This course applies economic theory and formal models to the understanding of a range of planning-public policy questions that exist in an urban-regional context. An "intermediate" level understanding of economics is a prerequisite. The course requirements include a mid term and final exam, as well as several problem sets.

**COURSE OUTLINE**

**REVISED SCHEDULE**

I. The structure of Cities: Land Use and Transportation (2/1 – 2/15)
   1. Land markets and land use
   2. Congestion theory, Auto Bottlenecks, public Transportation
   3. Regional Land use planning.
   EXERCISE: 2-mode congestion/investment model (2/15 – 2/25)

II. Urban Labor Markets (2/17 – 3/1)  (no class 2/22)
   1. Job Decentralization and wage variation
   2. Spatial Mismatch in worker-job matching.
   3. Local labor market agglomeration, increasing returns

III. Urban Housing Markets (3/3 – 3/8)   (no class 3/10)
   1. Models of market transactions/friction.
   2. Supply, durable capital, Redevelopment.

IV. Ghettos and the spatial concentration of urban poverty (3/29 – 3/31)
   1. Ghettos and economic outcomes
   2. Spatial Segregation
   EXERCISE: Multiple equilibrium (3/15 – 4/5)

MID TERM (4/5)

V. Local governments, local externalities, land development controls (4/7)
   1. Zoning and land use externalities
   2. Growth controls, extractions

VI. Tiebout, Sorting and Community competition (4/12 – 4/14)
   1. Classical "club" models
   2. Competition within land markets
   3. Empirical tax capitalization
   EXERCISE: locational sorting with public goods (4/7 – 4/14)
VII. Local Public Goods and services: Schooling (4/19 – 4/21) (note class will be held 4/19)
   1. Public versus Private delivery
   2. Institutions and Efficacy: vouchers, performance, contracting...

VIII. Local Public Goods and services: law enforcement (4/26 – 4/28)
   1. Production function issues and policy efficacy
   2. The spatial concentration of crime.
   EXERCISE: public choice with production functions (4/21 – 4/28)

IX. Regional Growth and factor Competition (5/3 – 5/5)
   1. The causes of economic growth, supply versus demand.
   2. Regional convergence, response functions, historical decompositions.

X. Interregional Tax/policy competition (5/10 – 5/12)
   1. Tax and Policy competition models, Nash equilibria.
   2. Industrial development incentives, taxes, investment impacts.
   EXERCISE: a 2-region model with differential taxation (5/5 – 5/12)

XI. Fiscal systems: Federal-state-local  5/12) (Material Dropped)
   1. Assignment of responsibility issues
   2. Grants, responses, incentives and control

FINAL (week of 5/16)

READING LIST

I. The Structure of Cities: Land Use and Urban Transportation

   http://www.jstor.org/cgi-bin/jstor/listjournal


II. Job Decentralization and Urban Labor Markets


http://www.jstor.org/cgi-bin/jstor/listjournal


III. Urban Housing Markets: Supply and Transactional Frictions.


Bengte Evenson, “House Price Variation across Local Markets: a supply side view”, University of Nevada at Las Vegas (December, 2004). PDF


IV. Ghettos, segregation and urban Poverty


V. Development Restrictions and Land Use controls.


VI. Tiebout, sorting and community competition


David Brasington, “Edge versus Center: finding common ground in the capitalization debate”,
VII. Local Public Goods: Schooling


Hoxby, Caroline, "Does Competition among Public Schools benefit Students and Taxpayers?" *AER*, 90, 5, (2000), pp. 1209-1239. [http://www.jstor.org/cgi-bin/jstor/listjournal](http://www.jstor.org/cgi-bin/jstor/listjournal)


Neechyba, Thomas, “Mobility, Targeting, and Private-School Vouchers”, *AER*, 90, 1 (March 2000), pp130-146. [http://www.jstor.org/cgi-bin/jstor/listjournal](http://www.jstor.org/cgi-bin/jstor/listjournal)

VIII. Local Public Goods: Law Enforcement


Steven Levitt, "Using Electoral Cycles in Police Hiring to Estimate the Effect of Police on Crime,"
IX. Regional Growth and Factor Competition.


Roback, J. "Wages, Rents and the Quality of Life", JPE, Dec., 1982 http://www.jstor.org/cgi-bin/jstor/listjournal


X. Interregional Tax and Policy competition


[http://www.jstor.org/cgi-bin/jstor/listjournal](http://www.jstor.org/cgi-bin/jstor/listjournal)


[http://www.jstor.org/cgi-bin/jstor/listjournal](http://www.jstor.org/cgi-bin/jstor/listjournal)