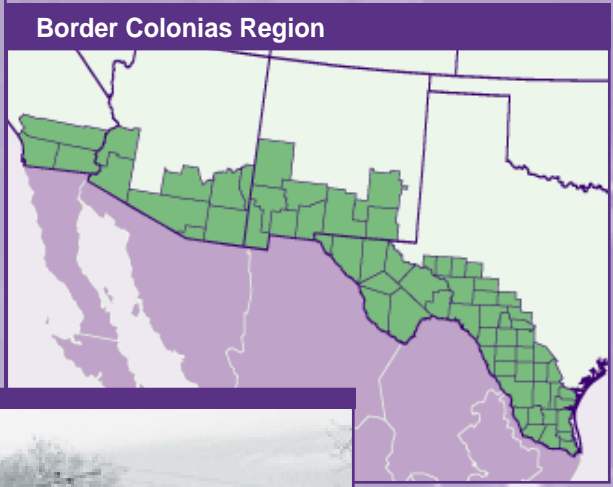


BORDER COLONIAS



Border Colonias Overview

Imagine a village with unpaved roads, open streams of sewage, and no running water. This community is made up of small shacks and dwellings constructed from corrugated tin and whatever materials can be found. At first you might think the scene is located in some developing nation. But think again. Living conditions such as these are a daily experience for thousands of families in the United States near the Mexican border. These communities are practically invisible to the rest of America — so much so that their residents have been described as the “forgotten Americans.”¹

The United States-Mexico border region is dotted with hundreds of rural subdivisions characterized by extreme poverty and severely substandard living conditions. These communities are commonly called colonias. Some colonias are newly formed, but many have been in existence for over 40 years. A few colonia developments began as small communities of farm laborers employed by a single rancher or farmer. Others originated as town sites established by land speculators as early as 1900. However, a majority of the colonias emerged in the 1950s as developers discovered a large market of aspiring homebuyers who could not afford homes in cities or access conventional financing mechanisms.²

Defining Colonias

The term colonia has its origins in the Spanish word for “neighborhood,” but recently it has come to define a residential development characterized by substandard living conditions. Several different definitions of colonias are used by various entities and agencies. While some of these definitions are more precise than others, they generally include the concepts that colonias are rural, mostly unincorporated communities located in California, Arizona, New Mexico, and Texas along the U.S.-Mexico border and are characterized by high poverty rates and substandard living conditions. In fact, colonias are defined primarily by what they lack, such as potable drinking water, water and wastewater systems, paved streets, and standard mortgage financing.³

Despite their growth in the 1950s, the colonias remained relatively unnoticed until the 1990s.⁴ In 1990 the Cranston-Gonzalez National Affordable Housing Act (NAHA) created a federal definition for colonias. Under NAHA, a colonia is an “identifiable community” in Arizona, California, New Mexico, or Texas within 150 miles of the U.S.-Mexico border, lacking decent water and sewage systems and decent housing and in existence as a colonia before November 28, 1989. Federal housing





and infrastructure programs, particularly those administered by the U.S. Department of Housing and Urban Development, often rely on this definition of colonias. However, some colonia advocates feel that the 150-mile boundary is too liberal.⁵ Definitional issues of what exactly constitutes a colonia continue to pose a challenge.

For this *Taking Stock* analysis, the border colonias region is defined as 66 counties within the states of Texas, New Mexico, Arizona, and California that are located within 100 miles of the U.S.-Mexico Border.* It is not possible to analyze Census data for individual colonias, or for the colonias as a whole, because colonia communities rarely correspond with Census-designated units of geography. Some colonias are only fractions of larger block groups, and others lie between block groups.⁶ For example, of the 1,821 colonias identified by the Texas office of the Attorney General, 477 are located in “Census Designated Places” (CDPs) and 533 are in unincorporated “non place” territory.⁷ While some colonias are located outside the 66-county area used here, the vast majority of colonia inhabitants reside within these counties. Most of these counties’ residents do not live in designated colonias, yet the total population here experiences exceptionally high rates of poverty and substandard living conditions and therefore warrants inclusion in this analysis.

