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## Absentee lot owners in Texas colonias: who are they, and what do they want?

Peter M. Ward<sup>a,\*</sup>, Jeremiah Carew<sup>b</sup>

<sup>a</sup>*Department of Sociology, and The Lyndon B. Johnson School of Public Affairs,  
University of Texas - Austin, P.O. Box Y, Austin, TX 78713-8925, USA*

<sup>b</sup>*Community and Regional Planning and Latin American Studies, UT-Austin, USA*

### Abstract

In Texas there are some 1500 colonias housing an estimated 400,000 people mostly in urban areas of the border region with Mexico. Colonias are unserved or poorly serviced low-income housing settlements in which lots have been sold by developers upon which residents place trailers, construct manufactured homes, or self-build. While many colonias are virtually sold out, the proportion of lots actually occupied varies greatly, with anywhere between 20 and 80% of lots being left vacant. This creates multiplex problems for effective provision and cost recovery of physical and social infrastructure, as well as for effective formation of social capital necessary for active community participation and mutual aid in local development projects. Although recent research has led to a better understanding about the nature of colonias, nothing is known about these absentee owners. Being absent they are difficult to trace. Phone and mail interviews were used to gather data about the reasons for non-occupancy and future plans for sale and/or occupancy, and these preliminary data are presented in order to offer some insights into the reasons and propensity for non-occupancy. We find that a significant number of non-owners have purchased as an investment and as security for the future, often before moving to the north and interior of the US in search of work. Even absentee owners who live locally, often have little immediate plans to occupy their lots. The article concludes with an overview of possible policy directions — incentives and penalties — that may in future contribute to greater lot occupancy and to higher densities in colonias. © 2000 Elsevier Science Ltd. All rights reserved.

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### 1. Introduction

The title of this article borrows from one published some thirty years ago, at a time when social scientists wanted to know more about the residents of shantytowns and squatter settlements in less developed countries (Andrews & Phillips, 1970). Research over the years has provided much of the

\* Corresponding author. Tel.: + 1-512-471-4962; fax: + 1-512-471-1835.

information required to develop public policy responses, and latterly has even begun to inform our understanding of the nature of low-income/self-help housing development in more developed countries — notably the Texas borderland colonias which are the focus of this article.

A methodological dilemma that frequently confronts social science research in communities and neighborhoods is how to know more about those people who are relatively invisible and who are unavailable for systematic interviewing. This leads to bias in our understanding of the composition, social processes, needs and behaviors of the vestige (visible) population. Most frequently this lack of visibility arises for those people whose residence or livelihood is illegal or unregulated and outside of the so-called formal sector. In order to survive they must remain hidden, and they are difficult to track down or trace. A similar problem confronts researchers of “exit” populations such as households who have been displaced perhaps as a result of conflicts with landlords, “gentrification” processes and rising costs of residence, or for whatever reason have moved out of the local neighborhood (Robson, 1988; Schaffer & Smith, 1986; Smith, 1996). To the extent that these invisible or exit populations are different from those who can be readily interviewed, then our understanding is always likely to be incomplete and partial.

Of course, tracing these “invisible” populations is far from easy and innovative survey methods must be devised in order to gain access to these individuals. Unfortunately all too often researchers have ignored this “nether” world, only occasionally seeking to draw some inference about its population from local observation or from vicarious questioning of those who are visible and who are more readily available for interview. Anyone seeking to systematically research these absent or less visible populations must, perforce, develop innovative strategies and methods of data gathering (Jones & Ward, 1994).<sup>1</sup> So-called “snowball” samples are a common technique, whereby one proceeds by referral from one respondent to another. Although very useful for gaining insights about social processes, snowball samples are often unrepresentative of the universe studied, and offer only limited scope for generalization. Moreover, tracking even a relatively small number of out migrants or “invisible” neighborhood members is costly in terms of time and resources. Little surprise, therefore, that few analysts have made a serious attempt to systematically research these difficult-to-locate households.

In this paper we describe the characteristics of one such “invisible” population namely absentee lot owners in low-income settlements in Texas border counties with Mexico. These ‘colonias’ as they are called locally comprise unserviced and poorly serviced settlements in which low-income homesteaders have bought a lot on which they live either in a trailer-type dwelling, or in a more formally “manufactured” home (Davies & Holz, 1992). In some cases, too, families build their homes through self-help, often living in a trailer until a modest level of house consolidation has been achieved.

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<sup>1</sup> Two brief examples of such innovative methods will suffice. In his research about petty theft or “fiddling” in a bakery firm, Jason Ditton became a driver/dispatcher in order to observe the forms of cheating and theft that pervaded the enterprise (Ditton, 1977). In another longitudinal study of Mexican migrant (undocumented) workers in the US, researchers wanted to follow up at three-year intervals migrants whom they first interviewed before crossing the border. The strategy adopted was to identify “anchors” (kinsmen usually) whose residences were more fixed, and who could be expected to know the whereabouts of the individual migrant several years later. Several such anchors might be created and subsequently contacted in order to elicit a “good” address that another data gathering interview team could follow-up (Portes & Bach, 1985).

