



Case Study: Colony Ridge (Liberty County)

Developer-Controlled District Model — Governance & Oversight Lessons

Updated February 2026

Background

Colony Ridge, a sprawling residential development in **unincorporated Liberty County, Texas**, has become one of the state's most controversial growth stories.

Promoted as an affordable community, it grew to house tens of thousands — all under a **Municipal Management District (MMD)** created for and controlled by the developer.

Because the area lay **outside any city limits**, there was **no local government oversight** — no city council, planning department, or public vote. The MMD functioned as a *private government* with the power to tax, borrow, and issue bonds, but with **no accountability to voters**.

What Went Wrong

1. Developer-Controlled Government

The MMD board was stacked with insiders.

Investigations found it **awarded over \$22 million in contracts to the developer's own subsidiary**, while many roads and utilities remained unfinished.

Residents had little voice in how their taxes were used.

2. Deferred Infrastructure

Lots were sold before water, sewer, or drainage systems were built.

The result: **flooding, unpaved roads, and chronic drainage failures**.

The district collected millions in taxes but left much unspent, even as conditions worsened.

3. Predatory Marketing and Financing

Federal regulators have sued the developer for **bait-and-switch land sales and high-risk financing** targeting Latino buyers.

Many families bought lots without utilities or on flood-prone land — often through loans designed to fail.



4. Public Services Overloaded

Because Colony Ridge was unincorporated, **county agencies** — not the MMD — had to absorb the burden.

Schools, law enforcement, and emergency services were stretched thin while the private district held taxing power but gave little back.

5. Erosion of Public Trust

What began as a promise of opportunity became a lesson in **how privatized governance fails rural communities**.

State investigations followed, and “Colony Ridge” is now a statewide warning sign of what happens when developers govern themselves.

2026 Update: State Enforcement Action

In February 2026, the Texas Attorney General announced a **\$68 million settlement with the developers of Colony Ridge**, following joint enforcement efforts with federal authorities.

Under the settlement:

- At least **\$20 million is directed toward law enforcement efforts**
- Tens of millions are allocated for **road and infrastructure improvements**
- A **36-month freeze on new residential lot platting**
- Enhanced underwriting and buyer identification requirements

The scale of the settlement underscores how significant the governance and oversight concerns had become.

When infrastructure, financing practices, and accountability gaps are not addressed early, intervention can occur at the state level — often after substantial community impacts have already taken place.

Lessons for Waller County

Like Liberty County, much of Waller County’s unincorporated area is growing quickly but without a clear public framework for managing large-scale development.

Colony Ridge demonstrates what can happen **when private districts control taxation** and infrastructure decisions **with limited oversight**.



When developers make the rules, transparency disappears and taxpayers lose their voice.

A **voter-approved district** framework gives counties the tools to guide development and infrastructure **through a transparent, accountable process** — rather than leaving room for private developer districts to take control later.

That ensures decisions about roads, drainage, and emergency services remain **in public hands — with officials who answer to voters, not private boards.**

Why This Matters for Local Taxpayers

Creating a public district framework can ease pressure on both **property taxes and county debt**, providing a **stable, voter-approved source of funding** for infrastructure in unincorporated areas.

Right now, nearly every project relies on property taxes, borrowed funds, or limited state and federal grants. A **modest 1 % sales tax** can shift part of that cost to growth itself — generating revenue from everyday purchases instead of new taxes or long-term borrowing.

Growth-based revenue tools allow communities to **fund infrastructure** more sustainably **while maintaining public oversight** of how funds are used.

Takeaway

Colony Ridge did not become a cautionary tale overnight.

It reflects what can occur when **rapid growth, taxing authority, and limited oversight converge in unincorporated areas.**

For communities experiencing growth, governance structure matters.

Public accountability, infrastructure planning, and fiscal transparency are not technical details — they **shape outcomes for decades.**
