URBAN ECONOMICS: ECONOMICS OF CITIES (ECON 4242) Department of Economics, University of Colorado Fall 2015

Classtime:	M, W, F: 10:00 - 10:50 am	Room: ECON 117
Professor:	Charles de Bartolome	Office: ECON 203
Office hours:	Mon 2:15 - 3:15 pm; Tu 9:15-10:15 am;	e-mail: debartol@colorado.edu
	Fri 2:15 - 3:15 pm.	

Textbook: Arthur O'Sullivan: Urban Economics (8th Edition). McGraw-Hill Irwin.

Register using your Identity Login not your student ID.

Course description:

The U.S. is an urban country, with 80% or the population living in urban areas. This course considers the economic forces which drive households and jobs to congregate in metropolitan areas and thereby create cities. It then considers the forces within the city which determine how the established cities "look" - how rents vary with location, the distribution of jobs and households within a city, urban sprawl, and the sorting of households between neighborhoods. Finally it considers some government policies relating to land use and housing.

Pre-requisites:

Intermediate Microeconomics, ECON 3070; Introduction to Statistics with Computer Applications, ECON 3818.

Course Assignments and Desire2Learn:

All course assignments, problem sets and some lecture notes are posted on the Desire2Learn at: <u>http://learn.colorado.edu</u> .

Please note that six pages of each Adobe Acrobat file can be printed on a single sheet by clicking as: Print>Properties>Multipage>6

the paper before I present it and complete a summary sheet which is to be given in before the presentation.

Exams:

shall be reported to the Honor Code Council (<u>honor@colorado.edu</u>; 303-735-2273). Students who are found to be in violation of the academic integrity policy will be subject to both academic sanctions from the faculty member and nonacademic sanctions (including but not limited to university probation, suspension, or expulsion). Other information on the Honor Code can be found at: <u>http://www.colorado.edu/policies/honor.html</u> to bba lá'À6i^X€eC`X€eC`Vi^Vi^y http://wonor.od

COURSE OUTLINE

<u>Approximate</u>	<u>Date</u> <u>Topic</u>	<u>Chapter</u>
	1. INTRODUCTION	
24, 26 Aug	INTRODUCTION Fundamental Questions of Urban Economics The need for a model Descriptions of urban areas "Five Axioms of Urban Economics" Discussion of regression analysis - the hedonic regression of house prices	1
*28 Aug	Kain, J., and J. Ouigley, (1970), "Measuring the value of housing	

*28 Aug Kain, J., and J. Quigley, (1970), "Measuring the value of housing quality," *Journal of American Statistical Association* <u>65</u>, 532-548.

2. THE REASON FOR CD,,ĐÕF÷pĐÕFĐÕE≽ÁRADSÁÀP#C3#2343361gfPÒÂB€×&

Why households cluster - joint labor supply - mentor matching - social matching

*18 Sept Carlton, D.W., (1983), "The location and employment choices of new firms: an econometric model with discrete and continuous endogenous variables," *Review of Economics and Statistics* 65, 440-449.

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Problem Set: Input Sharing Problem Set: Labor Pooling Problem Set: Skill Matching Problem Set: Social Matching

21 Sept Review FIRST MIDTERM (7:00 - 8:40 pm in

3. METROPOLITAN POPULATION AND JOBS

23, 25 Sept	POPULATION SIZE Jobs	4
	Standard of Living Model - Equilibrium City Size	
	Limiting Growth	pp. 239-247
	- urban growth boundary	
	- limiting building permits	
	- development fees	
	Problem Set: Equilibrium City Population	
	Problem Set: Urban Growth Boundary	
28,30 Sept	URBAN GROWTH	
2 Oct	Role of human capital	(omit
		Appendix)
	Urban growth	
	Employment multiplier	
*5 Oct	Helms, L.J., (1985), "The effect of state and local taxes on economic growth: a time-series cross-section approach," <i>Review of Economics and</i> <i>Statistics</i> <u>67</u> , 574-582.	
	<i>Problem Set:</i> Spreading beneficial effects <i>Problem Set:</i> Metropolitan Development Policy	

4. LAND USE PATTERN

6

(omit pp. 141-142, 156-160)

7,9,12,14 Oct BID-RENT CURVES

Capitalization

"Left-over principle"

- bid-rent for agriculture
- bid-rent for manufacturing firms
- bid-rent for offices
- bid rent for households
- bid-rent curves and land-use patterns

Problem Set: Factory Bid-Rent
Problem Set: Office Travel Costs
Problem Set: Office Bid-Rent With No Production Substitution
Problem Set: Residential Bid-Rent With No Consumption Substitution
Problem Set: Using Bid-Rent Curves

16, 19 OctSKYSCRAPER OFFICES, HIGH-RISE APARTMENTS
AND TOWNHOUSES
Substitution in the construction of offices
Substitution in the consumption of housingpp 141-142, 16-160

Problem Set: Office Bid-Rent: Skyscraper Offices *Problem Set:* Residential Bid-Rent: High Rise Apts. and Townhouses

 21, 23 Oct
 MONOCENTRIC CITY
 7

 Monocentric city
 (pp. 161-181,

 "Edge Cities"
 193-195, 198-201)

LAND-USE POLICY Policy: land-use zoning Open Space Urban sprawl

9 (pp. 230-239) pp. 181-189

Problem Set: Zoning Land as "For Agricultural Use Only."

*26 Oct Kahn, M., (2000), "The environmental impact of suburbanization," Journal of Policy Analysis and Management 19, 569-586

5. MAKE-UP OF COMMUNITIES/NEIGHBORHOODS

28, 30 Oct SORTING Income sorting Public good/public service sorting Socio-economic sorting

8 also: pp. 195-197

Problem Set : Income Sorting Problem Set: Public Service Sorting Problem Set : Socio-Economic Sorting 1

Problem Set: Socio-Economic Sorting 2 2 Nov Review SECOND MIDTERM (7:00 - 9:00 pm in) 4, 6 Nov ZONING pp. 232-235 Space externality Fiscal zoning Problem Set: Min Lot Size Zoning 6. HOUSING 9.11.13. WHY IS HOUSING DIFFERENT 14 16 Nov Durability - deterioration and maintenance Filtering model 18, 20 Nov HOUSING POLICY 15 Supply side - public housing - subsidies for private housing (Sections 236 and 8) - low-income housing tax credit Demand side - housing vouchers Community development Mortgage deduction Problem Set: Evaluating a housing program. *30 Nov Honig, M., and R.K. Filer, (1993), "Causes of intercity variation in homelessness," American Economic Review 83, 248-255

7. MASS TRANSIT

2,4,7 Dec	Ridership sensitivity System choice Subsidies	11
*9 Dec	Bollinger, C.R., and K.R. Ihlanfeldt, (1997), "The impact of rapid transit on economic development: the case of Atlanta's MARTA," <i>Journal of Urban Economics</i> <u>42</u> , 179-204.	
	Problem Set : Ridership Sensitivity	
11 Dec	Review	
16 Dec	FINAL EXAM (4:30 - 7:00 p.m. in ECON 117)	