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ON SPACE AND PLACE

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Urban Informality

*Transnational Perspectives from the
Middle East, Latin America,
and South Asia*

Edited by Ananya Roy
and Nezar AlSayyad



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Informality of Housing Production at the Urban-Rural Interface: The "Not So Strange Case" of the Texas *Colonias*

Peter M. Ward



Originally I had planned to subtitle this paper "The Strange Case of the Texas *Colonias*," after a generic Sherlock Holmes story. However, the more I thought about it, and the more my work has examined informally produced housing in the United States at large, the less strange the phenomenon has appeared. In fact, what I am now coming to call "quasi-formal homestead subdivisions" (a.k.a. *colonias*) are not an exotic species of housing production found exclusively in the U.S.-Mexico border region; they are a much more widely distributed and segregated feature of the peri-urban landscape.¹ Moreover, *colonia*-type housing production in the United States — as elsewhere in the world — is invariably highly rational given prevailing socioeconomic constraints that prevent people from homesteading normally. In short, there is little about *colonias* that is "strange," or even surprising. The only strange thing, perhaps, is that the phenomenon has not been more widely recognized. Extending the level of public understanding of such housing trends in the United States is a drum I have been beating for the past year or two — hence, my contribution to this anthology.

I will return to the ability to generalize about the *colonia* phenomenon shortly, but first I would like to underscore two points relating to the issues discussed at the originating symposium and throughout this volume. One is how we can learn from less developed contexts about informality in our own backyards. The other is how informality in certain transnational contexts may reproduce inequality and social stratification patterns.

URBAN INFORMALITY: LEARNING FROM ELSEWHERE

In highly developed nations there are many socioeconomic activities that replicate processes usually associated with underdevelopment. This has been particularly true since deregulation has rolled back state control and provoked or revealed practices that were previously provided formally—or if they were formerly illegal, were obscured or underground. Moreover, much of the understanding and awareness of those processes has come from researchers such as those represented in this volume, whose primary interests have been in the so-called Third World, but whose work has now begun to inform awareness about these new or previously hidden practices in the First and (former) Second Worlds.

For example, much of what is now known about sweatshop activities, out-working, and formal-informal contracting within flexible production regimes in U.S. metropolitan areas has come directly from analysts who have worked in less developed countries and have now brought their experience back home. Sometimes, too, it has come from local researchers picking up on ideas from their development-specialist colleagues.¹ The same applies in our understanding of social mobilization. In the 1970s research in this area eschewed class-based organization and rationality in favor of social movements forged around struggles for the means of collective consumption. Then in the following decade it embraced more generalized struggles for urban services, the defense of community, and the assertion of popular and other cultures or citizen rights.² Today, however, the huge volume of literature on urban social movements and new social movements around the world is directly informing our understanding of local politics, community and grassroots organization, and coalition building in the United States.³ A third example involves self-help housing. A traditional form of rural housing production worldwide, it emerged periodically during crises of capitalism in Germany, the United Kingdom, and the United States during the nineteenth and twentieth centuries.⁴ But until research intensified about the nature and rationality of self-help in less developed contexts, few were able to recognize its importance in practices back home. I propose to develop this point below.

In part, of course, this relative blindness to the importance of self-help reflects the particular social construction of informality and urban settlement in the United States. Housing practices here are heavily vested in a legal system that privileges full property titles and compliance with codes and standards as prerequisites to both successful market functioning and state intervention through planning, taxation, etc. But legal systems vary throughout the world in the extent to which they privilege private property or common property, individual rights versus collective rights, etc.⁵ Here is not the place to engage in a review of law, urbanization, and planning in less developed countries and how these factors are changing today.⁶ Suffice it to say that over the past thirty years or so there has

been an important shift away from heavily centralized and doctrinal traditions of legal scholarship in urban development, toward a more pragmatic "law and development" approach, in which social-science considerations have begun to play a role in establishing legal practices and precedents.⁸ Although British-colonial common-law traditions have proven highly resistant and ill equipped to make this transition, even these bastions are today beginning to break down.⁹ Whether conditions in the United States will also become more flexible is an important question that goes to the heart of how public policy will respond to informality in the future. As one author argues cogently, the U.S. legal system is not yet ready to address the concept of informality sensibly; instead, it sees informality as a fundamental abuse of the law.¹⁰ Clearly, the idea of informal and formal markets coexisting alongside each other, with flows and interactions between them, is not one that sits comfortably in the United States. Nor, therefore, does the idea of upgrading and progressive convergence toward code compliance — what Larson refers to as "progressive realization" of compliance obligations."

TRANSNATIONAL AND TRANSBORDER INFORMALITY: REPRODUCING INEQUALITY?

Personally, I am not particularly impressed by contemporary globalization theory, especially when it repeats the gross generalizations of dependency theorists from thirty years ago. Nevertheless, there is no doubt that both the speed and extent of global communications and the greater physical mobility of people have enhanced the potential for transfer of informal practices to other contexts. Transnational migration is especially important today in generating cultural and economic exchanges and flows. Certain notorious cases spring to mind: for example, the transfer of gangland practices from Hispanics in New York and Los Angeles to low-income neighborhoods in Mexico or Central America, as young men are "repatriated" (in the case of undocumented immigrants or convicted noncitizen felons), or when their parents simply send them "home" in the often vain hope that their grandparents will sort them out.¹¹

Yet, while these are highly publicized cases, they are also relatively superficial. More profound are the new forms of informality that are emerging between social groups, or within labor market niches within society, thereby intensifying the segmentation of people in the same socioeconomic class. Most common are the cases of particular labor groups who are exploited and paid below-statutory wages and/or are forced to live in unacceptably poor conditions by virtue of their informality (illegal status). This is not new, of course; but what is new in an emerging transnational family context is that *within* families one may find different levels of informality that seriously erode the life chances of particular individuals, exposing

them to higher levels of risk than their siblings or partners. For example, Mexican transnational families — even nuclear ones — in the United States may combine citizens, legal residents, and undocumented household members under the same roof. This can intensify problems resulting from differential power relations within the family — where, say, a male head of household may possess the absolute security of citizenship, while his wife, who is undocumented, may be powerless and vulnerable.¹³ Thus, inequalities may be intensified where gender and immigration status intersect, invariably exposing women and girls to greater vulnerability. Structurally, too, laws such as the Illegal Immigration Reform and Immigrant Responsibility Act (IIRRA) and Welfare Reform (both of which came into effect in 1996) now demand proof of full citizenship. Thus, access to work and social benefits are also stratified by citizenship and residency status.

Similarly, in border regions, where a certain socioeconomic and cultural osmosis is typical, inequalities may be intensified by a tightening of restrictions on mobility. The U.S.-Mexico border region, with its long tradition of labor mobility back and forth, is a case in point. Here tighter control on border crossing has polarized relations within labor groups — sometimes within a single family. For example, some residents of Mexican border cities have visas or citizenship status that allow them free movement and full working rights in the United States. Meanwhile, others with the *mica* (a kind of local cross-border pass) have mobility, but no right to work. Thus, when *mica* holders use their mobility status to work illegally in the United States, they must take care to vary their crossing routes and times to reduce the chances of being discovered by observant INS officials.¹⁴ Finally, of course, illegal workers must run a gauntlet of border patrols, whose greater numbers now make crossing increasingly difficult, expensive, and dangerous.¹⁵ The point here is that within cross-border and transnational contexts, vulnerability is often tied to different levels of informality. Moreover, it seems likely that vulnerability increases with greater transhumance and when receiving countries tighten benefits tied to citizenship.

MISCONSTRUING URBAN INFORMALITY: THE TEXAS CASE

The idea of learning from informal practices in the Third World in the areas of employment, housing, community organization, and housing production, to name just a few, has become an important feature of my recent work in Texas.¹⁶ Arriving at the University of Texas in 1991, I was surprised to find that unserved *colonias* were legion in the state, especially in the border region. Estimates at the time put their number at around 1,300 settlements, housing 350,000 people. My arrival coincided both with a legislative and public-policy “wake-up call” about such housing areas and the first serious attempts at public intervention. But

Texas policymakers appeared at the time to be caught in a time warp, regarding these settlements as rural, or as pathological aberrations visited upon urban areas. The settlements were seen as foci of vice, crime, indigence, and illegal-immigrant residence that above all presented a major public-health problem. Furthermore, the very name used to describe them, *colonia* (Spanish for “neighborhood”), underscored the view that they were Mexican in origin and local to the border (something that has greatly retarded the capacity of policymakers to “see” *colonia*-type development elsewhere in the state).