A number of factors have contributed to the development and continued existence of the colonias. Chief among them are weak land use regulations and lack of enforcement by local authorities. Along the border, and particularly in Texas, developers had been able to purchase tracts of land and then sell individual lots without undertaking any subdivision process or providing infrastructure such as water and sewer lines or electricity. Low-income residents, attracted by low prices, have purchased these small lots and constructed

their own homes, using available materials and adding to them when possible.

The lack of services and resources to improve housing and infrastructure has been further complicated by the “contract for deed” financing mechanism used frequently in the colonias over the last 50 years. Many purchasers in the colonias have poor or no credit and lack the resources to qualify for traditional bank financing, so seller financing is their only alternative. Under a contract for deed arrangement, the purchaser obtains no equity in the property; land ownership remains with the seller until the total purchase price, often including a high rate of interest, is paid.⁸ Unlike deeds of trust, contracts for deed are rarely recorded with a local municipality, making it easy for the developer to reclaim the property. Thus if the purchaser falls behind in payments, the developer can repossess the land — and any improvements made by the purchaser — without going through a foreclosure process.

In the past decade, legislation in Texas has sought to curtail the inequities inherent in contracts for deed. In 1995, the Texas state legislature passed the Colonias Fair Land Sales Act, requiring developers to register contracts for deed and counties to keep records of them.⁹ It also obligates developers to provide statements of available services, such as water, wastewater, and electricity, and whether a property is located in a floodplain. Developers must provide each property buyer with annual statements including the amount paid, the amount owed, the number of payments remaining, and the amount paid to taxing authorities on the purchaser’s behalf.¹⁰

While this legislation attempts to remedy many problems arising from contract for deed land sales, new problems have emerged, primarily for low-income colonia residents. Some aspects of the new legislation have created a “catch 22” situation where some residents have been unable to hook up to services such as water and electricity until a colonia is fully approved and serviced. This problem is expected to be rectified by the Texas state legislature.¹¹

* Los Angeles and Orange counties, California and Maricopa County, Arizona are within 100 miles of the U.S.-Mexico border, but were excluded from this analysis due to their large urban populations and lack of rural character.



Settlement Patterns

For the past several decades the U.S.-Mexico border region has experienced extreme developmental pressures due to industrialization, immigration, and population growth.¹² Infrastructure to meet basic environmental, health, housing, and transportation needs has not kept pace with development. As a result of this growth, colonia and border residents now represent a significantly large population. Over 9 million people live along the border throughout the four states.

The vast majority (70 percent) of border counties are located in Texas. Border counties in Texas are more sparsely settled and rural than counties in the other border states, however, so only 30 percent of border residents are Texans. The majority of the region's colonia communities are also located in Texas. In 1995, the Texas Water Development Board (TWDB) estimated that 340,000 residents lived in 1,436 Texas colonias.^{13*} The vast majority of Texas's colonia residents are concentrated in the Lower Rio Grande Valley. The rest are scattered throughout the state's border region. The Texas Water Development Board report also revealed that nearly half of Texas colonias are small — containing fewer than 40 lots — and only 7 percent of the state's colonias contain over 300 lots. However, these large colonias contain over one-third of the state's colonia population.¹⁴

Colonias in Arizona and New Mexico are much smaller in size and population than those in Texas. In these states, colonias are not generally clustered on the border and are both a rural and urban phenomenon. New Mexico has an overwhelming concentration of colonias in Dona Ana County.¹⁵ Nearly 35 communities have been designated as colonias in New Mexico, and they

are home to over 16,651 residents.¹⁶ Fewer than one in ten colonias in New Mexico are in incorporated towns.¹⁷

HUD has identified the existence of 79 colonias in Arizona, and the state's USDA Rural Development office has similarly designated 59 colonias.¹⁸ In Arizona another land use phenomenon known as "wildcat subdivisions" has emerged. These illegal wildcat subdivisions differ from typical colonias in that they are generally not farmworker or Hispanic communities, but are

composed of households of various incomes who are seeking more affordable development by ignoring government regulations.¹⁹

