

Executive Summary

The main aim of estate renewal is usually to improve the quality of housing supply, the built environment and other local amenities. In the past two decades, estate renewal programmes have been seen as part of a wider regeneration agenda, which aims to pursue social and economic as well as physical objectives.

This report presents findings from a systematic review of evaluations of the economic impact of estate renewal projects. It is the fifth of a series of reviews that will be produced by the What Works Centre for Local Economic Growth.

The review considered almost 1,050 policy evaluations and evidence reviews from the UK and other OECD countries. It found 21 impact evaluations that met the Centre's minimum standards.

Overall, the evidence suggests that the measurable economic impacts on local economies (in terms of employment, wages or deprivation) tend not to be large and are often zero. In contrast, projects may have a positive impact on property prices.

This finding of little local economic impact should not overshadow the other housing and amenity benefits that come from estate renewal.

Our definition of estate renewal programmes:

- ✓ Programmes that refurbish, demolish, demolish-and-rebuild or build properties
 - ✓ Area-based interventions which include an element of physical regeneration
 - ✗ Programmes that remediate contaminated land rather than buildings;
 - ✗ Relocation of residents from deprived to less deprived areas, without any element of physical regeneration.
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Approach

The Centre seeks to establish causal impact – an estimate of the difference that can be expected between the outcome for firms in the programme and the average outcome they would have experienced without the programme (see Figure 1). Our methodology for producing our reviews is outlined in Figure 2.

Figure 1: Evaluating impact

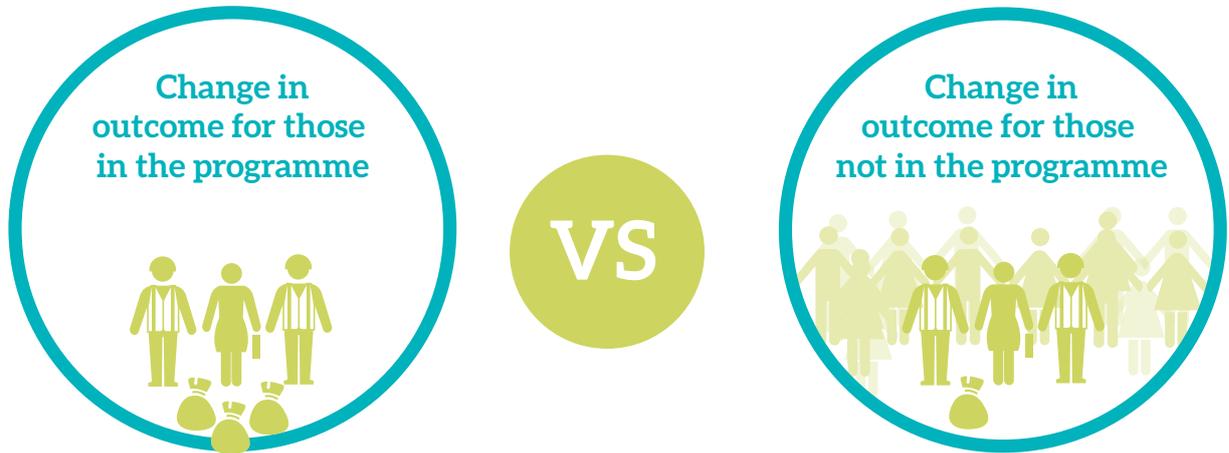
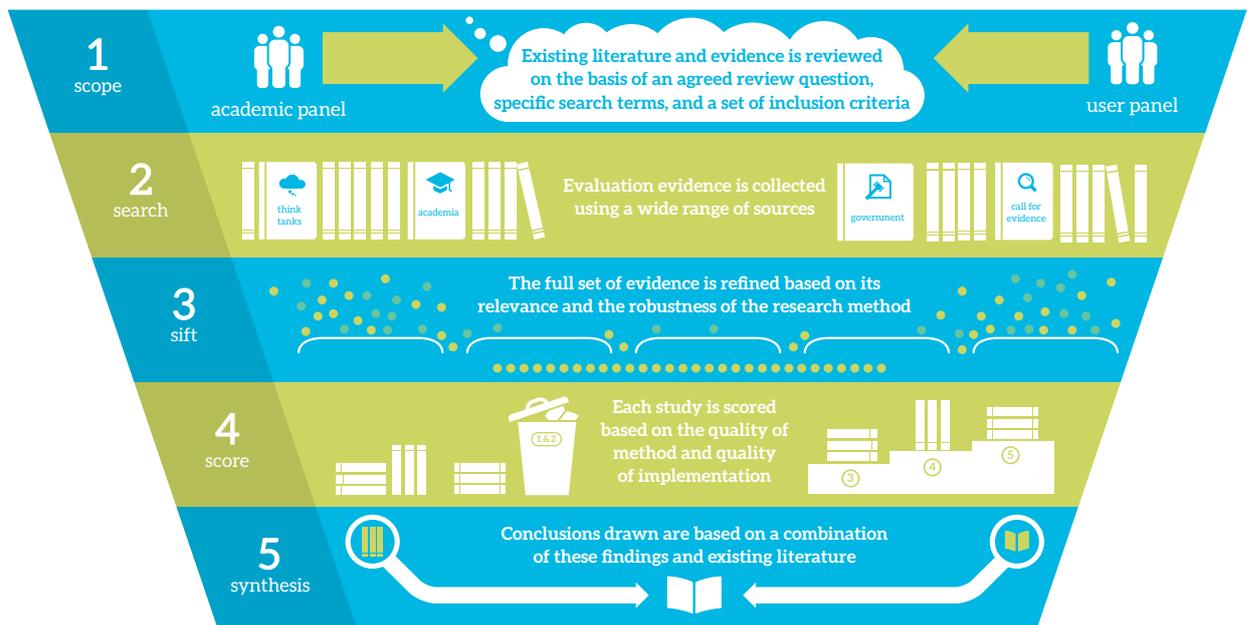