Described thus, many readers may experience the same sense of *déjà vu* I did, recalling, for example, the erroneous 1960s constructions of urban marginality debunked by Perlman and others.¹⁷ Equally troubling, however, was the familiar orientation of the policy solutions proposed: outlaw and criminalize the continuation of such development practices; prevent the growth of new settlements; generate funding for basic infrastructure to reduce health risks; and introduce social services. That the state should seek to provide infrastructure is not troubling, of course — both social and physical infrastructure are urgently needed and solicited by residents. But the authorities’ attitude toward providing it was often paternalistic and patronizing. Thus, instead of recognizing the latent social capital of such communities, they saw them instead as highly welfare dependent, and as an aberration to be fixed with top-down action and resources and through one-off “task forces” and “strike forces.” What they did not see was that such developments were a rational response to the statewide lack of housing for the working poor in a regional economy predicated on low wages. In short, state policymakers were treating the symptoms and not the causes.

Invited to join one such task force, I sought to persuade my colleagues that we might learn from Mexico’s twenty years of public-policy development toward similar areas, rather than seek to reinvent the wheel. However, my proposal fell upon deaf ears, in part because of Texas chauvinism (Texas claims to be a “whole other country,” after all), but also because of the entrenched engineering mentality among public-policy officials and within the construction industry — i.e., among those who would benefit most from providing traditional infrastructure. Above all, *colonias* were not seen as a housing problem in structural terms, but as a public-health issue, itself the product of dysfunctional urbanization among Mexican Americans. The policy solution was therefore to promote regulations to prevent the proliferation of *colonias* in the future, and to engage in “strike-force” interventions to bring existing unserved settlements up to code.

A number of studies during the 1990s offered a more accurate understanding of the true nature of *colonia* populations, however. For example, they showed that while *colonia* populations were Spanish speaking and often Mexican born, they invariably comprised legal residents and citizens. Furthermore, they showed that while *colonias* did house many low-income people with relatively high levels of

unemployment, these were the working poor, and their aspirations as homesteaders were legitimate. Nevertheless, there remained an apparent resistance to looking south to Mexico and Latin America for possible insights about the nature of the housing production process in such settlements. Likewise, there was a resistance to consider the successful models for public-policy intervention developed there: regularization of land title, servicing priorities, self-help building supports, community-development programs and mutual aid, and appropriate institutional arrangements and programs.

Knowing that sister cities along the Texas-Mexico border enjoy close working relations with each other, I set about constructing a comparative research project that would analyze housing production, infrastructure, and public policy across some twenty settlements in three paired cities: Ciudad Juárez—El Paso, the two Laredos, and Matamoros—Brownsville. I hoped that these case studies might create a demonstration effect, and that by analyzing *colonia* housing production in a comparative perspective, I might help officials gain insight about the process — and possible policy solutions. The resulting study, *Colonias and Public Policy in Texas and Mexico: Urbanization by Stealth*, was targeted at the biennial 1999 and 2001 legislative sessions. It identified several areas of policy reform, some of which are gradually being implemented.¹⁸ A later study focused on the low densities and poor land-market performance of fifteen additional *colonias* statewide.¹⁹ That second study was targeted specifically at shaping policy in the 2001 and 2003 legislative sessions.²⁰ These two studies are now in the public domain, and it is not my intention to dwell further on their methodology and findings. Instead, the analysis that follows seeks to identify how informality is alive and well in contemporary urbanization in Texas, and to suggest that we should start looking for quasi-formal homestead subdivisions (a.k.a. *colonias*) beyond the border, and probably far beyond Texas.

COLONIAS: A NOT SO STRANGE CASE

Colonias subdivisions first began to gain notice in Texas in the poorest counties along the border with Mexico. Located in the peri-urban fringe — either within the extra-territorial jurisdiction (ETJ) of a city or, more usually, just beyond it²¹ — they are “hidden” within the weakly empowered and poorly resourced jurisdiction of counties.²² They comprise unserviced or poorly serviced settlements in which low-income homesteaders may buy lots on which to place either trailer-type dwellings or more upmarket and less portable forms usually called “manufactured homes.” In some cases, too, families build homes on site, either through self-help or by working with kinsmen and local contractors to construct permanent dwellings on concrete-slab foundations. But even in such cases of “consolidated” homes, the homesteading process may begin with life in a shack,

camper, or second-hand trailer until resources allow investment in a more permanent form of housing. This mirrors, if it does not exactly resemble, the “upgrading” process in irregular settlements in less developed countries.

In Texas, as I have already observed, *colonias* are not a small-scale phenomenon. According to the Texas Water Development Board, the principal agency mandated to provide them with water and wastewater service, there are today approximately 1,500–1,600 such settlements housing more than 400,000 people (see FIGURE 9.1). In fact, the board’s and my own data indicate that many similar homestead subdivisions that have yet to be counted exist elsewhere in Texas. Thus, estimates of the phenomenon are likely to grow, as *colonias* are more systematically identified. Indeed, counties throughout Texas are beginning to realize that they confront a common set of problems presented by what they see as unregulated substandard subdivisions. To date, however, such developments have gone almost entirely unstudied — a condition I am urging that we seek to rectify.²³

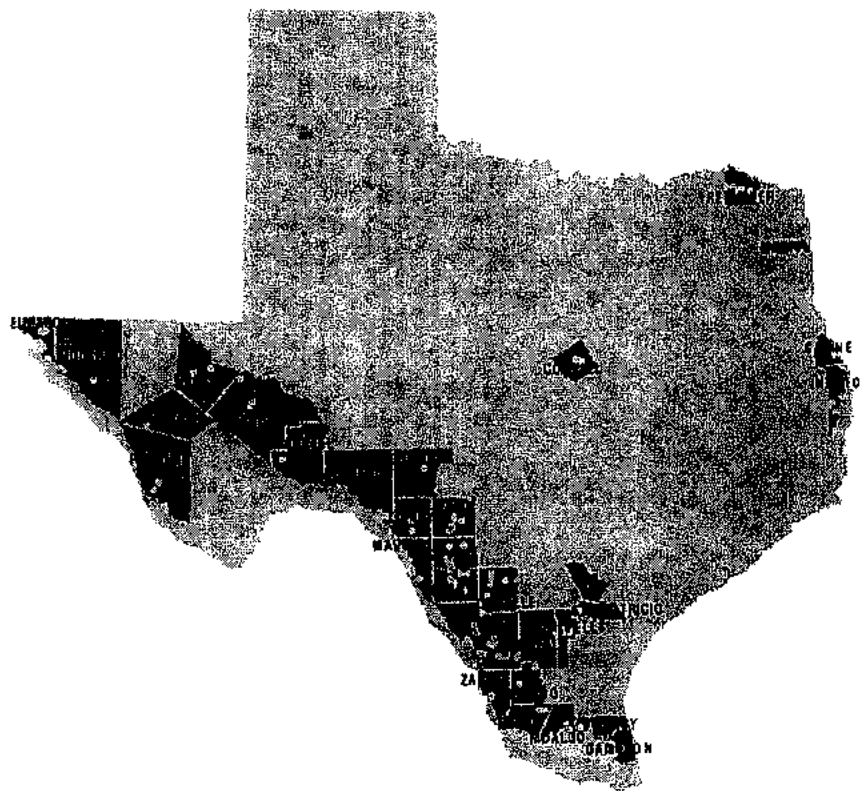


Figure 9.1. Map of *colonias* identified by the Texas Water Development Board.

Source: Texas Water Development Board Website: http://www.twdb.state.tx.us/colonias/tx_col.gif.