While there are only three border counties in California, over half of all border residents live there. These counties also contain several large urbanized areas, including San Diego. California has identified the presence of colonias in Imperial County and has funded several community projects in this county with Community Development Block Grant funds set aside for colonias.^{20**}

Social Characteristics

Throughout the 1990s the population of the border region as a whole grew at the rapid rate of 22 percent, almost 10 percentage points greater than the national population growth rate over the same time period. A high birth rate combined with a relatively young population greatly contribute to this growth, but most of it has been fueled by immigration, given the area's close proximity to Mexico. Approximately 20 percent of the border population is foreign-born compared to 11 percent nationwide and 3 percent in nonmetro areas. Over 75 percent of foreign-born persons in the border region were born in Latin America. Approximately one-third of the foreign-born population in the border region entered the United States between 1990 and 2000.

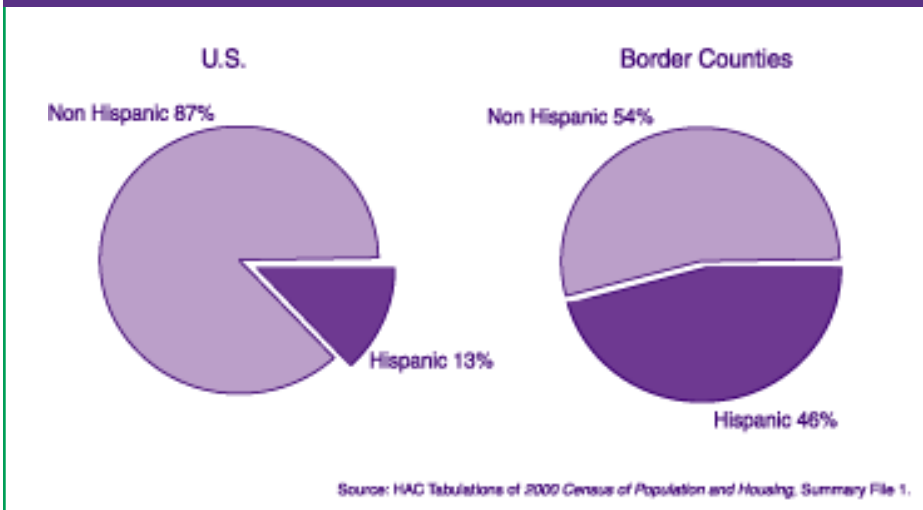
There is a widespread misconception that a large percentage of the border population are not U.S. citizens. According to the 2000 Census only 12 percent of border residents are non-U.S. citizens, compared to 7 percent for the nation as a whole. This finding is supported by other research that estimates 85 percent of colonia residents are citizens of the United States.²¹

*The Texas Water Development Board (TWDB) definition of colonias and the definition used in this publication are similar, but not directly comparable.

**For this analysis HAC used counties as the unit of analysis. While this methodology has many benefits it also allows for the inclusion of highly urbanized areas.

FIGURE 2.1

Hispanic Origin in the Border Colonias Region



While only 13 percent of the nation’s population is Hispanic, nearly half (46 percent) of the border residents are of Hispanic origin (Figure 2.1). In Texas border counties’ fully 77 percent of the population is Hispanic, as is over half of New Mexico’s border population. In Arizona and California border counties, the Hispanic population is lower at about one-third. The region’s colonias are almost exclusively occupied by Hispanic residents, who comprise an estimated 97 percent of their population.²² Given the high proportions of Hispanic residents and recent immigrants, it is not surprising that 40 percent of border residents speak Spanish at home. Of the border’s Spanish-speaking households, nearly half indicate that they speak English less than very well.

Educational achievement levels in this region are quite low and school dropout rates are high. A combination of long commutes to school, the need to contribute to the family income through work, and health problems make it difficult for many colonia children to attend school regularly.²³ Education is also disrupted by the transitory nature of the region’s many migrant households, who must move frequently to find work, disrupting their children’s education. While less than 20 percent of all U.S. residents do not have a high school diploma, over one-quarter of border residents over 25 years of age have not finished high school. Furthermore, nearly half (49 percent) of adult Hispanics in the border region do not have a high school diploma.

