

How to evaluate case study: Estate Renewal

Statistical approach (SMS level 4)

What was the programme and what did it aim to do?

This study examines the impact of a slum clearance and urban redevelopment programme that was implemented in the United States after World War II. From 1949, Federal subsidies were offered to local authorities to acquire, clear and sell parcels of land in deprived urban areas for the purpose of (private) redevelopment. By the time the programme ended in 1974, more than 2,100 individual renewal projects had been funded at a total cost of about £35bn.¹ The project intended to halt or reverse the perceived vicious cycle of urban ‘blight’, where initially poor areas became run down leading to middle-class flight and further disinvestment. By renewing such areas, and making them more attractive to residents and business, the programme aimed to improve the wellbeing of people who lived in or around them and to have positive spillover effects on the rest of the city.

What's the evaluation challenge?

Evaluating the effects of such urban redevelopment programmes is difficult because they are targeted at very specific types of neighbourhood. In this case, the redevelopment plans were devised at the city level by local authorities. On the one hand this means that cities with lots of very distressed neighbourhoods are likely to have more redevelopment programmes. On the other hand, political ideology, local finances, and other factors could determine the extent to which local authorities decide to implement redevelopment programmes of this type. As a result of this selection, if we compare differences in outcomes for cities that implemented the programme against cities that didn't, these differences may not reflect the impact of the programme. Instead, they may simply reflect differences in the type of city that implements the programme.

What did the evaluation do?

The study made use of a source of randomness in the policy's implementation due the fact that cities required legislation to be passed at the state level before they could acquire private property for redevelopment. The study identified cities that were able to implement more renewal projects, simply because they were in states where the legislation was passed quickly. The study then compared changes in outcomes for these cities against cities who implemented fewer projects (because they were located in states where the legislation was severely delayed). The technique used to do this is called an instrumental variables approach.

How good was the evaluation?

According to our [scoring guide](#), instrumental variables approaches receive a maximum of 4 (out of 5) on the Maryland Scientific Methods Scale (Maryland SMS). This is because such an approach should do well to control for both observable differences (e.g. productivity) and unobservable differences (e.g. architecture) between cities that run urban renewal projects and cities that don't. For the method to be well implemented the ‘instrument’ (i.e. state level delays in enabling legislation) must identify a set of cities that are more likely to get the urban renewal projects but which are not different in any other way (possibly conditional on a set of ‘control variables’). The study highlights certain ways that delayed cities may be different – different political view, judicial systems, etc. – but controls for them in the regression analysis. For this reasons we score the study a 4 on the SMS.

¹ Using the USD-GBP exchange rate of 0.641169 for 2009 (since the figure of \$54bn from the study is in 2009 prices).

What did the evaluation find?

The study finds that urban renewal projects lead to higher median income and higher median property prices. However, the effects on employment rate and poverty were not statistically significant. Additionally they find that urban renewal did not lead to a lower median level of education nor a lower share of minority ethnic groups, suggest that improvements in income did not simply reflect the displacement of disadvantaged population from the city.

What can we learn from this?

The findings suggest that urban renewal may lead to increases in median income (and house prices) and provides some evidence that this was not achieved by displacing disadvantaged residents from the city. However, by focussing at the city level the study misses potential harmful displacement effects between neighbourhoods. Further, the results do not preclude the possibility that households were displaced from the city but replaced by higher income households with otherwise similar characteristics (ethnic group and education). Nevertheless, this study reports more positive findings than is typical for this sort of policy.

Reference

Collins, W. J., & Shester, K. L. (2013). Slum Clearance and Urban Renewal in the United States. *American Economic Journal: Applied Economics*, 5(1), 239-73. [Study 748 from our Estate Renewal review, available here: <http://www.whatworksgrowth.org/policy-reviews/estate-renewal/>]

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