In Texas these colonias are not a small-scale phenomenon: there are more than 1500 colonias in Texas today, housing around 400,000 people (OAG, 1993). While most of these settlements are located in counties bordering Mexico (77% are to be found in only four border counties [El Paso, Cameron, Hidalgo and Webb]), this is not to say they are uniquely a Hispanic phenomenon, nor that they do not exist elsewhere in Texas and the United States; they do and include Anglo and African-American majority communities. Yet thus far, colonia-type developments beyond the border region and elsewhere in the United States have rarely caught the public eye, and are likely to do so in the future only in so far as data about colonias and other self-help settlements are collected more systematically.<sup>2</sup>

Our concern here, however, is less with the residents of colonias, but more with the invisible “absentee” owners of colonia lots and properties. These are not absentee landlords in the usual sense, since the frequent visits to collect rents and to oversee their properties makes interviewing them quite feasible. Rather we are interested in a more inaccessible group, namely those low-income lot owners who, for one reason or another have chosen not to build a home and live on their lot. What makes this significant is the fact that non-occupancy is often the rule rather than the exception. Most lots in the majority of Texas colonias have been sold, yet the proportion of households who live on their lots can vary from 20–80%. Even the larger and best known colonias which are now more or less fully serviced and well consolidated, may have between one-fifth and one-quarter of their lots vacant (Ward, 1999).

This high level of “absentee” ownership and vacant lots contrasts markedly with the situation that prevails in irregular settlement development reported in most less developed areas — not least on the other side of the border in Mexico — where illegality in the land acquisition process virtually requires lot occupancy to safeguard one’s claim (Gilbert & Ward, 1985). Another key difference — especially for the purpose of this article — is that in Texas lots are sold legally and are considerably larger than those acquired by self-builders in Mexico — usually at least two to four times the size of lots in Mexico (Ward, 1999). The larger size, combined with the high rate of absentee lot ownership and non-occupancy means that overall population densities are very low. This creates a number of major impediments to settlement development and upgrading: (1) the high unitary costs of infrastructure provision; (2) a low fiscal capacity and high financial drain upon political jurisdictions; (3) a low social density, and a severely weakened potential for successful community collaboration and participation; (4) limited political voter ‘clout’ and lobbying effectiveness, and so on. Colonias in Texas are population settlements with very low levels of social ‘capital’, certainly when compared with that normally experienced and created within fledgling communities in Mexico and elsewhere.<sup>3</sup>

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<sup>2</sup> It seems likely that for much of the rest of Texas and in other states, the housing market remains more oriented towards trailer-park-type homes, even where the population is Mexican origin and from the border. In one recent study of a meat processing town in Minnesota where the bulk of the workers are Mexican origin and often recruited from the border region, there has, as yet, been no colonia development equivalent (Brown, 1999). City planners are determined to avoid the development of “permanent” neighborhoods where migrant workers might be tempted to put down roots — notwithstanding the fact that the food processing plant appears to be prosperous and secure.

<sup>3</sup> Social capital in this context may include the non-monetary resources that families and groups have at their disposal which can be mobilized to good effect — kinship networks, *compadrazgo*, neighboring patterns, etc.

Thus, we urgently need to know more about these absentee owners in the case of Texas colonias. Are they different from low-income homesteaders who have taken up occupancy? Why do they purchase into these settlements if they do not plan to reside there? What are their medium and long-term plans for their land investment? What will persuade them to move into the settlement, and so on. Elsewhere we have developed a methodology that will enable us to successfully trace these invisible lot owners allowing us to interview them (Ward & Carew, 1999). In this article our purpose is begin to answer the questions about who are they, where are they, and what do they want. Only in getting some preliminary insights to these questions may we begin to explore policy alternatives that might assist in making the land market function more smoothly, and encourage a more rational level of lot occupation and higher population densities. In the final part of the paper we discuss the policy implications of our preliminary findings.

## 2. Public policy towards Texas colonias

Until 1989 the plight of colonias in Texas went largely unheeded, but since that time biannual Texas legislatures have undertaken a number of important policy directions. First, lawmakers have sought to curtail unregulated colonia developments, especially in the border region. Second, appropriations have begun to provide for basic infrastructure, most notably water and wastewater (Wilson & Menzies, 1997; LBJ School, 1997). Third, from 1995 greater title security has been extended to residents by converting some Contracts for Deed which are the principal mechanism of lot sale (see below) into the equivalent of mortgages. And fourth, state and local governments have adopted a host of other measures mostly targeted at physical infrastructure and regulations to limit further unplanned and unserviced colonia and housing development. Recent research has begun to identify and press for a second "wave" of public sector response targeting a number of policy areas (Ward, 1999). Several of these policy areas began to be addressed in the latest 76th Legislature (Spring, 1999) and were embodied in a wide-ranging Colonias Omnibus Bill (Senate Bill, 1421). This includes provision for: (1) better coordination between tiers of government and between agencies; (2) a more pragmatic and sensitive view of colonia housing and their populations; (3) greater flexibility in applying local ordinances and regulations in order to enhance hook-ups to services, etc.

Despite these modest changes, much remains to be done. One key policy arena is that of confronting low lot densities, and the desirability of increasing lot occupancy and development. Although the proliferation of new colonias in Texas has largely abated, the total population living in colonias may be expected to rise dramatically in the next decade or two. This is inevitable as physical infrastructure conditions continue to improve, and as vacant lots are gradually occupied.<sup>4</sup> Yet current legislation in Texas inhibits densification and market processes that would facilitate lot sales. Since 1995 unsold lots or those repossessed by developers cannot be sold until all services have been installed and the colonia plan has been approved (in effect freezing the development). It is prohibited to subdivide lots except among close blood relatives. Nor can lots be used for

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<sup>4</sup>This increase assumes no draconian measures by the Texas legislature to actively prevent densification and lot occupancy — neither of which is likely. However, some legislators do feel that densification will exacerbate many of the existing the problems, and are, therefore, uneasy about any measures that might intensify the problem.

anything but single family residences. Thus, the operation of land market transactions in colonias is stunted and inefficient, offering few opportunities for development.

Yet Texas policy makers have shown little enthusiasm to address the malfunctioning of the land market and the issue of densification probably for fear of the political cost associated with being seen to support further growth of colonia population albeit in existing settlements. Another reason is the paucity of research and the general failure in agency programs to underscore the negative consequences that derive from such sparse settlement. In short, there is a lack of clear guidance from researchers about policy options that might be proposed in order to address the issue of population growth and densification in colonias. Scholars, legislators, and policymakers have failed to think aggressively and imaginatively about the colonias low-density issue.

