



The distribution of goods, services, and wealth throughout the community is an important consideration to optimize the overall quality of life for all residents. This concept of equity is also important in terms of economic growth and development, as a lack of basic necessities and services hinders an individual's ability to work, spend, and live. The vision themes that are directly and indirectly affected by the strategies proposed in the equity section are presented in Figure 1.

	DIRECT	INDIRECT
PROSPEROUS		●
EFFICIENT		●
FUNCTIONING		●
SAFE		●
TALENTED		●
HEALTHY		●
LIVABLE		●
VIBRANT		●
ENGAGED	●	
COLLABORATIVE	●	
EQUITABLE	●	
SUSTAINABLE	●	

Figure 1. Vision Themes Related to Equity

Currently, Brownsville is one of the most economically disadvantaged cities in the country, and there is a large demographic that lives below the poverty line and lacks access to basic goods and services. An equity subcommittee was established to identify prioritized objectives to address these issues.

The five key objectives that were recorded are as follows:

1. Want sustainable increases in the number of individuals and families earning a living wage
2. Want equal access to affordable housing
3. Want equal access to low cost banking/ financial services
4. Want sustainable increases in household net worth (e.g. reduce debt and increase savings)
5. Want equal access to quality health care services, public sector services and infrastructure, and (private and public) education

Some of the key issues that Brownsville faces in meeting these objectives are described in the following section.



Key Issue: High Percentage of Brownsville Families Living Below Poverty Standards and Living Wage Standards

Brownsville has one of the highest rates of poverty in the country. Currently, the average household size in Brownsville is approximately 3.5 people per household. Based on the poverty guidelines for a family of 3 and a family of 4, a household income for a family of 3.5 was interpolated to be \$20,180 per year (Figure 2). Using data provided by the U.S. Census Bureau, it is estimated that approximately 39% of Brownsville households currently fall under the estimated poverty guideline for a family of 3.5 people (Figure 3). While these poverty guidelines are the current standard for defining the minimum income American households need to subsist and are used to determine the eligibility for many federal, state, and local programs, the Center for Public Policy Priorities (CPPP) conducted a study suggesting that these guidelines are greatly underestimated. The study states that the guidelines were based on a 1960s assumption that food costs accounted for approximately one-

third of total household spending and failed to include a measurement of other household costs, taxes and benefits. Furthermore, the guidelines have failed to account for varying rates of inflation for specific expenditures, and do not account for geographic variation or change in standard of living over the last five decades. The CPPP instead proposes that poverty should be measured based on costs of living and has established "Family Security Index" as an alternative to the conventional poverty guideline. Due to the large impact that healthcare costs can add to a family without employer sponsored insurance, two different estimates of required living wages are calculated, one with insurance and one without. For the average household size of 3.5 people per residence in Brownsville, it is estimated that the required Family Security Index level would be \$29,784 with employer sponsored insurance and \$35,874 without. This means that approximately 54% of Brownsville households that have employer sponsored insurance are below the living wage criteria and approximately 62% of those without employer sponsored insurance fall below the criteria.

Current U.S. Poverty Guidelines		Estimated Living Wage	
Persons in Family	Poverty Guideline	With Employer Sponsored Insurance	Without Employer Sponsored Insurance
1	\$10,830	\$12,528	\$15,816
2	\$14,570	\$19,422	\$24,828
3	\$18,310	\$26,634	\$32,424
3.5 (interpolated based on avg. household size)	\$20,180	\$29,784	\$35,874
4	\$22,050	\$32,934	\$39,324
5	\$25,790	\$39,468	\$46,536

Figure 2. Poverty and Living Wage Standards.

Family of 3.5 (Brownsville Avg.)	%
% Brownsville Households Below Poverty Guideline (extrapolated)	39.0%
% Brownsville Households With Employer Sponsored Insurance Below Family Security Index	54.3%
% Brownsville Households Without Employer Sponsored Insurance Below Family Security Index	62.1%

Figure 3. Brownsville Households.