In most cases the developments are springing up because they offer the only affordable homestead for low-income households. In this context, low-income refers to households earning generally between \$12,000–\$25,000 a year — although many households actually earn considerably less, often only half that amount. Certainly, very few earn much more (see FIGURE 9.2). Thus, such settlements are most likely to be found in low-income labor-market areas, and in those regions experiencing wage and labor polarization between highly paid professional or industrial workers and low-paid service-sector employees. Living in cities with higher housing costs, these families cannot aspire to home ownership and

DIMENSIONS OF ANALYSIS AND COMPARISON	COLONIA RESIDENTS	
Total cases (N)		(261)
Characteristics		
Ethnicity		
Anglo	5%	(13)
Mexican born	67%	(166)
Mexican American	27%	(66)
Years in U.S. (Mexicans)	18.3 years	
Average household size	4.531	
Total household income		
<\$600 per month	14%	(36)
\$600–\$1,000	32%	(79)
\$1,001–\$1,600	29%	(73)
\$1,601–\$2,500	14%	(34)
>\$2,500	11% ¹	(26)
Lot purchase: year, lot size, & real prices at 1999 values		
When bought?		
Pre-1980	20%	(51)
1981–1990	33%	(85)
1991–1999	47%	(120)
Average cost of lot ²	\$13,281	
Size of lot ³	15,482 sq.ft.	
Cost per sq.ft. ⁴	\$1.09	
Principal reason for original lot purchase? ⁵		
As a home in long term	49%	(169)
To own property	4.9%	(17)
As an investment	4.9%	(17)
An inheritance for kids	9%	(31)
Good deal/opportunity	8%	(26)
Other reasons ⁶	19%	(64)

Figure 9.2. Absentee lot owners and colonia residents in Texas compared. (Continued on next page.)
Source: P. Ward in collaboration with R. Stevenson and A. Stuesser, "Residential Land Market Dynamics, Absentee Lot Owners, and Densification Policies for Texas Colonias," policy report, LBJ School of Public Affairs, University of Texas, Austin, 2000.

DIMENSIONS OF ANALYSIS AND COMPARISON	COLONIA RESIDENTS	
Housing conditions		
Current tenure		
Own		ALL ⁷
Renter		
Previous tenure		
Own	25%	(58)
Renter	60%	(138)
Sharer (kin)	13%	(29)
Number of bedrooms now		2.816

1. Of whom 18 percent had a total income of over \$50,000.
2. Trimmed mean value.
3. Trimmed mean value. Median is 13,250 sq.ft. Lots in many colonias vary between 1/8, 1/4 and 1/2 acre in size (5,445, 10,890 and 21,780 sq.ft.).
4. Trimmed mean value.
5. These numbers are greater than the sample size since they are cumulative responses for first and second responses, etc.
6. Other reasons were wide ranging. "To be close to family" was especially important.
7. The survey was targeted only at owners. Renting is prohibited, but there is a modest level of sharing lots/homes with kin. Fourteen percent of lot owners interviewed had kin sharing on their lot, 41 percent of whom had some co-ownership rights to the lot.

Note: Dollars and cents were converted to constant (1984) values and have been raised to 1999 equivalents in the table.
NA = Not Applicable

must live at the lower end of the rental-housing market, whether in apartments or trailer parks. Yet many wish to become homesteaders, because they recognize the advantages of moving out of trailer-park accommodations in which they have no equity, and into subdivisions (albeit poorly serviced) where they can own property and — they hope — improve its value through mutual aid and self-help efforts.

Colonias are not homogeneous, but vary markedly in a number of key respects. Among these are size, layout, mode of development, housing type and mix, lot dimensions, soil and vegetation, lot occupancy rates, level of servicing, development prospects, land-market turnover, ethnic composition, income level, and relative poverty. Thus, in Texas there is no "typical" colonia, only a range of modalities that vary significantly between counties (see FIGURES 9.3, 9.4). For example, in some border counties, such as Hidalgo, Starr, and Zavala, the norm is for a large number of small and very small colonias (comprising less than 80 and 40 lots, respectively), often with relatively small individual lot sizes. Meanwhile, in other counties, such as El Paso, Valverde, and San Patricio, colonias tend to house many more families and have larger average lot sizes. In the overall database used in my 2000 study, although the two smaller settlement sizes comprised 70 percent of all 1,381 colonias analyzed, they housed less than 30 percent of the total population. In contrast, very large settlements (i.e., those with more than 300 lots) housed 35 percent of all colonia residents.²⁴

Although the size of these settlements is generally much smaller than those found in less developed countries (which often run from several hundred to several thousand lots), they are akin to "irregular" settlements in many other respects and have similar reasons for being: a low-wage economy, a rising demand for housing, a lack of state housing-supply systems capable of meeting demand, and a private sector uninterested in or unable to produce housing at levels people can afford. However, unlike their irregular settlement cousins elsewhere, *colonias* rarely illegally occupy land. Nevertheless, many aspects of their production might be regarded as "quasi-formal."

INFORMALITY IN THE PROCESS OF LAND PRODUCTION AND OCCUPATION

In order to enter the housing market, prospective homesteaders must seek low-cost alternatives and use their "sweat equity" to self-build and self-finance their homes.²⁵ In less developed countries it is the illegality of the land-development process and the lack of services that reduce the market price to affordable levels.²⁶ In Texas, however, the method of land acquisition is almost always legal, and it is the unserved nature and poor location of *colonias* that lowers the cost.

A second element of affordability involves informal financing outside of regular mortgage and credit markets. In the case of Texas *colonias* this is articulated by developers who sell off land without services and infrastructure under a process called Contract for Deed.²⁷ Contract for Deed is quite commonplace throughout the United States. Often known as a "poor man's mortgage," it is a way to finance a

COLONIA SIZE	TOTAL NUMBER OF COLONIAS	PERCENT OF TOTAL COLONIAS	NUMBER AND PERCENT OF ALL COLONIA RESIDENTS
Very small (< 40 lots)*	629	45.6	49,760 (12.9)
Small/medium (41-80 lots)	356	25.8	60,965 (15.8)
Medium (81-150 lots)	193	14.0	67,399 (17.4)
Large (151-300 lots)	112	8.1	68,261 (17.6)
Very large (> 300 lots)	91	6.6	136,360 (35.2)
Total	1381	100.1	386,982 (98.9)

* Includes some 144 cases, most of which fall into the "small" category, comprising *colonias* registered as having less than 10 lots.

Figure 9.3. Distribution of *colonias* by size.

Source: P. Ward in collaboration with R. Stevenson and A. Stuesse, Residential Land Market Dynamics, Absentee Lot Owners, and Densification Policies for Texas *Colonias*, policy report, LBJ School of Public Affairs, University of Texas, Austin, 2000, 8. Calculated from data contained in LBJ School of Public Affairs, Colonia Housing and Infrastructure, Volume 2, Water and Wastewater (1997), and also based on the Texas Water Development Board database.

real estate purchase if one cannot afford a down payment, or if one's income does not qualify for more conventional methods.²⁸ As such, it is a legal, yet highly flexible mechanism for the conveyance of real estate, or any other commodity, in which full

COUNTY	PERCENT AND NUMBER OF VERY SMALL COLONIAS (<40 LOTS)	PERCENT AND NUMBER OF SMALL/MEDIUM COLONIAS (41-80 LOTS)	PERCENT AND NUMBER OF MEDIUM COLONIAS (81-150 LOTS)	PERCENT AND NUMBER OF LARGE COLONIAS (151-300 LOTS)	PERCENT AND NUMBER OF VERY LARGE COLONIAS (>300 LOTS)	TOTAL PERCENT AND NUMBER OF ALL TEXAS COLONIAS (PERCENT TOTAL COLONIA POPULATION REPRESENTED)
Cameron	33.3 (35)	32.4 (34)	16.2 (17)	8.6 (9)	9.5 (10)	105 7.6 [9.9]
Coryell	38.5 (5)	38.5 (5)	15.4 (2)	7.7 (1)	—	13 0.9 [0.1]
El Paso	24.8 (36)	26.2 (38)	22.1 (32)	15.9 (23)	11.0 (16)	145 10.5 [18.8]
Hidalgo	57.5 (438)	24.5 (187)	10.9 (83)	5.2 (40)	1.8 (14)	762 56.2 [35.6]
Jim Wells	25.0 (4)	37.5 (6)	25.0 (4)	6.3 (1)	6.3 (1)	16 1.2 [0.1]
Maverick	28.6 (12)	23.8 (10)	14.3 (6)	14.3 (6)	19.5 (8)	42 3.0 [3.6]
San Patricio	11.1 (2)	22.2 (4)	22.2 (4)	16.7 (3)	27.8 (5)	18 1.3 [2.8]
Starr	37.1 (46)	37.9 (47)	16.1 (20)	4.0 (5)	4.4 (6)	124 9.0 [8.9]
Val Verde	27.3 (3)	9.1 (1)	9.1 (1)	36.4 (4)	18.2 (2)	11 0.8 [0.1]
Webb	32.6 (14)	14.0 (6)	27.9 (12)	11.6 (5)	14.0 (6)	43 3.1 [5.3]
Zavala	50.0 (6)	16.7 (2)	—	8.3 (1)	25.0 (3)	12 0.9 [1.0]
Total	601	340	181	98	71	1291 93.5 [86.2]

Figure 9.4. Distribution of *colonias* by county, size, and population.