### **3. Texas colonias and lot ownership**

The proliferation of colonias in Texas responded to the same logic as that which has produced irregular settlements in less developed countries: rapid urbanization; a low-waged economy; the failure of the private market to produce or finance housing that is affordable to low-income groups; a lack of state or public housing supply alternatives; and the lack of effective regulation and planning controls to prevent unscrupulous land developers from undertaking highly profitable land developers targeted at the poor. Around 40% of colonia residents work for the minimum wage or less (OAG, 1996), and per capita incomes in the border region are around half of the national average. In Hidalgo County for example, in the early 1990s only 24% of families earned over \$27,000 (compared to almost 40% nationally), while some 42% earned less than \$12,500 (OAG, 1993). Thus, in order to enter the housing market, prospective homesteaders must seek low-cost alternatives and use their "sweat equity" in order to self-build and self-finance their homes (Davies & Holz, 1992). In less developed countries it is the illegality of the land development process and the lack of services that reduces market price to affordable levels (Gilbert & Ward, 1995). In Texas, however, the method of land acquisition is legal, and it is the unserved nature and poor location of the colonia that lowers the cost price and makes for affordability.

Texas colonias are created by developers who sell off land without services and infrastructure under a process called Contract for Deed (Larson, 1995; Ward, 1999). Contract for Deed is quite commonplace throughout the US. Often known as a "poor man's mortgage" it is a form of financing real estate purchase for those who cannot afford the down payment, or whose incomes do not qualify them for more conventional methods (Jensen, 1996; Mettling, 1982). It is a legal, yet highly flexible mechanism for the conveyance of real estate or other commodity in which ownership (title) is not transferred until the purchase price has been paid in full. In the realm of real estate transactions it is a particularly profitable form of seller financing. In Texas colonias most lots sold in the early 1980s for \$7000-8000 (around \$11,000 to \$12,500 at 1998 prices). 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, up to 10-20% of the total price (developer Cecil McDonald cited in Ward, 1999: vii). Thereafter, the purchaser has a low, fixed monthly payment, usually in the range of \$80-120, which he continues to pay until retiring the debt. This may be spread over a period of between five and ten years, with the possibility that the purchaser can always 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 non-existent.

Developers quite deliberately create new colonias in relatively weak isolation of county jurisdictions beyond the urban fringe, outside of the better-endowed and more effectively empowered cities. Historically there has been a lack of regulation in the areas beyond the city's urban limits and its extra territorial jurisdiction (ETJ).<sup>5</sup> Lots are sold off in a piecemeal fashion, often in a "spotty" fashion spreading people across the whole of the colonia, as developers seek to give the impression of colonia development across a wider area. However, as we have seen earlier, this broadcast approach (rather than block-by-block development), the large lots, the lack of services, and the relative security of the legal land development process make for large vacant areas and very low densities. So who are these non-homesteaders?

#### 4. Creating a database of absentee owners for subsequent interview

Elsewhere we have described many of the difficulties associated with identifying lot owners from land titling records that are incomplete and imprecise, and have developed a working methodology to identify absentee lot owners (Ward & Carew, 1999). Here we do not propose to repeat that discussion, but instead we will move directly to the survey of absentee lot owners whom we identified in a number of case study settlements. Suffice to say that while the most frequent form of land acquisition was Contract for Deed, we discovered that for a number of reasons these are often not formally registered in the property register. Instead, we found that a much more consistent method for identifying lot owners is through the use of the county tax records, and this is how chose to investigate absentee owners further.

In order to generate our baseline listing of absentee owners' addresses we selected four colonia case studies, each of which varied in location, size, levels of absentee ownership, and levels of infrastructure provision (Table 1). Selection was determined by the fact that one of us already had research experience of these specific settlements and had reported on them elsewhere (Ward, 1999).

All of the colonias form part of the broad urban area of border cities; three being located in Webb County (just outside Laredo), while Del Mar Heights is in Cameron County, north of Brownsville. Our first step was to obtain plat maps for each. These are filed at the County Property Records Office. The next step was to verify level of occupancy on the ground using either "windshield" or "walkabout" surveys. In this way we identified those lots which appeared to be occupied; those with an unoccupied dwelling structure; and vacant lots with no residents or dwelling structures. This annotated plat map formed the basis of identification for lots with (apparent) absentee owners. Depending upon the overall potential sample size (i.e. the number of vacant lots or unoccupied dwellings) we made a decision about searching on all lots or taking a sample (as was the case in El Cenizo [50% of lots] and in Del Mar Heights [10% of lots] see Table 1). This was a pragmatic decision given limited resources, the anticipated short time span

<sup>5</sup> 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 less than 5000 have an ETJ of one-half mile, while those with over 100,000 may extend as far as five miles.

Table 1  
Summary of differing characteristics of four case study colonias

Colonia	Location	No. of lots	Occupancy* (%)	Sample size	Water	Sewage	Drainage	Phone	Electric
San Enrique	Rt. 359, West of Laredo	98	54	100%				X	X
San Carlos	Rt. 359, West of Laredo	62	48	100%				X	X
El Cemizo	Rt. 59, South of Laredo	894	73	50%	X	X		X	X
Del Mar Heights <sup>b</sup>	Rt. 100, North of Brownsville	1702	5	10%					

\*Occupancy = percentage of lots with current residents (excludes vacant houses).