Key Issue: Missed Opportunity to Collect Earned Income Tax Credits, Other Tax Credits

Since 2003, the United Way and their volunteers have worked in Cameron County to assist low-income residents with filing federal tax returns and qualifying for earned income tax credits and child credits. This initiative began with a national IRS sponsored program called VITA (Volunteer Income Tax Assistance). Since 2003, it is estimated that in Brownsville alone, over \$1.8 million in earned income tax and over \$0.5 million in child credits on just over 3000 returns was collected as a result of filing assistance. This is money that goes directly back to the residents of Brownsville, increasing the quality of life and spending power of the low to moderate income bracket residents. Given the large number of low income families in Brownsville, it is likely that there are many residents who qualify for such tax credits but are not receiving them potentially leaving millions of dollars unclaimed. A similar but larger program in San Antonio (sponsored by the San Antonio Coalition for Family Economic Progress with members from the IRS, City, United Way, Catholic Charities, and the Casey Foundation) with over 21 filing sites throughout the City has returned over \$288 million to local residents, directly created over 750 jobs, and brought \$2 million in additional sales tax revenue to the City since 2003. In addition, the San Antonio program has expanded their tax assistance beyond the traditional VITA season to assist those wishing to

correct and file prior year tax returns. A similar program in Brownsville has the potential to bring significant tax dollars back to the City and generate additional sale tax revenue.

Key Issue: Affordable, Quality Housing

The Real Estate Market Overview 2007 report for the Brownsville-Harlingen MSA (completed by the Real Estate Center at Texas A&M University) developed a Housing Affordability Index (HAI) based on the ratio of median family income to the income required to buy the median-priced home. This report reveals that for data collected in 2006, the HAI was 1.25, based on a median family income of \$33,000 and a required income of \$26,398 to qualify for the median home price of \$104,700 (Figure 4). A value of 1.25 indicated that families at (or above) the median income level have more than sufficient funds to qualify for the median priced home. However, for first-time homebuyers that lack capital to put toward a down payment, the ratio was 0.94, which indicates a lack of sufficient income to qualify for the median priced home. This gap prevents many young families from being able to afford a home.

Brownsville-Harlingen Market Overview					
MLS	2006 Median Priced Home	Required Income to Qualify	Median Family Income	HAI*	HAI for First-Time Homebuyers**
Brownsville	104700	26398	33000	1.25	0.94
State	143000	35179	54300	1.54	1.05
U.S.	221900	54139	59600	1.1	0.62

*HAI is the ratio of median family income to the income required to buy the median-priced house using standard mortgage financing at the current interest rate. Standard financing is a fixed-rate, 30-yr loan covering 80% of the cost of the home. A HAI of 1.00 indicates that the median family income is exactly equal to the required income to qualify for the standard loan to purchase the median-priced house.

** First-time is home buyer is assumed to purchase a home equal to the first quartile home price using a 90% home loan at an interest rate 0.5% greater than the standard current rate.

Source: Real Estate Center at Texas A&M University

Figure 4. Brownsville Housing Affordability.



Key Issue: Large Percentage of Households Spending Greater than 35% of Income on Mortgage, Rent

Traditional estimates of the percent of household income recommended to be spent on housing costs ranged from 20-25%. Over the last couple of decades this value has risen to 25%-33%, largely due to rising housing costs and the decreasing percentage of income spent on food. This increase in housing costs, while possibly offset by decreased spending on food, makes a household more susceptible to foreclosures and leaves less income to spend on other household needs. In Brownsville, it is currently estimated that over 50%

of all rental households spend more than 30% of their income on housing costs. Over 43% of rental households spend more than 35% of their income on housing costs. Of those who own their own homes and have a mortgage, nearly 40% spend more than 35% of their household income on housing costs, and over 16% of households without a mortgage spend more than 35% of their income on housing costs (Figure 5). This large proportion of renters and households with mortgages whose housing costs are over 35% of their income is a big concern and indicates that many are purchasing homes beyond what they can afford.