Source: P. Ward in collaboration with R. Stevenson and A. Stuesse, Residential Land Market Dynamics, Absentee Lot Owners, and Densification Policies for Texas *Colonias*, policy report, LBJ School of Public Affairs, University of Texas, Austin, 2000, 9. Based upon Texas Water Development Board Database.

ownership (title) is not transferred until the price has been paid in full. In the realm of real estate transactions it is a particularly profitable form of seller financing.

Most *colonia* lots in Texas sold in the early 1980s for between \$7,000–\$8,000 (around \$11,000–\$12,500 at 1998 prices). According to the Contract for Deed for Sale process, upon signing the contract the buyer pays the seller a down payment which may vary from “whatever the buyer has in his pocket at that moment” — say, \$25 — to as much as 10–20 percent of the total price.³⁹ Thereafter, the purchaser makes a low, fixed, monthly payment, usually in the range of \$80–\$120, until he has retired the debt. In this way the total cost of a land purchase may be spread over a period of between five and ten years, with the possibility at any time to make a “balloon” payment to clear the debt. As an all-inclusive legal document for property development, financing, and transfer of title, Contract for Deed has much to commend it, since transaction and closing costs are minimal or nonexistent. However, the practice has been widely abused in Texas, partly because such contracts have been written in English and are poorly understood by purchasers, and because they offer no consumer protection. Most importantly, the buyer can lose his entire stake if he fails to meet a single payment. Legislation in 1995 largely remedied this, but only in the border region.

Developers quite deliberately create new *colonias* beyond the urban fringe in areas of county jurisdiction where there is little or no land-use and planning regulation. City authorities, who are normally better endowed, will resist such unregulated and unserviced development. But historically, there has been a lack of regulation in areas just beyond the city's urban limit or its extra-territorial jurisdiction (ETJ). Lots there may be sold off in a piecemeal fashion, often spreading households across the whole of a *colonia*, as developers seek to give the impression of development over a wider area. The broadcast approach (rather than block-by-block), large lots, lack of services, and relative security of a legal land-development process combine to create a pattern of development with large vacant areas and very low densities.

Such a form of development is also not without conflicts over title, making “regularization” a nascent policy-development issue in Texas — although not one of anywhere near the scale present in Latin American countries, where almost all land capture is illegal in one form or another.⁴⁰ Land disputes in Texas *colonias* are especially common where a developer may allocate lots by “metes and bounds,” so that actual lot boundaries are imprecise. As a result, purchasers may unwittingly occupy each other's lots, making subsequent regularization necessary (usually through informal dispute resolution and lot “swaps”). Similarly, multiple lot sales under Contract for Deed, where the original purchaser has defaulted, sometimes lead to counterclaims and conflict (even if such claims are not likely to be upheld under Contract for Deed). Furthermore, unscrupulous land developers may sometimes sell the same lot several times over, and because people do not occupy

their lot from outset, there is little to prevent them from doing so. It may only be much later that the fraud is discovered.

The relative legality embodied in creating quasi-formal homestead subdivisions means that it is not imperative to occupy one's lot from the outset. Some people wait until they have paid for a lot in full and have a deed in hand before daring to settle there. Others may want basic services to be installed. And most will want to save up enough money to place a trailer or manufactured home on site. Since new trailers start around \$18,000 (although second-hand ones come much cheaper), it is therefore usual for a considerable time to elapse between lot purchase and occupancy.

These two processes — spotty land development and slow take-up of occupancy — have led to high levels of “absentee” lot ownership, so much so that in some settlements more than half of all lots are vacant. These absentee lot owners were the focus of a recent study that revealed that on average between one-quarter and one-sixth of all lots in many mid-sized and large Texas settlements may be unoccupied. Thus, *colonias* are sold through, but not built through. Together with the large average lot sizes (usually between one-eighth [minimum] and one-half an acre or more) and the legal requirement that these be occupied by only a single family, such absentee conditions make for very low housing densities. Ten to twelve persons per acre is not an uncommon level — several times lower than the norm for Mexican settlements.

JURISDICTIONAL “SOFTNESS” AND INFORMALITY

Counties have little jurisdictional power in Texas, and their relative weakness makes them ripe for quasi-formal residential development. In addition to this virtual lack of regulation, development of *colonias* on county land may benefit from the fact that developers are in cahoots with county commissioners and judges. Indeed, in at least one case we studied the developer was a judge! This latter case, at least, offers direct parallels with the all-too-familiar “softness” and corruption among local officials in less developed countries.⁴¹ I raise this issue here only to make the point that informality and softness occur in local government in the United States as well as overseas, and it needs to be factored into any analysis of urban informality in a transnational perspective.

But unlike Mexico, where local municipalities are akin to cities in the powers with which they are charged and the responsibilities for servicing that they have (whether they fulfill them or not), county governments and their equivalents in the United States are often weak. That weakness and lack of effective and fiscal empowerment contributes to informality, not just in the land-development process, but also in the failure to provide essential services. This, in turn, makes for informality in procuring those services.

INFORMALITY OF PHYSICAL INFRASTRUCTURE AND SERVICES

As is the case in informal self-help more generally, in Texas it is the lack of services that cheapens the land-acquisition process, even though those services have to be obtained somehow and doing so informally may end up being considerably more expensive.³² Most basic services in the United States are provided privately, with state and local regulation occurring through planning ordinances and ensuring minimum code compliance. In Texas counties, this regulation is less strict, and the fiscal resources for local-government provision (road improvements, etc.) are minimal. Given that there is no need to occupy one's lot from the outset, one does not see the sort of "pirate" electricity hookups and informal provision common in less developed countries.

Power and Cabling. Most services are provided under contract — electricity being the first to be installed, along with TV cable, phone lines, etc. Indeed, private companies are often quite willing to lay in the power and service lines above or below ground to large *colonias* especially, sometimes before generalized occupancy has occurred, but certainly before roads are paved and other major infrastructure is in place. This has two benefits: first, it reduces the eventual costs of installation by obviating later digging and repaving costs; second, and more importantly, it "locks in" that particular service provider to that particular community, extending its market and reducing the likelihood of competition from other utility companies.

Gas and Garbage Removal. Where households use gas, it is provided by individual propane tanks or by a private provider who fills a common tank on-site periodically. Solid waste (garbage) may be dealt with informally (by dumping and/or burning), but more usually it is removed under private contract, with families placing it in above-ground receptacles (dumpsters) to reduce dog and rodent access. In certain large *colonias*, which may have incorporated themselves as cities, local taxes usually cover the cost of formalized, city-contracted, garbage-collection service.

Sewer and Water Service. Given their costly nature, sewer and water services are a problem in many *colonias*. Yet these are key services from the point of view of both the residents and the state, given the state's concern with environmental and health risks. Thus, as early as 1991 major bonds were approved to empower the Texas Water Development Board to extend water and wastewater service to *colonias*.³³ After a slow start, the TWDB has had considerable success in extending water to many *colonias*, often working in conjunction with private municipal utility districts (MUDs), which thereafter are responsible for maintenance and operation. However, by the TWDB's own estimates, the resources available are scarcely enough to do the job, and they barely touch the surface of what will be needed to establish a fully integrated sewage and drainage system.