<sup>b</sup>Our methodology for choosing our sample in Del Mar Heights differed from that of the other colonias. We examined only the first four blocks and pursued for mail interviews only the 35 non-local addresses of the 172 total lots in that area. This was our initial test case and we were interested in getting a sense of the efficiency and accuracy of information using tax records without doing a full-sized sample.

available for surveying, and our wish to examine several colonias. Ideally a full survey would be desirable but in this particular project the principal aims were twofold: First to develop and test a methodology for the identification of absentee lot holders described fully elsewhere (Ward & Carew, 1999); and second, to gather data about the "no-see-em" households themselves — our central purpose here.

Armed with an annotated plat map identifying the vacant lots the next stage was to visit the Tax Record Office and using the block and lot information to specify each lot we obtained names and addresses for each absentee lot owner. More often than not the name and address information appeared to relate to private individuals. However, in the case of two colonias — San Enrique and San Carlos — both of which were developed by the same person, the name of the individual developer frequently appeared. In these cases both resident and absentee owners often continued to pay their property taxes through the land developer (so-called "institutional addresses" in Table 2). Thus, unless the individual developer was willing to furnish details about the owners (rarely the case), the total yield of potential interviewees was reduced accordingly.

At first glance the total yield of addresses provided by the tax office across the four colonias was encouraging. Some 68% (221) of the addresses we identified were local (i.e. in the same county or city), while 23% (77) were non local (Table 2). Of these 77 addresses, 37 were registered as living

Table 2

Summary of characteristics of absentee lot owners' addresses and response rates for phone and mail contacts using those addresses

Colonia	San Enrique	San Carlos	El Cenizo	Del Mar Heights <sup>a</sup>	Total
Total lots	98	62	894	1702	
Sample size	98	62	484	172	816
Absentee lots	42 (43%)	26 (42%)	122 (25%)	136 (79%)	326 (40%)
<i>Of absentee lots</i>					
Institutional address	13 (30%)	6 (23%)	10 (8%)	0 (0%)	29 (9%)
Local address	29 (67%)	18 (69%)	70 (57%)	104 (76%)	221 (68%)
Non-local address	1 (3%)	2 (8%)	42 (34%)	32 (24%)	77 (23%)
<i>Contact by phone</i>					
Confirmed telephone numbers <sup>b</sup>	8 (37.5) <sup>c</sup>	5 (26%)	29 (26%)	—	150 (28%)
Interviews by telephone	4 (13%)	1 (5%)	6 (5%)	—	
<i>Contact by mail</i>					
# of Quest. sent out	15 (10.5%)	15 (10.5%)	93 (65%)	20 (14%)	143 (100%)
Response	3 (20%)	8 (53%)	18 (19.4%)	1 (5%)	30 (20%)
Wrong address	1	0	15	1	17 (12%)
No response	11	7	60	18	96 (67%)

<sup>a</sup>In Del Mar Heights, all interviews solicited were by mail.

<sup>b</sup>Confirmed telephone numbers included, unpublished numbers, numbers where a family member informed me of a forwarding address, numbers where there was an exact match either in the telephone directory or directory assistance and no answer, or numbers where I was unable to talk to the correct person after three or four attempts.

<sup>c</sup>One owner holds nine lots from whom we were able to get a telephone interview.

Note: The percentages shown in the bottom half of the Table were calculated excluding the so-called "institutional address".



elsewhere in Texas, while 40 were out of state (see footnote #7). This listing encouraged us to proceed to the next stage, which was to prepare a postal interview survey. However, we knew at the outset that mail surveys have a notoriously low response rate, and although we did not have the resources to conduct personal interviews in such a large number of disparate locations across Texas and beyond, we did wish to explore the likely yield of other survey methods. Specifically, how far could the initial address listing be used to generate a list of absentee owners' telephone numbers, and could researchers in future expect to be successful in contacting absentee owners by telephone?

Taking just the three colonias in Webb County we sought to obtain telephone numbers based upon the tax record listings. We were able to identify some 172 unique addresses as a basis for searching actual telephone numbers for the three colonias in Webb County. However, the overall yield of confirmed telephone numbers was only 42 numbers (24% of the 172). Moreover, 12 of these 42 phone numbers were unlisted. In the US, where phone ownership is very high, the relatively low yield of telephone numbers probably relates to a number of factors: frequent addresses changes; lower telephone ownership among low income groups; or the telephone listing is different to the tax record name (even though it may be the same household). We suspect, also, that in many cases the address on the tax record is a not the owner's actual residence, but is a local address for receiving mail (a kinsman for example).

In addition to the mail survey we interviewed a small number (11) over the phone, mostly in order to see how well the questionnaire functioned when applied through this medium. While once traced and called the interviews were satisfactory, we consider this to be a low efficiency technique given the 24% yield of confirmed numbers (of whom one-third proved to be ex-directory), and the total effort expended. Our expectancy is that it would work better for other kinds of middle-income residential survey.<sup>6</sup> Given that 75% of all addresses are local, and the known low response rate of mail questionnaires, we have little doubt that face-to-face interviewing would prove to be the most productive source of information. However, as with all such interview surveys it is both time consuming and expensive, and we were not able to conduct personal face-to-face interviews on this occasion.

In September 1998 we sent mail interviews to all of those absentee lot holders for whom we had addresses and whom we had not contacted by telephone. After several weeks if we had received no reply or returned envelope "addressee unknown", then we sent out a follow-up letter with a duplicate questionnaire. This was deliberately timed for the Christmas holiday season in the hope that some non-local absentee owners might return or be in contact with contact address kinsmen in Webb County at that time. In the first batch a total of 143 questionnaires were mailed out, which we received 25 replies (Table 2). A further 5 replies came in response to the reminder mail-shot. Some 17 envelopes were returned "address unknown" suggesting that 12% of the original listing was awry, and this is almost certainly an underestimate. Thus an overall response rate of 24% from (probably) good addresses was par for the course in terms of mail interviews. Also, we strongly

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<sup>6</sup> Of course both methods have their built-in bias. Telephone interviews by their very nature are likely to target slightly better-off worker households, as well as local (cf. distant or out-of-state) absentee residents. Postal interviews, on the other hand, make assumptions about literacy, and there is no interviewer "control" nor cognizance over who actually completes the questionnaire, how well it has been understood, whether it was completed seriously or in a rush.

suspect that for many "local" addresses these may be surrogate addresses, usually of kinsmen. We think this is especially the case in colonias such as El Cenizo with a higher than average Mexican-born population, some of whom may, in fact, be living in the interior and return to Webb County only occasionally.