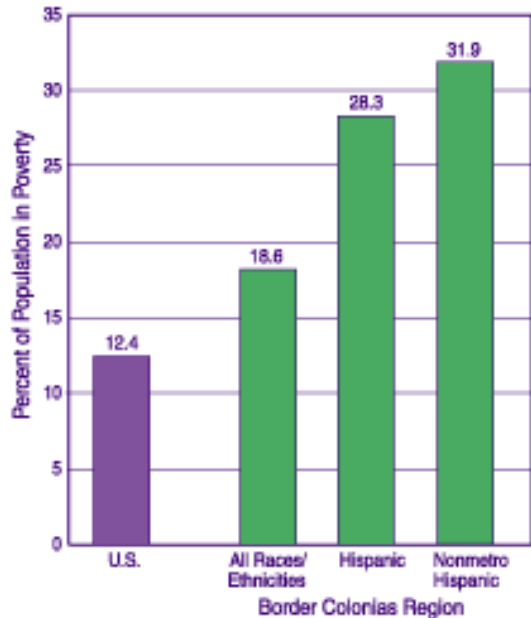
Dilapidated homes, a lack of potable water, the absence of sewer and drainage systems, and floodplain locations make many colonias ideal sites for the spread of disease. Waterborne diseases are very common in colonias, and the incidence of health problems is high.

According to the Texas Department of Health, diseases such as salmonellosis, dysentery, cholera, and others are common.²⁴ Frequent traffic between the U.S. and Mexico allows any health problem to spread quickly from one side of the border to the other. The problem is further exacerbated by the fact that 64 percent of Texas’s colonia households have no private health insurance coverage, and another 20 percent have only limited coverage. As a result of these health issues, all but two of Texas’s border counties are deemed “medically underserved.”^{25*}

Economic Characteristics

Social and economic forces combine with other factors to fuel the continued existence of colonias. To a large extent, the colonia phenomenon has been driven by the complexities of the domestic and international labor markets.²⁶ International economic factors have contributed to the existence of colonias on both sides of the border. While communities with high poverty rates and substandard living conditions exist throughout rural America, the colonia phenomenon is unique and is tied to the intertwined border economy between Mexico and the United States.²⁷ While many U.S. residents see the border as a relatively poor area, in Mexico it is an area of growth and prosperity. In addition, the North American Free Trade Agreement (NAFTA) has had significant

* Medically underserved designations are assigned to areas and populations having shortages of personal health services according to the U.S. Department of Health and Human Services. For area identification see Medically Underserved Areas/ Medically Underserved Populations on the Health Resources and Services Administration, Bureau of Primary Health Care website at bphc.hrsa.gov/databases/newmua or, for designation criteria, see www.tdh.state.tx.us/dpa/muacovr.htm.

FIGURE 2.2**Poverty in the Border Colonias Region**

Source: HAC Tabulations of 2000 Census of Population and Housing, Summary File 3.

impact on the continued proliferation of colonias on both sides of the border.²⁸ Manufacturing jobs attract people from all over Mexico. Much of the area's economy is based on the maquiladora factories. Maquiladoras are essentially twin plants, with the parent company located on the U.S. side and its manufacturing subsidiary located on the Mexican side of the international border. Most maquila plants assemble materials brought from the U.S., taking advantage of the lower wages in Mexico. The finished product can then be shipped back to the U.S. or to other countries.

Most colonias residents work in nearby cities, primarily in low-wage service jobs and in manufacturing and food processing activities.²⁹ The colonias are also home to many migrant farmworkers, but they are only a small proportion of the population.

Parts of the border region serve as the principal home base areas for workers employed in agriculture and agriculture-related businesses. The Lower Rio Grande Valley in Texas and the Imperial and Salinas Valleys of California are home bases for many farmworkers who travel in the Midwestern and Western migrant streams, respectively.^{30*} This reliance on immigrant agricultural labor from Mexico adds to the stresses on available housing and infrastructure systems, forcing greater numbers into colonia communities.³¹

* For a discussion of farmworker migrant streams see page 71.

