

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

Class time: 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* (8<sup>th</sup> Edition). McGraw-Hill Irwin.

Register using your Identity Login not your student ID.

*Course description:*

The U.S. is an urban country, with 80% of 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: <http://learn.colorado.edu> .

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:*



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*Discrimination and Harassment Policy:*

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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.

*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 4  
Jobs  
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," *Review of Economics and Statistics* 67, 574-582.

*Problem Set: Spreading beneficial effects*

*Problem Set: Metropolitan Development Policy*

### 4. LAND USE PATTERN

7,9,12,14 Oct BID-RENT CURVES 6  
Capitalization (omit pp. 141-142, 156-160)  
"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 Oct SKYSCRAPER OFFICES, HIGH-RISE APARTMENTS AND TOWNHOUSES pp 141-142, 16-160  
 Substitution in the construction of offices  
 Substitution in the consumption of housing

*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 9  
 Open Space (pp. 230-239)  
 Urban sprawl 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 8  
 Income sorting also: pp. 195-197  
 Public good/public service sorting  
 Socio-economic sorting

*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 rail transit on economic development: the case of Atlanta's MARTA," <i>Journal of Urban Economics</i> <u>42</u> , 179-204.  <i>Problem Set : Ridership Sensitivity</i>	
11 Dec	Review	
16 Dec	FINAL EXAM (4:30 - 7:00 p.m. in ECON 117)	