Another reason for the large proportion of non-response is the lower literacy levels, and many would be unaccustomed to completing even a relatively straightforward survey document. Fifty-four percent of those who did reply reported that they were born in Mexico, most of whom will almost certainly have received very limited schooling (Martin, 1994). It seems inevitable that our survey contains a bias towards relatively better educated Mexican American populations and under-represents the less literate Mexican-born immigrants. But, as we knew when we started, the bottom line was always going to be a low response rate, and in our view some information was better than none. When dealing with absentee owner populations, half of nothing was pretty much the *status quo ante*.

##### 5. The profile of absentee lot owners in Texas colonias

The questionnaire comprised some 24 questions and was presented in such a way that it could be read and answered in either Spanish or English. It was deliberately kept short, and could usually be answered in approximately ten minutes. Prepaid envelopes were enclosed together with a standard letter explaining that we understood them to be absentee owners of a lot in x colonia of x county, outlining the purposes of the survey, and the confidentiality of responses. Especially important in this case, too, was the need to explain briefly how respondents had been identified and traced and that this was part of the public tax record.

The questionnaire focused upon questions relating to information about the lot purchase (costs, methods and regularity of payment, ongoing links with the developer, etc.). We also inquired about the rationale for original purchase, the reasons for non-occupancy, the prospects of future residence on the lot, and the factors most likely to influence occupancy. Finally, we asked whether the absentee lot holders also owned lots elsewhere, and whether they visited the site and/or had contact with colonia residents. It elicited no socio-economic or household information, since our primary concern was lot ownership, lot acquisition and non-occupancy. Household comparisons with residents was left to a future study.

We have already outlined some of the limitations of this kind of survey. Nevertheless, the data gathered offer valuable initial insights about absentee lot ownership in Texas colonias. These data should be regarded as preliminary findings only, and need to be corroborated by more extensive surveys across a larger number of colonias, probably also using a wider range of interview techniques including face-to-face interviewing. In Table 3 we provide summary information derived from the survey, the most notable elements of which are discussed below. The data for San Enrique and San Carlos were analyzed separately in the first instance, but the small sample size and their almost identical profiles persuaded us to combine the data. These are adjacent settlements located on the north side of Highway 359 some 5-6 miles east of Laredo. They were developed by the same developer and are very similar in appearance and level of consolidation (Ward, 1999, pp. 40-43). El Cenizo, on the other hand, is located some 20 miles on the south side of Laredo, off Highway 83. El Cenizo and its sister settlement, Rio Bravo, are classic colonia developments

Table 3  
Information about non-owners: Who are they and what do they want?<sup>a</sup>

Dimension of non-occupancy	San Enrique	Combined	San Carlos	El Cenizo	Total all colonias
<i>Total cases % (N)</i>	18% (8)		23% (10)	59% (26)	100% (44)
<i>Characteristics</i>					
Local resident		83% (15)		50% (13)	64%
Ethnicity: Anglo		6% (1)		8% (2)	7%
Mexican born		44% (8)		60% (15)	54%
Mexican American		50% (9)		32% (8)	40%
<i>Lot purchase: (1983 \$)</i>					
When bought: -Pre 1983		13%		25%	22% (8)
1984–1989		63%		35%	46% (17)
1990–1997 (*1)		25%		40%	32% (12)
Average cost of lot in \$		\$7700		\$7020	\$7331
Average size of lot sq. ft.		27,059		8,244	15,730
Cost per sq. foot ¢ (US)		0.31¢		0.84¢	
<i>Reasons for non-occupancy</i>					
Distance/location		6% (1)		13% (3)	14% (9)
Lack of services		35% (6)		0	15% (10)
An investment		35% (6)		30% (7)	28% (18)
For children		18% (3)		17% (4)	14% (9)
Moved elsewhere		6% (1)		14% (4)	11% (7)
Other reason		0		22% (5)	19% (12)
<i>Visit the Colonia</i>					93%
More than 1 a month		67% (12)		25% (5)	45% (17)
Every 2-3 months		22% (4)		45% (9)	34% (13)
At least 1 a year		11% (2)		30% (6)	21% (8)
Know people: very well or well		70% (7)		53% (9)	59%
<i>Intend to move to the colonia in the future</i>		64% (9)		56% (15)	65% (24)
This year or next		20% (2)		20% (3)	20% (5)
2–3 years' time		50% (5)		20% (3)	32% (8)
Distant future		30% (3)		60% (9)	48% (12)

<sup>a</sup>Note: Dollars and cents are converted to constant (1983) values.

located right alongside the Rio Grande/Bravo. They are relatively large, and have been at the forefront of public policy interventions over the past ten years (Ward, 1999).

