Migrations, hidden markets in gateway cities of the Mediterranean region

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ABSTRACT

This paper investigates some relevant changes in cities of the Mediterranean region interested by migration processes. Most of the cities of the southern Europe can be considered true “Gateway Cities”, from where migrants coming from African and the Asian countries depart to spread all over Europe. New communities are setting, new informal networks grow in the city. These processes are usually accompanied by a symbolic negative image, which shift the attention from the main aspect of the process. Some socio-economic studies demonstrate that migrants can constitute a new economic potential for European Countries, if new policies are set up, in order to address a better social policy to avoid the rise of hidden markets, and the development of criminality.

Some references to new social policies developed at a local level are given in the paper. A relevant example of a hidden market, managed by the resident community, where the migrant community represents a potential informal demand, is the housing market.

Those cities, where degraded architectural heritage does not constitute a competitive offer of housing for residents, have become the place for migrants. Few studies investigate the impacts and the local character of this rising demand on the urban economy. Some estimates are given in the paper about the city of Bari. Moreover, an open question is represented by the need of activating a social housing policy. The last part of the paper lists some experiences carried out in order to use the existing stock of popular dwellings, or to activate negotiations between owners and users in order to provide an economically sustainable offer.

1. INTRODUCTION: TERRITORIAL OCCUPATION AS AN ASPECT OF IMMIGRATION

The speed with which migration processes are taking place, the high incidence of clandestine as opposed to regular immigration, as well as the initial difficulties, now partly overcome, of establishing collaboration among countries in the Mediterranean, are all phenomena that have had a negative effect on the migration process, exacerbating the already uneasy conditions that inevitably accompany such changes. In fact, in the minds of the general population, the term “immigrant” is often associated with such concepts as criminality, violence, poverty, and theft.

However, these xenophobic generalizations are also associated with aspects that deserve greater study by experts in a number of different fields.

In all countries looking onto the Mediterranean basin, the migration phenomenon has had the negative effect of emphasizing the poverty issue and the flow from poorer to richer countries. On the positive side, it offers a chance for birth, or rather rebirth, of a Mediterranean culture and identity. The phenomenon has altered urban contexts, reshaping the distribution of economic activities, creating new ones and redesigning the geographical values map not only as regards real estate but also, in a more general sense, the city and the socio-environmental context. The most common view is that the immigrant population is a burden on the host community, and weighs it down with new commitments. From this viewpoint, the choice of setting up services for immigrants becomes an element of social conflict. In practice, instead, the work performed by immigrants in the host society is a source of wealth (Simon, 1989).

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1 This work is the upgrading of a study developed in the post-doctoral scholarship of C. Torre, presented in a preliminary phase in the Italian Conference CESET, in Venice, October, 14, 2002. In that occasion the first phase of the research was presented jointly with a work conducted in the same field by Fabiana Forte.
2. TERRITORIAL OCCUPATION AS THE FIRST STEP TOWARDS A MULTICULTURAL SOCIETY

One of the most important processes in the birth of a new ethnic community in the host country is that of territorial occupation. This phenomenon does not have an obvious effect in the first phase of settlement of a new ethnic group in the host country. It is, however, characterized by some points of reference in the urban processes that can be used when analysing turnover processes. The first migratory flows feature above all temporary residence, by people who spend one or some seasons working in the host country and then go back to their country of origin or move to another host country where the presence of their ethnic group is already more consolidated.

In this first phase there is continual turnover, and the urban spaces used serve to satisfy only few, temporary needs. This turnover, that is normally present in cities affected by migratory phenomena, is accentuated in the Mediterranean area, as its geographical position makes it a natural transit zone.

In this scenario there are some “historic” exceptions such as Mazara del Vallo, where the resident community of Tunisians (about 3500 of the 50000 inhabitants) accounts for an important part of the active population in the fishing sector; this is perhaps the basis for the first truly multiethnic city in Italy. After the experience of the Tunisian school, that was opened as long ago as 1981 for Arab pupils, in 2001 there was a shift towards a form of educational integration, rather than coexistence of the cultures, thanks to the introduction of Italian-Tunisian schools. Although not a focus for the studies of experts, that are generally more concerned with observing metropolitan situations such as the multiethnic part of Turin at Porta Palazzo, Mazara is one of the few Southern cities today that offer differential health and welfare services for the ethnic communities, while also providing the chance of integration, in the schooling and social systems.

A different situation exists in the North East of Italy, where the extremes of behaviour range from outright racism to social solidarity and recognition of some citizenship rights often considered a prerogative of the resident community, such as the chance to elect their own representatives in the political sphere (as in Nonantola, in the province of Modena, where a representative is elected to the local Council by the regular resident immigrant population employed in the community).