Gross Rent as a Percentage of Household Income	Estimate	Percent
Renter Occupied Units	18576	100.0%
< 15%	1424	7.7%
15% - 19.9%	1512	8.1%
20% - 24.9%	1977	10.6%
25% - 29.9%	1506	8.1%
30% - 34.9%	1361	7.3%
> 35%	8097	43.6%
not computed	2699	14.6%

Source: U.S. Census Bureau

Figure 5. Percent of Household Income Spent on Rent.

Selected Monthly Owner Costs as a Percentage of Household Income	Estimate	Percent
Housing Units with a Mortgage	16777	100.0%
< 20%	4091	24.4%
20% - 24.9%	2676	16.0%
25% - 29.9%	1922	11.5%
30% - 34.9%	1280	7.6%
>35%	6520	38.9%
not computed	288	1.7%
Housing Units without a Mortgage	14060	100.0%
< 10%	3820	27.2%
20% - 14.9%	3219	22.9%
15% - 19.9%	1792	12.7%
20% - 24.9%	1050	7.5%
25% - 29.9%	1046	7.4%
30% - 34.9%	599	4.3%
> 35%	2287	16.3%
not computed	247	1.8%

Source: U.S. Census Bureau

Figure 6. Percent of Household Income Spent on Mortgage.

Key Issue: Limited Access to Healthcare, Especially for Children in Non-English Speaking Households

As discussed in the Healthcare section of the report, it is currently estimated that nearly 50% of the Brownsville community is without health insurance. Furthermore, a recent study conducted by the University of Texas Southwestern Medical Center at Dallas found that there is a greater percentage of children from non-English speaking homes without access to healthcare as compared to those from English speaking households. Of the children from non-English speaking households, it was found that more than 25% have no health insurance and 39% have no dental insurance; this is compared to 6% and 20%, respectively from English speaking households. These trends are based on a national survey and local trends are unknown. However, it is likely that given the significant percentages of households in Brownsville where English is not the primary language spoken at home, and the significant percentages of residents without health insurance, this trend is representative of Brownsville. This assessment indicates a barrier to access of healthcare for non-English speaking families that directly impacts the entire community in missed school days, missed work days, and rising healthcare costs.

Key Issue: High Use of Payday Loan Lenders

Over time, as banks began issuing more credit cards and providing overdraft services on accounts, they have stepped away from small-dollar loans. To fill the continued need for small-dollar loans, payday loan companies have arisen. While such loan companies fill a need present in the community, interest rates on such loans typically range from 300%-600%. It is estimated that in Texas, approximately \$2.5 billion in loans are made every year, costing Texans an additional \$500-\$600 million in annual interest and fees. The significant presence of payday loan institutions in Brownsville indicates a need for small-dollar loans and a lack of access to more affordable lending institutions or a lack of awareness as to the practices of such lending institutions.

Key Issue: Lack of Sufficient Data to Evaluate Equity Issues Distributed throughout the City

The previous "Key Issues" have identified major, general equity issues that plague Brownsville as a community. As these issues are addressed during strategy implementation, it will be necessary to identify specific geographic and demographic sectors of the community that are consistently the most affected. The majority of data that is readily available about these issues currently is only available on the scale of the entire City. To more effectively address equity issues throughout the City, in terms of access to goods and service, this issue will have to be overcome through the development of a data collection and tracking system.