### 5.1. Place of residence

The first insights that we gained about absentee colonia owners is their place of current residence. Of the original listing 23% were non-local (i.e. not in the adjacent city), of whom just over half (39) lived out of state.<sup>7</sup> In fact, we are fairly certain that the proportion of actual non-local

<sup>7</sup> These out-of-state residents included 23% who gave an address as Mexico; 8% as Panama; 21% were living in Illinois (double that of any other US state), with 11% in California, Indiana, and Florida respectively.

owners is considerably higher, since a number of addresses recorded are in fact postal address of kinsmen receiving mail for owners who live and work elsewhere. The relatively high proportion of non-local owners is not surprising. Earlier research has reported that Mexican immigrants often purchase a lot in a colonia as an investment and/or as a place to which they may retire or live in the future (Davies & Holz, 1992; Brown, 1999). Indeed, there is evidence that some developers even placed advertisements in local newspapers in Chicago and other cities where there is a sizeable Mexican worker community (Davies & Holz, 1992). Together, Illinois and Indiana make up almost one-third of the out-of-state addresses. Among the questionnaire returns these non-local respondents were much more likely to emphasize that the reasons for lot purchase were for investment or for retirement than were their locally based counterparts. Not unexpectedly, non-locals appeared to be less concerned about the physical infrastructure conditions as a motive for non occupancy, and they visited the lot less frequently.

As mentioned above, some 54% of absentee owners self-identified themselves as Mexican born, and almost all of the remainder were Mexican-American (Table 3 "Characteristics"). El Cenizo has a significantly higher proportion than San Enrique/Carlos combined. For obvious reasons we made no attempt to solicit information on citizenship and residential status, nor to offer undocumented status as a possible reason for non-residence. But we suspect that the high visibility associated with actually living in a colonia may be a reason for absentee ownership, at least in those cases where the purchasers were undocumented Mexicans. US Immigration and Naturalization Service patrols frequently pass through colonias, especially those right on the border like El Cenizo and Rio Bravo in Webb County. Migrants to the border region who were (then) undocumented, may well have opted to move inland, but wished to secure a foothold in the residential land market either as an investment or as a future homestead site. For the moment, however, this must remain a tentative hypothesis only.

### 5.2. Lot acquisition

Almost three-quarters of respondents had purchased their lots through Contract for Deed (73%), most of them more than a decade or more ago. Only 32% had purchased during the 1990s, and interestingly a far higher proportion of these had bought into El Cenizo suggesting that this colonia has the more dynamic market. The source of information about the availability of lots varies: some had seen newspaper advertisements (10% overall and 17% in San Enrique/Carlos) or seen announcements in the colonias (7%); but most heard about it informally, on the "grapevine" of family and/or friends (62%). This was especially true for lot holders in El Cenizo. Not surprisingly given the long period since purchase, almost everyone (91%) has completed payments on their lots, and less than one-quarter reported having ever gone into payment arrears. Very few (five) respondents reported owning other lots elsewhere.

Clear differences may be observed between the colonias in terms of lot size and unit land costs. Our analysis of real land costs in 1983 constant values shows that absentee owners in El Cenizo bought smaller lots at a much higher price (84¢ per sq. foot compared with 31¢ in San Enrique and San Carlos, Table 3). This is probably because it has always had a more active settlement process and a more dynamic market. Moreover, graph scatterplots of land costs over time show a trend of rising real prices in El Cenizo consistent with the recognition and improved servicing levels in recent years. Nevertheless, we were surprised at the price differential in real terms: almost three

times the cost of lots in San Carlos and San Enrique. Although El Cenizo today has most services installed, that was not the case when most of these lots would have been purchased, and at least some of the price differential relates to price setting behavior on the part of the developer. Given the higher cost of land in El Cenizo, lots are much smaller (one-third the size of the half-acre plus lots in San Carlos and San Enrique). The data suggest that most people purchasing into colonias could expect to pay between \$7000 and \$8000 in 1983 dollars (approximately \$11,000–12,500 in 1998 values). Given this ball-park amount, what tends to vary is the lot size, hence our proposition that it relates more to development strategy on the part of the developer than to a price elasticity in the marketplace (see also Ward, Jiménez & Jones, 1993). What is perhaps surprising, however, is that in El Cenizo absentee owners did not opt to buy much larger plots given that most bought as an investment, or for the future use of their children (see below). Undoubtedly the presence of kin and friends counted for much in the choice; as probably did the fact that even the smaller lot sizes in El Cenizo were significantly larger than self-help lots in Mexico which would have been the most immediate point of comparison for many households. On the other hand, the higher proportion of Mexican Americans in San Enrique/San Carlos sought out the better deal.

Interestingly most owners regularly visit their lots (Table 3). Only seven percent reported that they very rarely visited. The principal reason given for such site visits was to check on the lot, but many people appear to take the opportunity to visit with relatives and friends. Some even gave as a motive the opportunity to have picnic on their lot — quite literally “a day in the country”, and the large lot and low density locations such as San Enrique and San Carlos are quite conducive to such activities. Most people knew someone living in the colonia, at least to say hello. Those with kin in the colonia generally visited more often. As one might expect, few (17%) absentee owners had any ongoing dealings with the developers: those that did stated that it was usually to do with services (or the lack thereof). Only four respondents had lots elsewhere, although this is one question in which one might expect some modest under-reporting.