Extreme poverty along the entire U.S.-Mexico border contributes directly to the existence of the colonias.³² People choose to live in colonias primarily because they cannot afford to live elsewhere. Employment and income for the region are seasonal for many colonia residents, including migrant farmworkers. Incomes are exceptionally low in colonias and in the border region as a whole. The median household income of a little over \$28,000 for the entire border area is two-thirds the national median. Average incomes in colonia communities are estimated to be much lower, as little as \$5,000 per year.

In concert with the area's low incomes, poverty rates in the region are also exceptionally high. Overall, 18 percent of border residents have incomes below the poverty level compared to 12 percent in the nation as a whole. However, Hispanic residents along the border experience poverty at more than twice the national rate (Figure 2.2). Approximately 28 percent of border residents who are Hispanic live below the poverty level, and in nonmetro areas of the region the Hispanic poverty rate is 32 percent.

Poverty in the border region is particularly high in Texas, nearly 30 percent. Poverty is not new to the border — nearly half (47 percent) of the border counties have had poverty rates of 20 percent or higher since 1960. The vast majority of these persistent poverty counties are located in Texas.

Housing Characteristics

Housing in the border region is deeply impacted by the demographic and economic forces along the border. Historically, many colonia residents have possessed a strong homeownership ethic. But conventional homeownership financing methods are often inaccessible to them. As noted above, colonia residents tend to purchase small lots and construct their own dwellings, using available materials and adding to them when possible.

Homeownership rates are higher along the border than nationwide and are comparable to homeownership rates for all nonmetro areas. Housing values are much lower in the colonias than elsewhere; however, the median housing value in the border region is less than half the national median. In addition, mobile homes are a significant and growing part of the housing stock in the border region. Approximately 13 percent of the border's housing units are mobile homes, compared to 8 percent nationally. The New Mexico border area has a particularly high proportion of mobile homes, which comprise 26 percent of the state border region's housing stock.



Despite legislation enacted in Texas to improve the contract for deed system, border homeowners with contracts for deed still find it difficult to secure financing to build a house or make home improvements. Because title does not transfer to the buyer until all payments are made, an applicant cannot use the property as collateral for a loan. Therefore, many financial institutions are reluctant to lend money to improve the property.³³

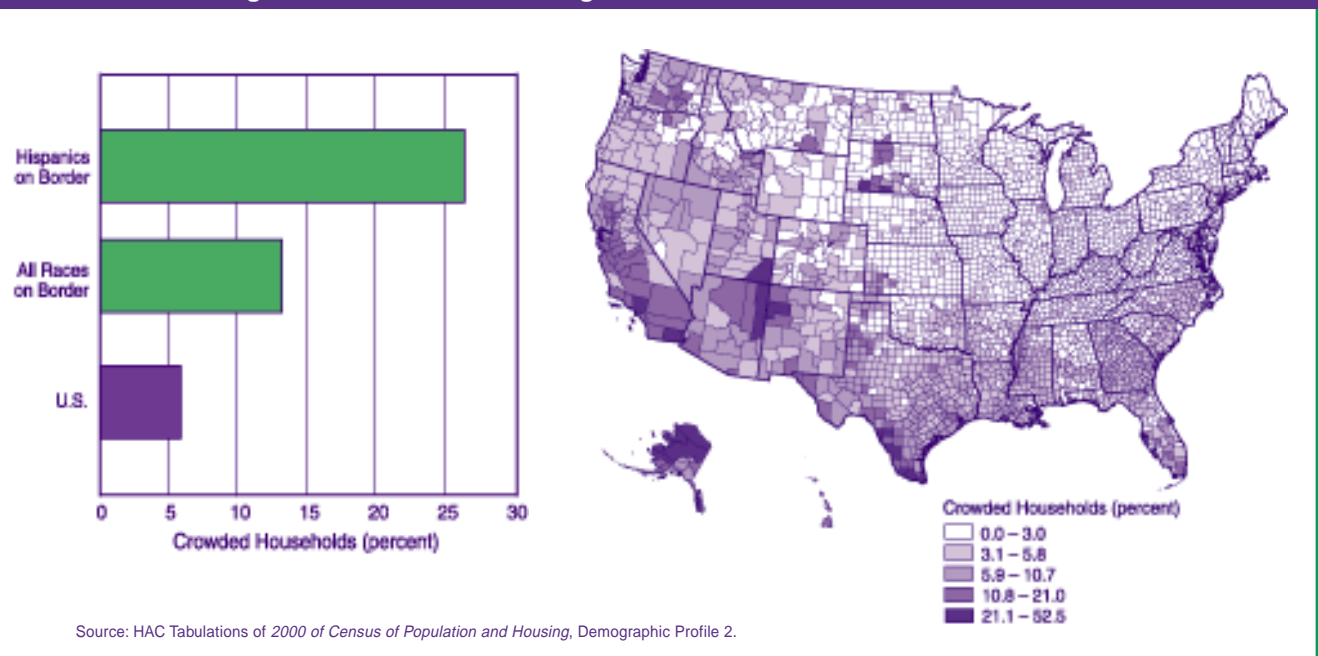
Significant housing quality problems plague communities along the border. Census data, while weakened by their failure to include physical dilapidation, still strongly support this conclusion. Nearly 30,000 border households lack complete plumbing facilities. Almost as many households lack adequate kitchens, and over 93,000 are without telephone service.