Therefore, most residents must fend for themselves. In the early phase of the development of a *colonia*, water may be purchased from water trucks and stored in

500–1,000 gallon tanks. Ingenious solutions are also found, such as the use of small water-collection rigs on pickups. Drinking water must be purchased, of course, either in large jars or from dispensers. Ultimately, *colonia* residents may collaborate to create their own service district to provide water. These initiatives are usually promoted by the TWDB, but they may also emerge spontaneously if a settlement is of sufficient size.

Sewage removal is almost entirely the responsibility of the resident. In the past, developers either promised this essential service at some unspecified future date, or explicitly stated that each purchaser was responsible for building an on-site septic system, usually costing \$1,200–\$2,000. Today, however, legislation in the border region requires developers to either "build it" (the septic system) or "bond it" (set aside \$2,000) before they are allowed to sell lots in approved, plat-tered subdivisions. While most households have a septic system of some sort, there are inevitable problems of undercapacity and poor maintenance that create significant health hazards. Thus, while few people resort to illegal or informal systems of sewage, occasional seepage of effluent remains a problem.

It is primarily because of state and local concern with the potential health hazards of inadequate sewerage that there has been virtually no experimentation to date with low-technology or less orthodox systems of removal. Instead, the emphasis has been on setting the bar of code compliance sufficiently high to make septic systems functional.³⁴ This generally means that lots must be large enough to support a drain field; that they can support only a single household; and that they may not be subdivided or used for multi-occupancy (rental). Such factors have intensified the official resistance to findings and arguments such as my own that seek to lower the bar on standards and codes; and which propose raising densities, allowing for shared septic systems complemented by periodic vacuum removal, and piloting and developing innovative "low-tech" approaches.

Street Paving and Street Lighting. One area where low-tech approaches have been adopted is street paving, but even here codes continue to require that regular fire hydrants be installed and that roads be improved. Fortunately, homesteaders are willing to make do with slow-circulation, caliche (unpaved hard-core) roads, at least where these are not main access routes. Alternatively, roads may be paved, but it is usually to an "austere" level without curbs or stormwater culverts. Washouts and potholes are common, but correcting this problem is not usually perceived as a high priority by residents. Construction and maintenance are usually the country's responsibility — hence, the austerity.

Street lighting is rare, but neither is it generally needed, except to offer improved security to pedestrians at night. Here, some residents have copied the practice of Mexican municipal authorities, which is to install street lamps on every second or third post in order to provide a modest (but usually adequate) level of street lighting. Indeed, in Mexico this is called an "austero" level of supply. In

Texas, however, it is done privately, as residents will sometimes place a street lamp on the pole outside their lot running off their own metered supply. More usually, however, such installations are self-serving, with the light placed on a subsidiary pole above the house, to illuminate the yard.

SELF-HELP OR SELF-MANAGED HOUSING?

In our recent survey of fifteen *colonias* (two of which are outside the border area) 64 percent of *colonia* residents interviewed said they were living in a "consolidated" home. This could be a self-built dwelling, but more usually it was a pre-fabricated or moveable housing structure shipped to the site. These could either be less portable "manufactured homes," or actual trailer homes (sometimes it was difficult to tell the difference). An additional 16 percent of households in the fifteen *colonias* lived in what were unequivocally trailers, while 3 percent lived in campers or shacks. The remaining 20 percent (41 cases) lived in housing arrangements that represented a combination of these options. In these cases, a consolidated dwelling formed the principal structure in 39 percent of "mentions," sometimes in combination with trailers (29 percent of "mentions"), or with shack-like structures (24 percent). It is likely that our survey overestimated the consolidated homes category, however. Had we performed a lot-by-lot count and description of the housing as part of an initial "windshield" survey, we would probably have arrived at a more accurate breakdown. But these data confirm the reality that most homes in *colonias* are not dilapidated, but are relatively new and well-kept structures. Furthermore, they offer a mix of housing types to meet a variety of needs and budgets. Such heterogeneity is also a commonly noted feature of consolidated irregular settlements in Latin American cities.

It appears that while processes similar to the "upgrading" (self-improvement) of housing that one sees in Mexico also occur in Texas, they are substantially different in nature. In Texas, most people "self-manage" rather than self-build their dwellings. As already mentioned, owners frequently delay occupying a lot until they have been able to acquire a dwelling to place on it. Until then, they are reluctant to live in cramped conditions, without services, far from the city. Another option is to live in a temporary dwelling and to upgrade later — for example, swapping a dilapidated trailer for a new one, or for a manufactured home which may be extended later. Others will live in trailers while they self-build or oversee the construction of a consolidated home. Indeed, one important advantage of *colonias* is that there is ample space in which to develop such multiple housing arrangements. Thus, in the 20 percent of combination cases we found in our study, it was common to see several "stages" of dwelling development on a single lot, with older trailer-type lodgings, or even campers, being used as spillover bedrooms or "dens."

The upshot is that most *colonia* residents live in larger homes than they did prior to moving to their current lots. In our survey, the average number of bed-

rooms in the current *colonia* residence was 2.8 (median 3), which compares with 2.4 (median 2) at previous residences. Yet even though current homes may be larger than previous homes, this may not indicate a lower level of overcrowding since overall household size is also likely to have increased.

Costs Associated with Mobile Homes and Manufactured Homes. To better understand two prevalent sources of *colonia* housing — mobile homes and manufactured homes — research was conducted at three different manufacturer/vendors outside Austin during February 2000. Prices for new trailers/mobile homes there began at \$19,000 for a single-wide (14 x 68 ft.) unit. This price usually included transport to the owner's site (within 100 miles), and it occasionally included bonuses such as full hookup to a sewer/septic tank and vinyl skirting. Some dealers even offered to roll these and other site improvements into a mortgage, if desired. Thus, monthly payments would run around \$300, with at least a 5 percent down payment depending on the purchaser's credit history. However, one mobile home manufacturer/vendor claimed that a client would never be turned down for bad credit, and might even be offered a free entertainment center, complete with a 25-inch television and VCR, with the purchase of a new unit.

The best annual percentage rate (APR) we found was 8.5 percent, again dependent on credit worthiness and the amount of money originally put down (the larger the down payment, the better the rate). Costs for double-wide mobile homes and manufactured homes ranged from nearly \$40,000 to \$100,000. And similar financing and expanded site-improvement packages (including deck, landscaping, and sidewalks) were available for these larger homes. Mortgages usually ranged from seven to thirty years, with a lien generally only on the house, so it could be repossessed like a car in case of default.

Lot Sharing and Lot Densities. Unlike self-build housing arrangements in less developed countries, it appears that, on the surface at least, there is little or no lot sharing in Texas *colonias*. Some 86 percent of respondents stated that there was only one home on a lot, and of the few who said there was more than one home, the majority (60 percent) shared only with kin. Most of these other family members did not have ownership of their section (59 percent), although a significant minority did have part ownership. Not all extra dwellings were shared with kin, however, and 19 percent of those who admitted to having more than one dwelling on their lot said the other dwelling was empty or currently not in use. We had no way of knowing whether this was true, but it should be borne in mind that subletting or sharing with families who are not close kin is illegal under current *colonia* subdivision codes, which stipulate single-family residence, with sharing only permitted between close kin. Nevertheless, some 8 percent did freely admit to renting the other dwelling on their lot. An additional 13 percent gave other explanations for the use of these additional dwellings: on loan to family, used as a store/shop, etc. Overall, there appeared to be no significant difference in sharing

between border and nonborder *colonias*, with 86 and 79 percent of participants claiming single-family residence, respectively.