### *5.3. The reasons for non-occupance, and the possibility of future occupancy*

We were somewhat surprised to find that such a large proportion of absentee owners had purchased as an investment, or for the long-term future of their children. This comprised some 51% of all primary responses, and 42% of cumulated responses taking account of the first, second and third reasons given — see Table 3. Perhaps it should not have been a surprise given the emerging scenario that many of these owners are non-local and this forms part of a long-term residential strategy. But it underscores the need to think more widely about policies to encourage occupancy, and not to become fixated upon the presence or absence of services as a primary determinant. Of course, the lack of services will be a major concern for actual residents, but these data suggest that this is not the principal motive which drives non-occupancy. Indeed, only 15% cited the lack of services as their primary (or cumulated) reason for not having taken up occupancy. For them, the initial (and ongoing) lack of services was not a primary consideration. Several mentioned the distance from work as a reason (10%), and another 12% gave the fact that they had moved away from the region as the principal reason for non-occupancy. The fact that El Cenizo now has most services installed (since 1995) probably helps to explain why no absentee owners in that colonia gave lack of services as the reason, although it does suggest that when answering that particular question they were looking at the current reasons rather than those pertaining at the time of

purchase. Nevertheless, across the board the majority of owners (65%) stated that they intended to occupy their lots in the future — usually in the longer term (48%). Remarkably few (20%) envisioned that they would move soon (i.e. this year or next). Once again, factors other than the presence of services appear to be important criteria in the decision-making process (once children are grown up, upon retirement, the death of parents, once their current work and living arrangements made it desirable, etc.). A small minority even said that they would move once they had the cash to allow them to build on their lots.

There appear to be important qualitative differences between colonias, particularly in so far as certain colonias such as El Cenizo are especially likely to attract Mexican born immigrants who purchase land for (unspecified) future use and move inland in search of jobs (Table 3). The other colonias appear to be targeted more at the local market and at second generation Mexicans and at Mexican Americans (see San Enrique and San Carlos). These different colonia characteristics in turn shape the propensity for non-occupancy, frequency of visits to check on the lot, and the likely trigger variables that might encourage lot occupancy and densification.

Nevertheless, despite such differences, the overall picture that emerges from our preliminary findings is one of low densities and ongoing non-occupancy. When we embarked upon the survey we expected that the key to unlocking low densities would almost certainly be the provision of services. While there seems little doubt that improved service levels would greatly ease the burden of social costs upon current residents, and would enhance interest from new would-be homesteaders, of itself it appears that servicing will do little to activate the occupancy of lots by existing absentee owners. For the latter, it appears that lot purchase forms part of a long-term residential strategy often extending to retirement and to provision of an inheritance for their children. For many Mexican born, some of whom were probably (at the outset) illegal immigrants, lot purchase provided an anchor as well as a relatively low-cost and secure investment. Once purchased, no-one was likely to usurp their claim. Today, also, proof of land ownership and long term payment of housing and taxes can be important when establishing claims to social and welfare rights (Capps, 1999).

These findings are important for policy making. They suggest that the relationship between servicing improvements, lot occupancy and densification is not as direct as first imagined. A wide range of policies is required to stimulate the functioning of the market and to provide incentives for those absentee owners who bought as an investment to be able to realize that investment. In the absence of such policies, and/or opportunities for letting (renting), the existence of low densities and ongoing high rates of absentee ownership may become an ongoing feature of colonias. El Cenizo is a case in point. Well known, large, and now serviced, there has been a significant quickening of lot purchase in recent years. Yet even here more than one-quarter of lots remain vacant. In the last section of this paper we turn our attention to broad-brush actions that need to be considered in future colonia densification programs in Texas.

## 6. The implications for policy-making: carrots and sticks

As we outlined earlier in recent years there has been a quickening of interest in public policy towards colonias in Texas, and colonia densification is one of the public policy imperatives to be identified (Ward, 1999). The low levels of lot occupancy, relatively large lots, predominance of

exclusively single-family residences, and "spotty" development practices of colonia lot sales, have all contributed to the low densities found in Texas colonias. Some legislators and policy makers view this situation positively, arguing that it serves to reduce the intensity of colonia housing problems, there being less people in residence, less chance of health hazards, and less need to contemplate revising codes, or to promote low-technology type alternatives, etc. But in our view these arguments are shortsighted and represent an abrogation of public-sector responsibility.

In Texas low densities are problematic for a number of reasons. First, the unit cost of servicing dispersed settlement is much higher than settlements which are built or occupied-through. Second, it is arguably inequitable that absentee lot holders (and speculator developers who hold lots off the market) should be allowed to take advantage of the land valorization process that derives from actual residents' sweat-equity and mutual-aid programs which lead to an improvement of housing and colonia-wide living conditions. Third, low population density creates a low social density in colonias. This reduces the social capital of the residents themselves, and the propensity for public participation that is often crucially important for successful self-help, upgrading, and community empowerment. Fourth, low densities dramatically reducing the opportunities for income-earning and what the World Bank and other analysts have called "urban productivity" (Doebele, 1994), since there is an insufficient market demand to sustain micro-enterprises, stores, public transportation, garbage collection, etc. In short, colonia development and productive opportunities are stunted by low population density.

Moreover, notwithstanding the controls imposed by earlier legislation to prevent the proliferation of new colonias, it seems inevitable that colonias will continue to grow substantially over the next two decades — perhaps doubling in population during that period. This will occur as absentee households take-up occupancy of their lots; as (large) lots are subdivided for rental or for single family residence (if legislation permits); and as young adult couples raise larger than average families, etc. In the absence of draconian measures to inhibit densification on the one hand, and a much more positive action by state and private sectors to develop affordable housing on the other — neither of which is likely — it seems certain that large-scale population growth in colonias will happen anyway. The choice facing Texas is whether it is planned or not.

Planning future densification requires a combination of measures that will both stimulate the private market to densify (incentives or "carrots"), as well as to regulate growth through planning controls and restrictions (i.e. "sticks"). The existence of low densities is not accidental, but rather it is symptomatic that the land market is not operating efficiently. As we have observed, many colonias are close to being sold-through which suggests that the market mechanism entrained by developers has worked remarkably well, even though they may also have been undertaken in bad faith and with broken promises. But we have also observed that there is some complicity of low-income householders and developers in so far as many have bought land as security for the future and as an investment, and not to build their current home. Of course the initial and ongoing lack of services accentuates unwillingness to occupy one's lot. But the challenge today is how to encourage the uptake of lots in a way that enhances social equity, and does not simply provide additional "profits" to developers. Also, how to provide incentives that will prime the market and lead to greater turnover (sale) of vacant plots. Here is not the moment to develop densification policies in detail, but rather to draw attention to the broad-brush options that would need to be explored in the light of these preliminary findings.

