	51%	6%	0%	62%	17%	21%
	Seminole Valley	108	59%	33%	6%	2%	43%	23%	34%
	Taurus Estates 11 & 21	137	58%	39%	3%	1%	43%	47%	10%
Total		1247	65%	30%	4%	1%	48%	24%	28%
	Flip span (mean days)			516	1636	1070			
Developer flips		373					53%	24%	23%

Conclusions and Multiple Policy Issues

- Model Subdivisions are the new “colonias” and the new developer actors and practices on the block. Not a pretty déjà vu (sight)
 - Policies to reduce predatory practices of developers
 - Screening applicants for financial ability to afford
 - Some \$ compensation for exits
- Unused lots remain widespread and some evidence of abandonment
 - Financing support for buyouts (*traspasos*) to circumvent need for seller financing
 - Sequestration policies for long term tax defaults
 - Land trust arrangements to pool vacant and repossessed lots
- Title “tangling” due to informal property sales lot and intestacy
 - Campaigns to promote use of Contract for Deed type templates
 - Financing support for *traspasos* (above)
 - Promote use of Transfer of Title on Death Deeds (as an alternative to Wills) see [TexasLawHelp.org website](http://TexasLawHelp.org)

Colonia Housing Conditions in Model Subdivisions: A Déjà Vu for Policy Makers

Noah J. Durst and Peter M. Ward, *Housing Policy Debate*, 2015, pp.

<http://dx.doi.org/10.1080/10511482.2015.1068826>

Model subdivisions: The new face of developer lot sales for low-income colonia-type housing in Texas Carlos Olmedo and Peter M. Ward, *Land Use Policy* 52 (2016) 181–194.

<http://dx.doi.org/10.1016/j.landusepol.2015.12.003>

The Nature and Extent of Self-Help Housing in Texas: From Colonias to Model Subdivisions

Noah J. Durst. (2015). *Journal of Planning Education and Research*, 1–13

DOI: 10.1177/0739456X15612199

Protecting Homebuyers in Low-Income Communities: Evaluating the Success of Texas Legislative Reforms in the Informal Homeownership Market

Peter M. Ward, Heather K. Way and Lucille Wood. *Law and Social Inquiry*, Volume 41, Issue 1, 152–183, Winter 2016.
<http://onlinelibrary.wiley.com/enhanced/doi/10.1111/lsi.12125/>

Lot vacancy and property abandonment: colonias and informal subdivisions in Texas

Noah J. Durst & Peter M. Ward (2015), *International Journal of Housing Policy*, 15:4, 377-399, DOI: 10.1080/14616718.2015.1090095

Measuring self-help home improvements in Texas colonias: A ten year ‘snapshot’ study

Noah J Durst & Peter M. Ward, (2014) *Urban Studies*, 51(10) 2143–2159
DOI: 10.1177/0042098013506062

Energy, Housing and Income: Constraints and Opportunities for Affordable Energy Solutions in Texas Colonias. Final Report to the State Energy Conservation Office.

Sustainable housing applications and policies for low-income self-build and housing rehab

Esther Sullivan & Peter M. Ward, (2011) *Habitat International* 36 (2012) 312-23 doi:10.1016/j.habitatint.2011.10.009