In this context, apart from decisions taken in some large cities (above all Turin) there is no lack of initiative undertaken from within by the immigrant communities themselves, where entrepreneurs set up and offer private services in sectors where the differences are “non negotiable” needs within the host community (telephone booths, shops selling typical foods and products, vendors of magazines and newspapers from the country of origin, import and export businesses). In this case the immigrants are a low-wage sector of society that promotes the supply of new goods and services. This supply coexists at a lower economic level with the middle and high range markets inserted in the same geographical context.

Other studies in literature referring to contexts where immigration phenomena occurred in the past show how, in the short term, the immigrants are a resource for the host country because the taxes they pay on their work go to pay for a part of the services offered by the host community.

In the Mediterranean, comparison of the data with those in large European nations shows that the Latin countries spend less on the supply of services for immigrants than the immigrants themselves, together with their employers, pay in taxes. A study (CER, 2000) reported in the last CENSIS dossier on immigration demonstrates that the ratio between spending on services (welfare, health, schooling) and the tax burden (of the employee and employer) on immigrants in regular work is equal to 33.5% in Italy, 65.2% in Spain and 129% in France. It is no coincidence that France offers the greatest support, bearing in mind that immigration in France dates back to post colonial times rather than being recent phenomena.

Some further considerations underline the inadequacy of the financial response of the welfare state to the migration issue. Clandestine immigrants are subject to social discrimination and at the same time, are not eligible for any regular services. Moreover, in the phases preceding integration of the new community, the usual policy of countries attempting to resolve inter-ethnic conflicts is to repress underground phenomena, while public administrations tend to be more concerned with ensuring public security and policing than welfare services, that, instead, tend to be covered basically by voluntary workers and humanitarian associations.

These prevalently economic-financial aspects intersect with problems of
- equity: immigrants in regular work are exploited because they pay a tax burden that does not correspond to an adequate return in terms of welfare,
- culture and social aspects: most immigrants do not generate criminality but rather it is the organised crime networks that take advantage of the presence of clandestine workers and
- modernity: a nation where there is consolidated ethnic integration transfers the same quantitative resources to higher quality sectors, as shown by the shift of the balance of payments away from public security towards welfare spending.

3. GLOBALISATION AND MIGRATION IN THE MEDITERRANEAN AREA

However, we should consider whether there is not an evident relationship between globalisation phenomena and migration in terms of urban economics and real estate market, too. According to Sassen (1994), in metropolitan areas globalisation of markets has caused an increase in the gap between formal and informal economy, pushing the former towards demand and supply of higher value items while the latter creates sub-markets of low-profit goods and services that are accessible to the poorer sectors. These sub-markets tend to be inserted in informal economy contexts. However, Sassen’s analysis refers largely to “evident” data regarding goods and services that are not traditionally supplied to any great extent by the informal sector, at least in western cities and those belonging to the global economic network.

The real estate market is classically characterized by a lack of transparency as regards sale and rent contracts. A consolidated sub-market therefore exists in cities that have a tradition of temporary presences due to study or work, and this has become a fundamental point of reference for immigrants.

The most obvious examples are the great European metropolises (London, Berlin, Paris, Barcelona, Milan), that can be described as centres of economic-financial promotions where, according to Sassen, low wage workers are concentrated in large numbers, employed in more marginal jobs in the cycles of production of goods and services aimed at higher wage sectors.

However, a place of residence, even of a temporary nature, remains on of the primary, fundamental needs. Some surveys by Censis and Caritas of the situation in the early ‘90s show that about 20% of immigrants with precarious employment live in huts or caravans, or even makeshift lean-tos. The increased migratory flows in our country recently have induced a number of such precarious solutions.

The degree of permanence of the lodging is a crucial point in the issue of integration of an ethnic community in a host country. Crosta et al. (2000) underline the fact that although immigrants live in highly varying conditions, many of them suffer from makeshift living conditions. These range from those of “irregular” immigrants right up to those who have succeeded in inserting themselves in the host context, many of whom still suffer from chronic homelessness and a situation of “exclusion”. While immigrants on the poverty line are frequently homeless, even those in better conditions do not live in comfort, and tend to have to accept worse or more expensive housing than that accessible to residents in a similar wage bracket.

Moreover, it should be borne in mind that the presence of immigrants creates a submerged economy that provides some sectors of national citizens with a highly illegal advantage. One of the main phenomena in this category is the housing and property sector: the rents market (Granata and Novak, 1999; Kohff, 1998; Tosi, 2000).