Strategic Initiatives

1. Develop a data collection and tracking system to identify specific regions throughout the community, at as refined of a scale as is reasonable, to determine which sectors of the community are most affected by equity issues. The most effective and efficient way to collect and manage data would be through the use of a Geographic Information System (GIS) as is being suggested for the collection of environmental data in the Environmental Section. Use of a GIS system for data collection should be viewed holistically across all dimensions, leading to the creation of one, web-accessible GIS-based system that tracks a variety of resources and trends based on data collected and managed by the City. This data should be made publicly available to keep citizens informed and to use as an educational tool where applicable. Data that should be collected and tracked include: affordable housing units, public services, healthcare facilities, banking facilities, etc.
2. Provide an incentive for local businesses to pay living wages to all employees. Specific steps that should be implemented to promote living wages throughout the City include:
 - No public money incentives will be paid to companies that do not pay living wages.
 - Living wage clause will be included in municipal purchase contracts. All contracts awarded by the municipality (or by public entities in Brownsville) would require contractors and all sub-contractors to pay living wages to employees. For new business, bidding credits will be awarded to bidders that pay living wages. A bidder that pays living wages would get a credit in their submitted bid equal to a specified percentage of the submitted bid. The effective bid would be equal to the submitted bid minus the credit.
 - Tie living wage requirements to all recruitment, retention, expansions, contracting, etc., to any company using public funding.
3. Develop an outreach and assistance program to assist low income workers. This strategy should be developed in conjunction with Strategy 4 in the Civic Plan, which discusses the creation of a volunteer center through a partnership with Su Clinica Familiar and the United Way. While this volunteer center will serve multiple roles all focused on community engagement and education/outreach efforts, from an equity standpoint the focus should include the following items:
 - Provide outreach and assistance to low income workers to claim the Earned Income Tax Credit to bring in millions of dollars going unclaimed and assist families to move above poverty.
 - Research equitable access to public benefits to ensure workers can work. Benefits that support work include: Children's insurance, Temporary Assistance for Needy Families (TANF), subsidized daycare, food stamps, and housing.
 - Provide outreach assistance to promote financial education opportunities and provide alternatives to payday loans. Encourage educational institutions to incorporate financial education into their curriculum.
4. Provide English as a second language courses targeting low-income, non-English speaking households to remove access barriers created by language divides.
5. Pursue the development of public/private social venturing programs to address issues such as homelessness, job training, opportunities/career development for youth, first time employees, people with disabilities and hard to employ individuals.
6. Promote strategic evaluation of return on investment for Community Development Block Grant annual allocations.
7. Identify number of affordable housing units needed. Develop and track an affordable housing production indicator that reports the

annual number of affordable housing units produced within the City.

8. Pursue green/affordable housing program opportunities.
9. Develop an alternative loan program to assist working families. Complete a feasibility study and develop a program to meet the needs of the community.
10. Pass ordinance requiring full disclosure of cost and fees associated with pay day and refund anticipation loans

Equity Indicators

To evaluate Brownsville’s current status in meeting the stated objectives and to track future progress as strategies are initiated, the following set of indicators (Figure 7) should be monitored and evaluated. The indicator table includes recommended “Target” values at 2 years and 5 years after initiation of the Plan based on standards of comparison and an evaluation of what seems reasonable over the short-run. However, these target values are simply recommendations and the feasibility of the target values may be subject to scrutiny by those experts in the field responsible for enacting and monitoring the Plan.

Indicator	Current	Standard of Comparison	5-yr Target
Median Household Income	\$26,878	\$41,645	\$34,000
% households below poverty level	39.0%	27.8% (McAllen)	30.0%
% households below family security index with employer sponsored insurance	54.3%	40.9% (McAllen)	40.0%
Total Earned Income Tax Credits Collected per year	\$485,746 (2007)	N/A	\$641,185
Total Child Tax Credits Collected	\$130,193 (2007)	N/A	\$150,000
Housing Affordability Index (HAI)	1.25	1.54 (TX)	1.50
% of Households who spend more than 35% of total income on housing costs (renters)	43.6%	36.5% (McAllen)	35.0%
% of Households who spend more than 35% of total income on housing costs (homeowners with mortgage)	38.9%	19.1% (McAllen)	20.0%
% Brownsville Residents without Health Insurance	48.0%	24.2% (TX)	< 35%
Ratio of alternative, low-interest, low value loan financing companies/organizations per 1,000 residents	\$0.00	N/A	TBD

Figure 7. Equity Indicator Table.



Implementation

Implementation of this Plan will begin by the equity technical group in cooperation with the civic subcommittee to immediately work towards the development of a volunteer center through a partnership between the United Way and Su Clinica Familiar. Development of this partnership is of top priority to enroll families in public benefit programs, government sponsored health insurance, and to bring millions of earned income tax credit dollars to low income workers throughout the City. Initiating this first step will provide impetus for many additional strategies and outreach programs, as well as allowing for a formal process for data collection and monitoring. The planning groups should also coordinate with the City and the Brownsville Economic Development Council.