To recap, 86 percent of respondents indicated that there was only one home on their property, while 12 percent had two homes, and 3 percent had three homes on the same lot. Thus, our study of *colonia* residents revealed a total of 275 households on 235 lots (a sharing ratio of 1.17 families per lot). Taking the trimmed mean for lot size as 15,482 sq. ft. (a third of an acre, approximately) and an average household size of 4.53 members, this sharing ratio gives an average lot density of 53 persons. This is equivalent to 2,920.03 sq. ft. of lot space per person, or 14.9 persons per occupied acre. By Mexican standards this represents a very low population density, since *colonia* densities of around 100 people per acre are the norm there.³⁵

*Texas Colonias: Freedom to Build?*³⁶ One of the important issues relating to quasi-formal residential homesteading in the United States is the extent to which stronger legislative and regulatory frameworks (local ordinances and codes) and local institutional practices here may inhibit upgrading and improvement. Therefore, in our survey we sought to ascertain people's awareness of legal restrictions. Despite increasing legislative restrictions on the development and proliferation of *colonias* statewide and rising publicity about their plight, most individuals (72 percent) stated that they were not aware of any legal restrictions upon their self-help housing activities. Perhaps this was a case of ignorance being a good excuse. However, the 28 percent who were aware offered a multiplex list of legal and other constraints. For example, 17 percent of respondents knew it was prohibited to subdivide one's lot, while a similar percentage knew that special codes applied to dwelling construction.

Some respondents were also aware that it was prohibited to have more than one home on a lot (12 percent); that special codes applied to septic systems (6 percent); that certain types of animals were not permitted (5 percent); and that setback requirements established the minimum distance of a home from the street (5 percent).³⁷ An additional 11 percent of individuals were aware of the existence of legal restrictions, but were not able to identify them specifically. Just more than one-quarter (26 percent) of respondents mentioned a number of "other" restrictions.³⁸

THE RELATIVE ABSENCE OF FORMAL SOCIAL SERVICES

Provision of formal services such as police, fire, and ambulance is limited, partly because of the relative isolation of *colonia*-type subdivisions, but also because of limited county resources. Policing is clearly the responsibility of the county sheriff, but often counties contract with nearby cities for EMS and fire service on a pay-as-you-go basis. Other social services are largely absent, and residents must seek them in nearby cities. A number of community centers have been constructed in the larger *colonias*, and these act as important conduits for NGOs and

a range of other social-service providers.³⁹ However, the involvement of these providers tends to be top-down and helps little in strengthening local leadership and organizational capacity.

Another distinctive feature of quasi-formal residential subdivisions, especially when compared with their Mexican counterparts, is the almost total absence of small commercial establishments and workshops. This is partly due to the prohibition on nonresidential uses, but it also reflects low absolute population densities, which fail to provide the critical mass needed to support petty commerce. Low population density also makes public transport nonviable, although some large settlements may have minimal service in the early morning and late afternoon. Private transportation is therefore essential, and most residents own pickup trucks, cars, etc. School buses pick up and drop off children daily as part of the ISD service.

Informal Social Infrastructure: Settlements or Communities? Self-help communities are normally associated with high levels of local informal social organization — residents associations, church groups, soccer teams, and the like. In less developed countries the process of illegal land acquisition and the defense of fledgling settlements, combined with the need to hustle and petition for services, all make community organization essential if the settlement is to survive, let alone thrive.⁴⁰ Indeed, community-development programs often require some level of community participation. And, in general, communities are also tight-knit social entities, with relatively high levels of social interaction between neighbors and kin, especially among women.

In Texas, however, one does not see anything like the same level of informal social organization, and social capital is often almost nonexistent. What this means is there is minimal horizontal social interaction among neighbors, and little or no organizational linkage into supralocal authorities and organizations (see FIGURE 9.5). This is why I have characterized *colonias* as "settlements" rather than "communities."⁴¹ In short, whereas in Mexico the sense of community develops spontaneously (albeit instrumentally) out of a settlement's initial precariousness, in Texas the challenge is to forge the sense of community out of a settlement.

This failure to develop a sense of community is partly a function of low population density. But it also stems from the relative security of the process of land acquisition and the highly individualized nature of homesteading in Texas. Thus, there is little or no incentive for collective mobilization. Instead, people keep to themselves, deals are struck individually with land developers, the timing of land occupation is each family's choice, there is little need to cooperate with other homesteaders (in terms of self-build and mutual aid), and services are contracted individually. Little wonder, therefore, that officials in Texas see these populations as highly dependent on the state, with little internal capacity for local organization and development.

THE DIRECTION OF PUBLIC POLICY

A little more than a decade ago Texas was faced with the withholding of federal grant support unless it prevented further *colonia* expansion. As a result, several of the biennial legislative sessions since have taken action both to stop *colonia* growth and stimulate *colonia* upgrading. *Inter alia*, these actions have included the following.

- 1991: Model Subdivision Rules requiring minimum service levels for new *colonias* (later also applied to "grandfathered" developments).
- 1991: Appropriation of funds (but less than half the amount needed) to provide water and wastewater service.
- 1995: Application of consumer protections to Contract for Deed titling.
- 1995: Moratorium on further lot sales in unapproved (unserved) *colonias*, and "build-it" or "bond-it" mandates to developers.
- 1999: More effective coordination between government agencies in tackling the *colonia* "problem," and increasing the responsibilities of counties.

In addition to not providing sufficient resources to tackle the problem of lack of services, an underlying weakness with all these initiatives is that they have

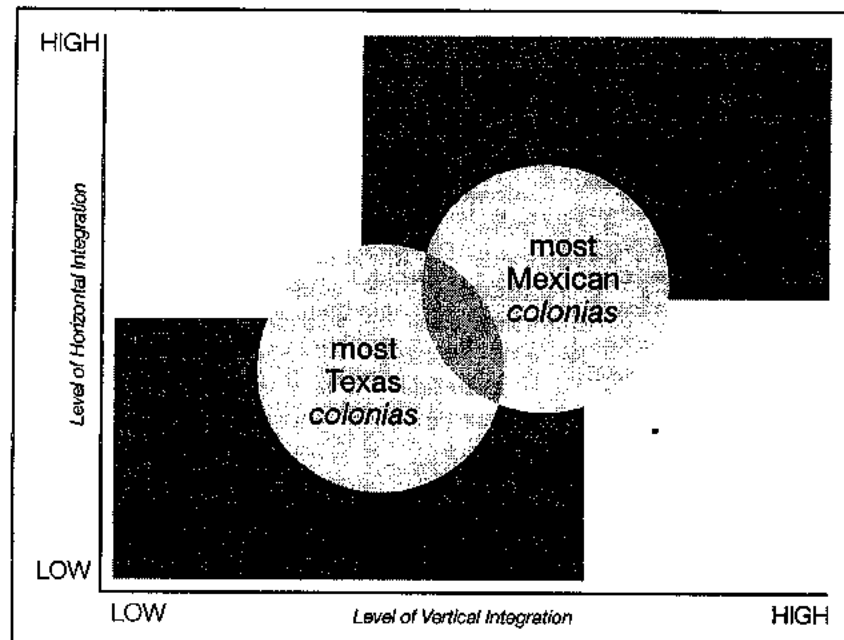


Figure 9.5. Differences in informal social "density" in Texas and Mexican *colonias*.

Source: P. Ward, *Colonias and Public Policy in Texas and Mexico: Urbanization by Stealth* (Austin: University of Texas Press, 1999), 167.

applied only in the border region and/or in specially designated economically distressed (EDAP) counties.⁴² Everywhere else the process continues pretty much unabated. Furthermore, the development of legal (served and approved) *colonias* has now become common — although this pushes the total cost of a lot, with a trailer or manufactured home on it, toward the lower end of the formal housing market (i.e., into the low to mid-\$40,000s).

The alternative is to develop subdivisions formally and to code. But this reduces lot size significantly. And although the overall cost of formal development is not that much more (running between \$14,000–16,000 per lot), together with higher transaction costs, the additional increment effectively shifts acquisition beyond the reach of a significant proportion of the target market.⁴³

POLICY IMPERATIVES FOR TEXAS COLONIAS

In summary, one must ask what can be learned either directly or indirectly for Texas from informal practices and policy approaches in less-developed countries. Elsewhere, I have developed five broad policy imperatives that I have urged legislators and policymakers in Texas to consider.⁴⁴

First, it is desirable to think about *colonias* differently, and see them not as rural settlements of unemployed Hispanic populations bedeviled by social pathologies and unhealthy living conditions. Instead, they should be seen for what they are: settlements of the working poor, tied primarily to urban economies, representing a rational response to low wages and a lack of viable housing alternatives offered by either the public or private sector. While they require public intervention and assistance, principally in terms of services, these are "bootstrap" communities capable of developing self-help and mutual-aid solutions to their problems; they are not waiting for windfall handouts from government. If Texans were able to shift the way they view *colonias* as social constructions, they might better appreciate their potential for development and formulate more imaginative and appropriate policies.