A national survey (Sunia, 2000) has demonstrated that the level of crowding in housing occupied by immigrants whose living conditions were not provided or organised by their employer is far more than two people per room, as compared to the optimal reference value in our country of 0.75 people per room, confirming the reports of widely divergent urban conditions in many areas in our country (Palidda, 1998; Selicato et al., 2002; Zanfrini, 1998).

In nearly half of the sample of inhabitants occupying small flats (1/2 rooms), there are as many as 4, 5 people living in the unit and the total rent per flat can be as much as 400 euro, while for a third of the sample 3,4 inhabitants live in two-room flats and pay a mean rental of 340 euro.

A further demonstration of these underground conditions is the fact that more than a third of the sample declared that they had no rental contract. This percentage rises to nearly two thirds in the southern regions.

4. BARI, AN URBAN GATE TO THE MEDITERRANEAN BASIN

However, some urban realities, although not yet classifiable as links in the global economic network,
feature immigration phenomena that show greater stability and a tendency to settlement and takeover. These affect sectors of the informal economy aiming to satisfy primary needs (the home, communications, a job) that contrast with the absence of other sectors that have not yet been created owing to the absence of marked globalisation phenomena. In the Mediterranean basin the coastal cities of southern Europe are reference points and gates to the western world, and in some cases true metropolitan realities in their own right.

From this standpoint, exploration of a city like Bari is an interesting exercise. Although Bari does not have all the features of a metropolitan city, it has been strongly affected by immigrant flows, especially from the East.

Typical signs are present in the city of a gradual transformation to a multiethnic reality. The phenomenon also shows some specific features, due largely to the fact that the city is not really a metropolis as to demographic characteristics, but eastern immigrants, especially from Albania and Macedonia, have made a strong impact in the area.

Bari can be defined as a gateway city (Drennan, 1992), because growing numbers of immigrant groups are settling there due more to the high migration flow than to any particular attractions of the city itself. It is not a great centre promoting services and financial flow like those described by Sassen. However, one of the phenomena due to market globalisation is apparent. Analysis of the underground real estate market shows a trend towards sub-urbanization of the inner city. In fact, those areas of the city centre that have not been converted to respond to the demand for advanced services, or high level residences, are used for underground rental purposes.

In some ways, the fact that Bari is a university city had already triggered off the trend long before, and this was then extended with the development of the immigrant flow. The students' population accounts for nearly an eighth of the population (about 40000 of the 75000 students enrolled in the two universities, on a total of 312000 inhabitants), and only about 5% of their need for housing is covered by the public sector. The rental market features a cost of about 120 euro per month per bed and 550 euro for the total rent of a flat of 95 square metres (from data collected by student associations and the “Ente Diritto allo Studio”, a national corporation safeguarding the right to education). Clearly the rental market has become one of the main sources of revenue for citizens who own available housing, even of a dilapidated nature. Foreigners now occupy a further place in this market, at a lower level, and defray costs by increasing the number of inhabitants, so that in some cases the monthly rent per person is as low as 50 euro, but in extremely crowded conditions.

The city has not responded to differential needs by introducing new services. For this reason, a private market has sprung up, offered to immigrants by other immigrants. Telephone services, equipped with fixed phone boxes or cell phones, are quite common. In this case the typical custom of the country of origin, where rental of advanced technology services on an individual rather than a mass basis is a widespread business activity, has also been imported (Cuonzo and Torre, 2001).

5. ESTATE MARKET, INFORMAL ECONOMY AND IMMIGRANTS

One of the main problems of investigation of the topics considered up to this point is the need to use the direct investigation method to acquire information on the underground market that has grown up, integrating informal economy systems.

The sample selected in this study is that of 22 houses in a circumscribed area, with about 20000 inhabitants, where immigrants account for more than 10% of the population according to estimates made, taking into account the gap between the true and the official data.

Bearing in mind that the official presence of immigrants considered to be resident in the city is declared to number about 5000 (even if the turnover enroles 15000 people, according to data for year 2002 by the Police Office in Bari), this sample of 22 houses with rather more than 150 immigrants (counting those permanently resident, and temporary visitors that often occupy the same bed in shifts), becomes significant.

Residential takeover of the territory by immigrants in Bari occurs according to the dynamics described below.
According to their job type, some immigrants live in their employers’ homes (this situation is very common in the Senegalese community, where a large number are domestic workers). Others, who live some of the time in Apulia and some of it in other regions, move around to occupy holiday houses in the suburbs or other council areas where it is easier to find short term residence.