### 6.1. *Incentives for densification: carrots*

Most of the following incentives are designed to make the market operate more smoothly and to promote access to purchase and a greater flow of lot sales. An important consideration throughout will be to balance the need to promote market fluidity on the one hand, and to ensure that developers not overly benefit, on the other. Developers need to be encouraged to withdraw and to hand over their portfolios to not-for-profit entities. Similarly, individual lot owners for whom lot occupancy is not a near future goal and priority need encouragement to release their lots into the market place and to begin to realize their investment — and to do so sooner rather than later.

#### *Market incentives*

- (1) Provide services and create equitable cost recovery mechanisms.
- (2) Allow for rental and rent-seeking activities.
- (3) Provide an "amnesty" for developers tied to the transfer of their lots to a Government Public Holding Company at fair market prices for unserviced lots.
- (4) Create a Government Public Holding Company to promote lot sales.
- (5) Offer to buy vacant lots from non-developer absentee owners at fair (or enhanced) market prices, either for unserviced or serviced lots, and transfer to (4) above.
- (6) Provide greater public information on colonia land market opportunities.
- (7) Sponsor research into colonia land market operations.

#### *Regulatory incentives*

- (8) Allow for multiple lot occupancy.
- (9) Offer property tax allowances/reductions for residential occupancy (on approved 'social' uses and/or on micro-enterprises that enhance urban productivity [low cost rental housing, etc.]).
- (10) Allow for lot subdivision down to certain minimum thresholds.
- (11) Rescind legislation that inhibit service hook-ups.
- (12) Provide for temporary low-code status in newly designated Special Social Interest Zones which will allow people to upgrade homes without prejudice (see Ward, 1999).
- (13) Under local authority supervision and maintenance, promote low-technology and innovative sewage and wastewater disposal systems.

### 6.2. *Incentives for densification: sticks*

These measures are designed either to encourage (voluntary) compliance, or to make it obligatory. Texas, with its strong libertarian tradition, is unlikely to move towards policies which are punitive. But some of the following measures could readily be implemented in conjunction with the positive incentives outlined above.

- (1) Sequester developers' holdings where these are found to be in flagrant breach of the law (i.e. a form of punitive damages).
- (2) Require absentee lot owners to occupy or develop their lots for approved uses (including rental) inside a given time frame (3 yrs).
- (3) Develop fiscal policies that would penalize vacant land holding.
- (4) Charge owners/developers the full cost of service provision in order to guarantee recovery of investment costs, with an option to sequester if they do not comply.



- (5) Provide for the sequestration of lots of absentee owners where these cannot be traced, with compensation at the full market rate in cases of subsequent proven claims.

## 7. Conclusion

This paper has analyzed the rationale governing non-occupancy among absentee landlords in low-income urban homesteading communities called colonias in Texas. In Texas this absentee population is very significant, often making up fifty percent or more of the lots in any one settlement. Not only is it important academically for us to understand the nature and decision-making rationale of these absentee lot owners, but it is highly important from a policy perspective as well.

Given the particular methodological problems associated with researching exit or absent populations in communities, this paper has also provided an experience about how researchers might successfully trace and interview such hidden populations. Working with property tax records matched to vacant lot ownership in three colonias, we have been able to test a purpose-designed questionnaire which was applied over the phone and by mail in order to assess the feasibility of each application and the likely yield of information about absentee lot owners. Almost two-fifths of the survey population were classified as living outside the locality, which is almost certainly an underestimation given the frequent practice of absentee owners to live and work elsewhere while keeping a base address near to the colonia. The survey results obtained confirmed that many owners had purchased either as an investment or as a long-term plan to build in the colonia. Most had purchased many years previously, and had minimal contact with developers, although the large majority check out their lot at least once a year, and those living nearby do so often.

This long-term interest to develop the lot for their own personal use or to sell it onto someone else as an investment, reinforces our conclusion that densification of existing colonias will be a significant process in the next ten to twenty years. Indeed, it is likely to quicken now that the Texas Water Development Board is moving ahead apace with service introduction to many colonias. In order to ensure equitable development that benefits low-income self-builders rather than colonia developers and/or speculators, it is imperative that the densification process be controlled and planned-for. The first steps in this process must be for further research about colonia land market operations and dynamics, and studies such as the present one to identify the nature of current demand and ownership patterns. But beyond the need for further research there is a greater need for political will and the exercise of imaginative policy making that will provide appropriate incentives to encourage lot occupancy and smooth land market operations. Service provision will be an important factor in raising incentives for occupancy, but these costs must also be recovered through sensitive payment plans. Moreover, although the current presence or absence of services is not a major concern for many absentee owners, servicing and colonia improvement is likely to be an important determinant of priming the land market. By this we mean making the market more attractive to self-builders on the one hand (demand), and by encouraging absentee owners to sell (supply) on the other. This is why we have emphasized both incentives and penalties above. We are less concerned about windfall gains from land market sales that might accrue to low-income absentee and owners, many of whom should be encouraged to sell. However, it is

important to ensure that developers should not be allowed to benefit unduly by the public and private investments in colonias, and by sweat equity inputs of the residents themselves, all of whom valorize colonia land values.

In conclusion we have offered a list of broad-brush policy incentives and regulatory checks as a basis for further thinking about the inevitable and in our view highly desirable process of densification. Specifically, we have suggested how Texas might begin to plan for the equitable development and integration of vacant lots that will allow households to engage in self-help housing development to which many have aspired for more than a decade.

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