Border region households tend to be larger than households nationwide. Perhaps as a result, the incidence of household crowding along the border is more than twice the national average: 13 percent of border households live in crowded units. Among the region's Hispanic households, crowding rates are four times the national rate as over 26 percent of border Hispanic households live in units with more than one person per room (Figure 2.3).

Colonia areas also generally lack basic infrastructure. According to assessments conducted by the Texas Water Development Board (TWDB), 24 percent of households in Texas's colonias are not connected to treated water and use untreated water for drinking and cooking. TWDB has estimated a cost of \$147.9 million to provide water services to these households. Forty-four percent of the homes in the colonias have outhouses or cesspools.³⁴ TWDB has estimated a cost of \$80 million to provide indoor plumbing improvements and a cost of \$467.3 million to provide wastewater service to the colonias. In addition, TWDB asserts that approximately 44 percent of the homes in the colonias experience flooding

FIGURE 2.3

Household Crowding in the Border Colonias Region



problems due to lack of paved streets and drainage problems.³⁵

The absence of platting, an expensive process that includes the delineation of property lines, access roads, and curbing, is a major obstacle to infrastructure improvements in the colonias and is also an inhibiting factor in their annexation by adjacent incorporated communities. The scattered nature and remote location of a number of colonias also make it difficult and expensive to deliver services and resources comprehensively, especially to those that are not located adjacent to cities. There are inherent diseconomies of scale associated with small community size. Construction of wastewater treatment plants for such small communities is generally not economically feasible. Similarly, the extension of water distribution and wastewater collection lines from existing treatment facilities to remote geographical locations tends to be prohibitively expensive.³⁶

Addressing the Needs

Property purchased on contracts for deed, lack of water and sewer systems, unpaved roads, and the absence of flood control make conditions in many colonias comparable to those found in developing

countries. Numerous community-led efforts have sought to address the colonias' needs. The federal government, along with local and state governments, have been spurred by colonia advocates to implement policies and regulations to address the colonia phenomenon and restrict their further growth. Yet these communities continue to exist. In recent years, the passage of NAFTA and the burgeoning debate on immigration issues have focused increased public attention on the border region. There is renewed commitment on the part of local nonprofits, and the public and private sectors, to tackle the problems along the border jointly.

Despite the numerous challenges presented by the colonias, a number of organizations have taken on the formidable task of addressing the problems faced by these communities. Local nonprofit groups, with strong grassroots support from the community, have developed and implemented a number of innovative approaches to address the conditions in the colonias. Indeed, many colonia experts and advocates argue that local community-based institutions are the primary vehicle needed for accomplishing the fundamental goal of empowering colonia residents to solve their own problems.³⁷