The area between the Polyclinic, the railway line and Piazza Madonnella is a peculiar case, where it is no coincidence that the concentration of immigrants is particularly high and largely stable. This is because there is a major slum area, dating back about fifty years, defined as a zone for housing completion under the Masterplan for Bari.

The presence of building limitations precludes higher floors being added to the buildings. The only kind of building allowed is rehabilitation, which is almost never undertaken in this area. The phenomenon is due to the characteristics of the housing market. Renovation of a building is only profitable if the transformation will result in an increased market value that will outweigh the costs of the building operations. If this estimate is made taking into account the difference between the market value before transformation and after it according to official estimates, then transformation appears to be a profitable operation, because official pre-renovation value is very low. Instead, if the estimate is made on the net market value before renovation and the value calculated on the revenue deriving from “true” rentals, then the operation is seen to be far from profitable. The lack of market dynamics in the area prove the existence of an underground market. Apart from immigrant lodgers, the owners of the housing see no advantage in undertaking renovation nor in selling their property to building contractors who would pay them a less advantageous price for the sale, than the revenue they are getting from underground renting.

In the study sample, a typical flat has 3 rooms on a surface ranging from 60 to 70 square metres, in a building with a limited number of floors (an average of four), often on the ground floor and in variably degraded conditions. There are no structural problems but the services and supply networks are in poor condition. The immigrants generally live with their families and other compatriots.

The “official” market value derived from estimates based on registered contracts for sale in the area is equal to 770 euro/m², while that for the kind of housing considered in this study is slightly lower (710 euro/m²), and renovation costs range from 110 to 200 euro/m². However, revenue from true rentals corresponds to a value per dwelling that is much higher than 1000 euro/m². The bases for this estimate are illustrated in greater detail in the appendix.

The presence of the underground rental market is therefore an obstacle to rehabilitation in the area. The public decision-making body cannot set this up because it lacks the necessary funds. No fruitful actions in association with private building companies have been started because the latter can see no profit in buying up these areas for rehabilitation. The whole situation is one of sheer unprofitability.
6. CONCLUDING REMARKS: GOOD PRACTICES AND FUTURE PROSPECTS

The above study illustrates an example of the possible difficulties that may be encountered in territorial economic policies regarding the Mediterranean communities that are now facing the issue of multiethnic takeover.

The problems of making credible analyses in sectors ranging from real estate through urban requirements to social requirements do not make it easy to draw up programs based on an acceptable level of certainty of the data. This contrasts with needs based on business ethics and public management of housing, that have to do with actions to ensure more humane living conditions and can no longer be deferred (Fusco Girard, 2001; Joiner, 2001).

This is confirmed by the findings of the Commission for immigrant integration policies (Zincone, 2000) in the Report on immigrant integration in Italy, that stress the importance of setting up innovative social actions in the housing sector, contrasting with past behaviour.

Innovation is therefore aimed in two directions. The first is to set up urban rehabilitation operations, making it possible to eliminate stagnant situations like the one described in this study. To do this, greater emphasis must be placed on determining the true revenues, and market values, in areas where exploitation and underground activities have favoured a paradoxical situation that is leading to a return to past abuses rather than social progress.

This opens up other prospects that have long been debated, because the emergence of new problems unlike those of the past has brought about the debate on tax returns and the difficulty in establishing realistic real estate values once more to the fore (Stanghellini and Stellin, 2002).

Another problem opposing the implementation of different social policies is about the issue of what priorities should be established; this has already been raised by many experts in a number of different social and economic fields. These range from the need to set up urban policies on the basis of the needs of a community that is far more complex and multicultural than it appears, by means of integrated assessments (Fusco, Girard and Nijkamp, 1997), to the question of rehabilitating slum residential areas by offering incentives to the owners that are proportional to the social context where the contract is made, such as occurs in France (Zincone, 2000).

Some good practices can provide guidelines for setting up new policies. The Turin Council was the first to set up integration policies, placing the housing and services for ethnic minorities issue at the centre of some programs for urban rehabilitation (the cases of San Salvario and Porta Palazzo are well known).

In Florence, the program “Nuda Proprietà”, is being implemented, aiming to create a housing circuit divorced from the negotiation of rentals in a more and more inaccessible market, where the “bare property” passes from the current elderly owners to a pool of potential buyers largely consisting of young couples. Operations of this kind could also be extended to immigrant families.