This leads me to a second imperative — that of new institutional practices and intergovernmental relations. In Texas, the largely negative and top-down view of *colonias* has been compounded by poor local-government structures and intergovernmental coordination. In particular, the responsibility for *colonias* has fallen between the cracks of county and city authority. To remedy this situation, institutional and policy development will be required to reduce the (very real) liability that jurisdictions perceive in taking responsibility for *colonias*. This might take a number of forms: greater planning empowerment for counties; fiscal incentives for cities to extend infrastructure to *colonias* close to existing service areas; relaxation of liability laws associated with minimum standards; and greater collaboration in sharing social services on a pay-as-you-go basis. In short, it is necessary for government to step up to the plate and respond positively and collaboratively to the needs of *colonia* populations.

The third policy imperative I have urged is an examination of ways to promote *colonia* densification. The simple reality that *colonias* are likely to increase in population by one-third to one-half through infill in the coming decade should concentrate the mind of policymakers. But such inevitable *colonia* densification can also provide solutions: as a housing policy to meet low-income demand; as a means of reducing the unit cost of services by sharing and recovering costs among a larger population; and as a way to attain greater social density and local capacity for community self-help. To achieve these results, however, policies need to address blockages in the land market that currently prevent or act as a disincentive to lot sales and occupancy (including current legislative prohibitions on new sales, lot subdivisions, etc.). In Mexico, fiscal measures (land taxes) are used to penalize nonoccupancy of lots and land speculation, and they are used to reward social use of property (housing and low-cost rental). Something along these lines could be made to work in Texas. However, only recently have state agencies begun to track absentee lot owners and identify what might bring their lots into occupancy or into the land market for sale.⁴⁵

My fourth, and in some ways most controversial, proposal has been to call for greater responsiveness to "low-tech" infrastructure approaches. This would include lowering infrastructure and house-building standards, at least on a temporary basis while settlements get up to code. I have already mentioned as an example how Mexico provides "austere" levels of servicing (for example, modest street lighting and nonpaved side-road infrastructure).⁴⁶ But while such minimum (rather than maximum) standards legislation is common enough in less developed countries, it is anathema in Texas for reasons of politics and local liability. Yet it makes little sense to criminalize self-builders or to place them in "Catch 22" situations where they can't apply for service hookups or financial support if a *colonia* is unserved. Nor, I believe, should low-tech septic systems and/or lot-shared septic systems be considered an inappropriate solution, particularly on large lots. Indeed, provided they are monitored and complemented by vacuum removal when needed, such combination septic fields could additionally provide valuable open space. The point is that formal waterborne sewage systems make little sense in desert regions like El Paso, and the alternative — separate individual septic systems — is overly expensive.⁴⁷ Of course, the controversy surrounding such arguments concerns the establishment of a double standard. But this could be circumvented by deeming the designation temporary, with the expectation that a *colonia* would converge with code requirements over, say, a ten- to fifteen-year period — what Larson refers to as "progressive realization." After all, "enterprise zone" designation is common enough. Why not establish "social interest/housing zones"? These have been shown to work well enough in several Brazilian cities.⁴⁸

My last proposal concerns the need to improve social infrastructure and community participation. As I have already mentioned, this emerges spontaneously in Mexico, and is often tied to the land-settlement process. But in Texas it has to be cultivated, turning settlements into communities. Raising densities in the manner

described above will help. But much more needs to be done to recast the top-down mentality of social-service providers and create greater public (local) participation in community-development programs. Tying community participation to decisions about relative standards, liability waivers, and so on might help ensure the full involvement of *colonia* residents in local planning decisions.

INFORMAL HOUSING PRODUCTION IN THE UNITED STATES: THE BIG PICTURE

In this chapter I have argued that our understanding of urban informality — specifically in the arenas of land use and self-help housing — in less developed contexts can inform thinking about housing processes here in the United States. By comparing Texas *colonias* to their Mexican counterparts I have sought to demonstrate how we can better appreciate the nature, rationale, logic, and dynamics of low-income homesteading here. Moreover, while Texas *colonias* may be different in many important respects from their Mexican counterparts, the policy approaches and practices adopted by Mexican authorities often have much to commend them. Innovative thinking about regularization, appropriate codes and standards, land-market fine tuning, densification, community strengthening, turning urban land to productive use that will allow for rental opportunities, and so on: these are all worth considering in Texas and in the United States at large.

By way of a conclusion, I want to point to where this current research potential leads. I have already suggested that *colonias* are not just a border phenomenon: indeed, similar subdivisions exist across Texas and, almost certainly, across much of the United States. As long as low incomes and inequality remain a structural feature of the urban and economic landscape in the United States, and as long as the public sector continues to be unable or unwilling to help low-income households obtain housing of their own, there will continue to be a demand for low-cost shelter options. Where those options embrace the desire for urban homesteading, informally produced housing options are likely to fill the gap, and the phenomenon so far described largely with reference to the border states will be increasingly recognized elsewhere. That being the case, we should probably not call such developments *colonias* at all since they are as likely to be populated by Anglos or African Americans as by Mexican Americans or other Hispanics. The more appropriate (if less elegant) term I have proposed is "quasi-formal homestead subdivisions," or homestead subdivisions for short.

The widespread distribution of such developments throughout Texas is just beginning to be acknowledged. Even now, counties far from the border are beginning to recognize the existence of similar unregulated "rural" subdivisions that in fact house an urban labor force. For example, the Texas Water Development Board's database has identified *colonias* in several nonborder counties, and in the densification study report-

ed on earlier, I deliberately selected several nonborder *colonias* to underscore how this is not just a feature of border landscapes. Indeed, I chose three neighborhoods in the peri-urban area of Austin — the high-tech, relatively affluent capital of the state.

My proposition is that it is perfectly logical for quasi-formal homestead subdivisions to exist widely elsewhere in the United States, even if, as yet, they are largely undocumented.⁴⁹ In what ways is this logical? The answer lies in the fact that such homestead subdivisions offer the only accessible means to home ownership for urban households earning less than \$20,000 a year. And while there are significant private transport costs associated with living in poorly serviced communities several miles beyond the urban fringe, families of all ethnicities have been quick to recognize the advantages of self-managed home ownership on relatively large lots over renting in more urban trailer parks and apartment complexes.

In the big picture, homestead subdivisions are affordable to these low-income working populations. They offer greater flexibility and are less onerous in terms of payments. They provide homesteaders with a foothold in the property-owning market. And while my own data suggest that the windfall and valorization gains associated with *colonia* upgrading and consolidation fall well below the average for other (higher-income) sectors of the residential market, *colonias* nevertheless offer the possibility for appreciating equity. In some cases, too, in South Texas and Florida these subdivisions cater to "snowbird" or recreational communities. Used only several months of the year, this is a relatively cheap real estate option for retirees wanting to get away from the Midwest winter, or for less well-off families who wish to take extended low-cost summer vacations with their children. There are also multiple and largely unexplored social advantages that accrue from homestead subdivisions. The opportunity to live close to kin (in adjacent lots), or to subdivide and share lots, provides the potential for independence yet support in terms of social interaction, childcare, etc. They also provide a relatively cheap housing option for families who wish to take care of elderly or infirm parents.

Prima facie evidence for the existence and expansion of homestead communities near a town is the proliferation of trailer and manufactured-home sale companies along nearby highways. These may be catering to buyers who are placing their purchases on lots in low-serviced subdivisions. Alternatively, if one looks out an airplane window some five to ten minutes before landing or after takeoff (at about 7,000–10,000 feet), one may readily identify such subdivisions below. Once one knows what to look for, the evidence for their existence becomes even more compelling. Indeed, in a recent research symposium participants began to explore mechanisms for developing a national inventory using remote sensing protocols interleaved with Geographical Information Systems.⁵⁰

Truly, what we see here is urban informality in an era of liberalization. The aim of my discussion has been to demonstrate that in both the case of Texas and the United States at large we should not neglect our own transnational backyard.

