

“Understanding Inequality: The effects of changing neighbourhood characteristics on individuals” [SLS Project 2018_006]

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Research Summary

For over a quarter of a century, urban policymakers in Europe, Australia and the U.S. have pursued a common strategy for regenerating distressed neighbourhoods dominated by large social housing developments (e.g. HOPE VI in the USA). The economic benefits to such areas are almost always cited as a secondary benefit of regeneration schemes. Evaluations have uncovered numerous positive outcomes from these initiatives, however the economic impacts on either low-income residents of these neighbourhoods or the surrounding urban populations have been less clear. Using the Scottish Longitudinal Study (SLS), we evaluated the effects of an intervention that involved the transfer of roughly 80,000 homes from Glasgow City council to local housing organisations since 2003.

As part of the Glasgow large scale voluntary transfer (LSVT), a large amount of public and private funding was raised for social housing regeneration. The researchers exploited Glasgow’s city boundary to compare changes in employment rates between areas that received additional funding for social housing regeneration and nearby areas that did not.

A small benefit was seen for more advantaged subgroups but no benefit for more disadvantaged groups (including social housing residents). This suggests that the envisaged economic benefits were not equitable and that there needs to be a clearer understanding of the reasons why.

Underpinning Research

Since almost all the transferred housing stock required corrective repair, £4 billion of private and public funding was to be invested over 30 years to improve the physical and governance state of former council housing (Gibb 2003). Between 2003-13, more than £1 billion had been spent on stock improvements and administration

Key findings

No substantial effect on employment of those living in the transferred housing stock. The effects of economic spending and housing regeneration both individually and combined had no effect for this group.

There was a positive employment effect on those in surrounding areas not living in the transferred housing stock. This appeared to be the direct result of capital spending and economic multiplier effects.

We found no substantial effect for women, those living with dependent children and those with lower educational qualifications.

This research has the potential to impact Scottish Government by demonstrating the cost-effectiveness (or lack thereof depending on circumstances) of large-scale housing regeneration on local economies.

related to the LSVT (Fraser of Allander, 2019). It is obvious that capital spending would have a direct effect on employment due to spending on construction and administration. However, secondary employment effects could have arisen as a result of employment multiplier effects: any initial job creation can lead to increased spending which leads to more job creation and so on. Furthermore, new businesses may be incentivised to move into regenerated areas due to improvements in amenities and the general urban landscape.

The stock transfer might have increased the likelihood of residents finding employment through mediating factors such as improvements in mental and physical health.

The research design exploited the implementation of the LSVT to estimate effect on employment. Namely, the LSVT took place entirely within the administrative boundaries of Glasgow City Council. Crucially the administrative bounds do not cover the entire urban area of Glasgow itself. This meant that suitable sets of control areas—which did not receive the intervention—could be found from areas just outside Glasgow City alongside areas which were no longer part of Glasgow City due to changes in administrative boundaries. Glasgow's borders also allow the evaluation of the effects of capital spending separately from other components of the LSVT (e.g. community ownership of social housing).

Scottish Longitudinal Study data were used to investigate those of working age (16 and over), enumerated in both the 2001 and 2011 Censuses. This allowed investigation of the changes in an individuals' employment status in 2001 (before the stock transfer) and 2011 (after the stock transfer). The longitudinal aspect of the SLS allowed the researchers to control for regional variation in employment trends—due to economic and demographic factors. Furthermore, the existence of trend data before the LSVT from the 1991 and 2001 census allowed the researchers to test the robustness of the research design.

Impact

Overall the potentially unequal economic impact of large capital spending—as shown by the Stock Transfer—has relevance to current Scottish housing policy. Most notably the Affordable Housing Supply Programme (AHSP) which represents £3 billion of funding and aims to supply 50,000 new homes by 2020. This research has the potential to impact Scottish Government by demonstrating the cost-effectiveness (or lack thereof depending on circumstances) of large-scale housing regeneration on local economies.

This project demonstrates that the Scottish Longitudinal Study allows researchers to exploit natural experiments for policy

Further Information

[SLS Project 2018_006](#) Understanding Inequality: The effects of changing neighbourhood characteristics on individuals' Zhang ML', Bell, A., Manley, D., Popli, G., Galster, G., Olnier, D., Dong, G., Owen, G.

A full list of outputs is available via the project link below.

web:

https://sls.lscs.ac.uk/projects/view/2018_006/

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AAPG Article

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evaluation. Natural experiments have grown in popularity in the past two decades in part due to the existence of secondary data such as the SLS. In particular, this study relied upon a combination of demographic and geographic information on a very particular region of Scotland over time that simply did not exist elsewhere. For policy evaluation, natural experiments – where they exist – have higher external validity and are cheaper than randomised control trials. The latter is usually considered the 'gold standard' for evaluation research.

This work formed part of a submission to the All-Party Parliamentary Group on Housing and Social Mobility (final report published 20th October 2020).

