Knocking it Down and Mixing it Up: The Impact of Public Housing Regenerations

(by Hector Blanco and Lorenzo Neri)

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1. Housing regeneration matters

The long read

The real cost of regeneration

When private developers move in, the first eviction is accountability – then tenants' complaints procedures and safety. Zoe Williams reveals the truth about for-profit council estates

by Zoe Williams

2. My reading of the paper

How does **regenerating public housing** into mixed-income communities affect **local housing markets**?

- <u>Context</u>: Public housing regenerations in London, 2004-2018
- <u>Methods</u>: Spatial difference-in-differences by varying proximity to public housing estates
- <u>Identification</u>:
  - Absent regenerated estate, prices in neighboring/control areas would evolve similarly
  - (Aux.) Plausibly random timing of estate regenerations

2.1. Findings:

- ↑ house prices/rents nearby
- Attract richer households and positive amenities; reduce negative amenities
- Changes in socioeconomic composition could explain price effects

Main conclusion: Building mixed-income housing can revitalize neighborhoods **but** "prices out" the poor

3. Contribution

- **Novel data** from London covering regenerations, housing transactions and measures of amenities
- Employs **cutting-edge quasi-experimental techniques** (stacked event study; non-parametric pricing surface estimation by distance)
- Attempts to explain **demand effects** and **heterogeneity by SES**

4. Feedback/Extensions

I find the main results in Sections 3 – 4 convincing. My comments mostly pertain to the last two sections.

4.1. <u>Would a model be useful to analyze cost effectiveness (pp. 37 – 38)?</u>

My reading: Does the appreciation in house prices near a regenerated housing unit "justify" the public costs?

- Why is **home price appreciation** the quantity of interest?
  - My reading:

  $$\text{Gov} \xrightarrow{\text{Transfer}} \text{Local residents}$$

  - **Captured by commuters/consumers** from elsewhere (Miyauchi, Nakajima and Redding 2022; Lee and Tan 2022)?
  - Suggestion: Local wages? A more direct measure of tax revenues?
- This analysis **omits benefits/costs to households in regenerated buildings**.
  - Housing authority: these effects are first order?
- Estimated price effects "**do not have a direct welfare interpretation** because they conflate demand and supply responses" (p. 37).
  - Suggests **structural analysis** (e.g. Almagro and Dominguez-Iino 2021)?

4.2. Other substantive comments

- External validity: Estates chosen for regeneration are quite possibly **not randomly assigned** (p. 9)
    - PHAs could target richer neighborhoods...
    - Or neighborhoods with the oldest (lowest-quality?) developments
- By how much do amenities change in response to regeneration?
    - The authors scrape rental listings for mentions of "cafes, restaurants and parks" (p. 31) — is this the "right" measure?
    - Yelp/proprietary data may be helpful.

4.3. Technical/Miscellaneous comments

- I prefer stating the identification assumptions more formally.
- (p. 18) With general equilibrium effects, relative comparisons across rings may be confounded, depending the geography of the city.
- (p. 19) What is the effect on house prices/rents by **travel time** to the regenerated estate?
- (pp. 22-23) Instead of the inverse hyperbolic sine transformation, why not estimate (1) and (2) using Poisson regressions?