NOTES

1. P. Ward, "Self-Help and Self-Managed Housing — á la Americana," in *Irregular Settlement and Self-Help Housing in the United States* (Seminar proceedings, Cambridge, Mass.: Lincoln Institute of Land Policy, September 2001) (available at <http://www.lincolninstitute.edu/main.html>); and P. Ward, *Residential Land Market Dynamics, Absentee Lot Owners, and Densification Policies for Texas Colonias*, working paper, Lincoln Institute of Land Policy, Cambridge, Mass., 2000, 144.
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20. *Ibid.*, 145. See also P. Ward and J. Carew, "Absentee Lot Owners in Texas Colonias: Who Are They, and What Do They Want?" *Habitat International* 24, no. 3 (September 1999), 327-45.
21. The ETJ is a fringe area beyond the city limits over which the city may, at its discretion, exercise jurisdiction and extend services. The actual size of a city's fringe area varies according to total city population. Cities with populations of less than 5,000 have an ETJ of one half a mile, while those with populations of more than 100,000 may extend as far as five miles.
22. P. Ward, "Squaring the Circle: Whither or Wither Segregation in Latin American Cities," unpublished manuscript, 2001.
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25. C. Davies and R. Holz, "Settlement Evolution of 'Colonias' along the U.S.-Mexico Border: The Case of the Lower Rio Grande Valley of Texas," *Habitat International* 16, no. 4 (1992), 119-42.

26. Gilbert and Ward, *Housing, the State, and the Poor*.
27. J. Larson, "Free Markets in the Heart of Texas," *Georgetown Law Journal* 84, no. 2 (December 1995), 179-260; and Ward, *Colonias and Public Policy in Texas and Mexico*.
28. J. Jensen, "Regulation of Residential Contracts for Deed in Texas: Senate Bill 336 and Beyond," M.A. professional report, LBJ School of Public Affairs, University of Texas, Austin, 1996; and S. Mettling, *The Contract for Deed* (Chicago: Real Estate Education Company, 1982).
29. Developer Cecil McDonald, as cited in Ward, *Colonias and Public Policy in Texas and Mexico*, vii.
30. In 2002 I was engaged in a study that analyzes a major land-regularization program undertaken by the Community Resources Group at the behest of the state government in several large colonias in Starr County. One of the aims of that study is to assess how residents view full title, and the linkage (if any) between being given clean property titles and housing improvements and leveraging of credit using property as collateral. This is an important argument in the work of De Soto, although it is one that is also challenged — see A. Gilbert, "On the Mystery of Capital and the Myths of Hernando De Soto: What Difference does Legal Title Make?" paper presented at the ESF/N-AERUS International Seminar "Coping with Informality and Illegality in Human Settlements in Developing Cities," Leuven and Brussels, Belgium, May 23-26, 2001; and Ward, "Squaring the Circle."
31. "Softness" was a term coined by Gunnar Myrdal (*Asian Drama*) to cover informal practices which were not considered as "hard" as outright corruption. This would include bending the rules or turning a blind eye in return for relatively small bribes.
32. P. Ward, *Welfare Politics in Mexico* (London: Allen and Unwin, 1986). For example, in Texas colonias residents will pay \$22 per 1,000 gallons of water delivered by tanker truck, whereas a resident hooked up to a city network would pay \$15 for the same amount.
33. R. Wilson and P. Menzies, "The Colonias Water Bill: Communities Demanding Change," in R. Wilson, ed., *Public Policy and Community: Activism and Governance in Texas* (Austin: University of Texas Press, 1997), 229-74.
34. J. Carew, "The Viability of Low-Cost Infrastructure Technology for Affordable Housing Subdivisions in the Texas Border Region," Masters thesis, School of Architecture, University of Texas, Austin, 2000; and J. Carew, "Minimum Standard Residential Subdivisions: Can They Increase Affordability?" in *Irregular Settlement and Self-Help Housing in the United States* (Seminar proceedings, Cambridge, Mass.: Lincoln Institute of Land Policy, September 2001); and R. Stevenson, "Alternatives to Convention," in *Irregular Settlement and Self-Help Housing in the United States*.
35. In Mexico, the modal lot size in colonias is 200 sq.m. or 1,800 sq.ft. Assuming a similar average household size (of 45) and no lot sharing (both are conservative assumptions), this would amount to 108.9 persons per acre. In short, densities in Mexico are six times as high as for one-quarter-acre lots.
36. This is the title of a major self-help advocacy text by John Turner and Bob Fichter, published in 1972.

37. Although they may not be fully cognizant of the legal codes on setbacks, in fact everyone follows the normal practice in Texas, which is to place dwellings well back from the road and from boundary lines.

38. Ward with Stevenson and Stuesse, *Residential Land Market Dynamics, Absentee Lot Owners, and Densification Policies for Texas Colonias*, 78.

39. Ward, *Colonias and Public Policy in Texas and Mexico*, 224–41.

40. Gilbert and Ward, *Housing, the State, and the Poor*.

41. Ward, *Colonias and Public Policy in Texas and Mexico*.

42. EDAP stands for Economically Distressed Areas Program.

43. Carew, "The Viability of Low-Cost Infrastructure Technology for Affordable Housing Subdivisions in the Texas Border Region."

44. Ward, *Colonias and Public Policy in Texas and Mexico*.

45. P. Ward and J. Carew, "Tracking Land Ownership in Self-Help Homestead Subdivisions in the United States: The Case of Texas 'Colonias,'" *Journal of Land Policy* 18, no. 2 (2001), 165–78; and Ward with Stevenson and Stuesse, *Residential Land Market Dynamics, Absentee Lot Owners, and Densification Policies for Texas Colonias*.

46. See also Larson, "Informality, Illegality, and Inequality"

47. Stevenson, "Alternatives to Convention."

48. W. Assies, "Restructuring the Meaning of Urban Land in Brazil," in G. Jones and P. Ward, eds., *Methodology for Land and Housing Market Analysis* (London: University College London Press, 1994), 102–17.

49. In Arizona, similar types of informal settlements are being identified both as "colonias" and as "wildcat" settlements. See E. Holgium and A. Donelson, "Social Infrastructure in Colonias in Arizona and New Mexico," in *Irregular Settlement and Self-Help Housing in the United States*.

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10

Power, Property, and Poverty: Why De Soto's "Mystery of Capital" Cannot Be Solved

Ray Bromley



Hernando De Soto's *The Mystery of Capital* was triumphantly released in the year 2000 at the height of a global economic and stock market boom.¹ At the time, the United States economy seemed very strong, Europe was doing well, and Japan was prosperous but concerned about recession and its aging and declining population. The fanfare of publicity for the book was reminiscent of the English-language launch of his earlier book, *The Other Path*, in 1989.² It seemed De Soto had created another instant bestseller which claimed to be full of penetrating and original insights.

The immense self-confidence of *The Mystery of Capital* begins at first touch. The jacket carries a picture of the World Trade Center and tributes from Margaret Thatcher, Jeanne Kirkpatrick, David Owen, Javier Perez de Cuellar, William F. Buckley Jr., Walter Wriston (Chairman Emeritus of Citigroup), and Ronald Coase and Milton Friedman, both Nobel prizewinners in economics. The summary begins as follows:

The hour of capitalism's greatest triumph is, in the eyes of five-sixths of humanity, its hour of crisis. Beginning with these words, this book revolutionizes our understanding of what capital is — and why, since the collapse of communism, capitalism has continued to fail the majority of mankind.

Born of the heady 1990s, *The Mystery of Capital* assumes that all the developed capitalist countries (the West) are triumphantly prosperous, locked into a self-sustaining system of economic growth based on their citizens' creative use of private property to build wealth. These countries are never listed out, but they clearly include the United States, Canada, Japan, Australia, New Zealand, and the nations of Western Europe. Meanwhile, the remaining five-sixths of the world