The Lecce City Council has inserted in its “Urban” program to reclaim the historical centre a rehabilitation plan to transform a building which will house the head office of the program “Lecce Accoglie”, a tertiary sector association that deals with finding housing for immigrants, and assisting their social integration. The present tendency is thus to try and create synergies among housing policies, urban rehabilitation and innovation, to fight degradation and abandonment with new forms of integration.

In some realities in the north, the third sector has undertaken policies aiming to reclaim publicly owned real estate in cases where the management corporations have shown no interest or profit in such operations.

In 1999, the Fondazione San Carlo, for example, took over from the Milan Council and the Istituto Autonomo Case Popolari (a council housing corporation) management for the next 16 years of about 100 small houses (of the 3000 state-owned buildings that are abandoned because they are in particularly degraded conditions) which the corporations saw no profit in rehabilitating. The Fondazione has set in motion actions to renovate the flats (single and two-room) and it rents them at a rate equal to the council house rental plus a quota of the sum necessary to defray the costs of rehabilitation. Rentals go from 150 euro for a single room flat to 250 for two rooms. Other instances demonstrating the importance of creating a social rentals market are those in the Milan area, and the case in Bari (where the cost of living is very low) for flats of a similar size (about 40 square metres for the two-room flats) where the rental is about 300 euro (providing a mean revenue of 6.8 euro per square metre).
A signal could be the reduction of minimum legal duration of social contracts provided by the national law n.431/98, which encourages owners to rent lodging to weak social categories, such as university students or elderly people. Until now the minimum duration of rental contract established by law is three years, which is more than the usual period of stay in Italy for migrants, and consequently excludes the possibility of having a more favourable offer of lodging.

The Bari Prefecture itself, in application of the regional law 40/98 (a norm requiring municipalities to create Territorial Councils for Immigrants), invited the City Councils to use “the opportunities offered by regional legislation in accordance with the possibilities of presenting housing projects, that could also be extended in favour of immigrants”.

7. APPENDIX

Valuation is included in a wider study about the multicultural city. The data utilised come from a post-doctoral scholarship and a post-graduate work of M.A. Zito (see Selicato et al., 2002). On that occasion, a survey on the city of Bari, represented on a GIS base, was set up, which provides data about migrants’ presence and estate market values, not only coming from official sources, but also collected by direct inquiry. These data represent the basis of the estimate.

The sample estimate was made by comparing the value acquired by the lodging after rehabilitation operations and the revenue guaranteed by the rental. The discrepancies between the estimate based on official data and the second estimate based on true data collected in this investigation are clear. Profitability of the intervention could be shown only if the following relationship is verified:

\[ \frac{V_n}{q} - \frac{V_o}{q} - \frac{C}{q} > \frac{R_p}{r} \]

where \( R_p \) is the true annual revenue of the rented lodging, not appearing in official contracts and \( r \) is the return rate.

If the estimated return rate \( r \) is equal to 5%, then the mean revenue is 136 €/sq.m; \( V_n \) is the market value of a renovated lodging; \( C \) is the cost of renovation; \( V_o \) is the current value of a degraded lodging, determined on official data.

When using the true data to calculate \( R_p \), the first member of the relationship does not overcome the second. This means that the persistency of an illegal rental makes it more convenient to keep business as usual.

With a return rate of 5%, a mean building operation time of 2 years and a successive waiting time on the market before sale (n-m) of 2 years, the value per square metre increases by about 88 euro without counting cost of renovation, passing from about 710 €/sq.m to 1150 €/sq.m after 4 years, against huge costs for transformation of all the supply networks and fittings.

In other cases, with a return rate of 5%, a mean building operation time of 2 years and a further 2 on the market, the market value increases by about 169 euro without counting the costs of renovation, passing from 710 €/sq.m to 1150 €/sq.m and thus yielding much lower transformation costs.

The variability of the costs considered depends on the type of operation: 110 €/sq.m (for minor building operations) vs 200 €/sq.m (for major operations).

The housing for immigrants is never particularly expensive. In medium-small housing of the type considered renovation of the supply networks and fittings would notably increase the cost per square metre.

Moreover, two or three rooms (sized about 50 square metres) in highly degraded areas, rented at 300 euro per month, with a 5% return rate, yield a true return of 1440 euro per square metre (corresponding to a value per flat of about 72000), against the official data for the area of little more than half this value.

The mean market value for the surface unit of housing in the area (not therefore referring only to the cluster of lodgings occupied by immigrants) is equal to 770 €/sq. m, one of the very lowest in the city, demonstrating the general conditions and poor competitiveness of this slum area. It is obviously better for
owners to satisfy the immigrant demand for housing, that provides revenue free from the costs for rehabilitation that would, instead, be required by any prospective lodger native to the area.

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