Figure 2: Methodology



Summary of findings

This review considers the local economic impacts of estate renewal in terms of the effects on employment, wages or property prices. It also considers the impacts on some wider outcomes such as crime, health and wellbeing.

Due to the small number of high quality evaluations, the diverse range of projects they cover and the diverse economic, physical and social rationales for those projects, it makes little sense to try to come to a conclusive overall judgement on whether estate renewal ‘works’ or ‘does not work’.

It is also important to note that estate renewal projects have intrinsic value in terms of improving housing and neighbourhood qualities, which is their primary value, and which is quite unrelated to local economic impacts.

This intrinsic value is not disputed here. However it is the case that public sector investment or subsidy of estate renewal projects is sometimes justified on the grounds of stimulating local economic growth or improving other area level outcomes. The evidence (or otherwise) to support that argument is the focus of this study.

What the evidence shows

- Estate renewal programmes lead to increases in property and land prices and rents, although not necessarily for nearby properties that do not directly benefit from improvements.
- Estate renewal programmes tend to have a limited impact on the local economy in terms of improving income or employment.
- Estate renewal programmes tend to have a limited impact on the local area in terms of reducing crime, improving health, wellbeing or education.

Where there is a lack of evidence

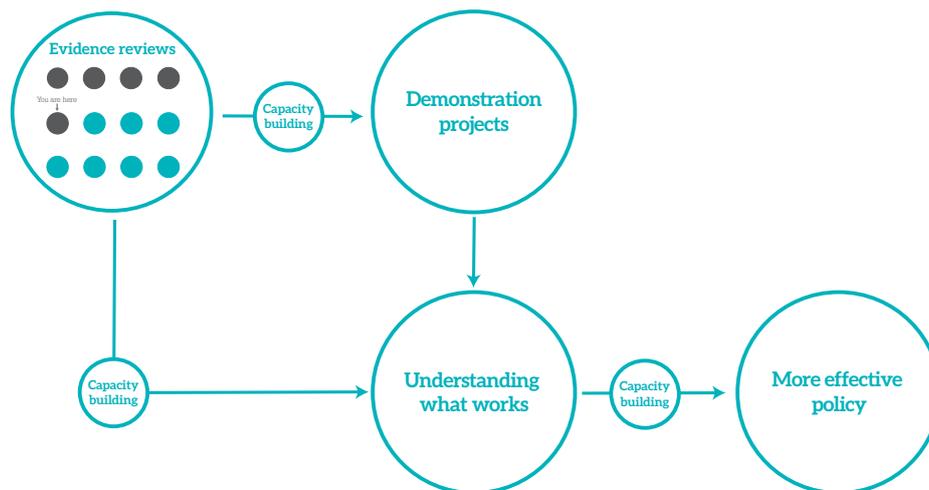
- We found no impact evaluations that isolated effects for existing residents. This means that the impacts above may be explained by changes in the composition of the neighbourhood (perhaps area level incomes increase because richer households move in).
- There is little evidence on characteristics of schemes that might improve effectiveness or influence particular aspects of the local economy.

How to use these reviews

To determine policy priorities

The Centre's reviews consider a specific type of evidence – impact evaluation – that seeks to understand the causal effect of policy interventions and to establish their cost-effectiveness. In the longer term, the Centre will produce a range of evidence reviews that will help local decision makers decide the broad policy areas on which to spend limited resources. Figure 3 illustrates how the reviews relate to the other work streams of the Centre.

Figure 3: What Works Centre work programme



Filling the evidence gaps

As should be clear from this review, there are many things that we do not know about the economic impact of estate renewal.

If achieving economic impact is an important part of the case for estate renewal, then there need to be more evaluations that explicitly explore these impacts. In particular, evaluations should make greater use of suitable comparison groups when looking at wider economic impacts and attempt to separate out the effects on existing residents.

To work with the Centre

The Centre's longer term objectives are to ensure that robust evidence is embedded in the development of policy, that these policies are effectively evaluated and that feedback is used to improve them. To achieve these objectives we want to:

- work with local decision makers to improve evaluation standards so that we can learn more about what policies work, where
- set up a series of 'demonstration projects' to show how effective evaluation can work in practice.

Interested policymakers please get in touch.

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