



NYU

**ROBERT F. WAGNER GRADUATE
SCHOOL OF PUBLIC SERVICE**

URPL-GP 2608

Urban Economics

Spring 2024

Instructor Information

- Ingrid Ellen (she/her/hers)
 - Email: ingrid.ellen@nyu.edu
 - Office Hours: Tuesday 2:30-4:00pm. Please click [here](#) to make an appointment, either on Zoom or email for in-person. (Please email if you need a different time.)

Course Information

- Class Meeting Times:
 - Tuesday 10-11:40am, GCASL, 361
 - Tuesday 4:55-6:35pm, GCASL, 383
- Tutors:
 - Eva Phillips (she/her/hers)
 - Email: eep8983@nyu.edu
 - Michael Frajman (he/him/his)
 - Email: mhf8621@nyu.edu
 - Office hours
 - Monday, 2-3pm
 - <https://nyu.zoom.us/j/98426316694>
- For administrative matters, please contact:
 - Chris Harris
 - Email: christopher.harris@nyu.edu

Course Prerequisites

Students should have completed CORE-GP 1018 (Microeconomics) and should have taken or be taking CORE-GP 1011 (Statistical Methods) concurrently. Several assignments will ask you to use excel, so please brush up on your excel skills if needed.

Course Description

The field of urban economics introduces space into economic models and studies the location of economic activity. Urban economics typically addresses three sets of questions, and this course is organized around these three areas. The first set of questions focuses on the development of urban areas. Why do cities exist and why do some grow more rapidly? How can local governments encourage such growth, and if so, how? The second set of questions addresses patterns of development *within* metropolitan areas. Why do certain parts of metropolitan areas grow more rapidly than others? How do firms and households decide where to locate within given metropolitan areas? What determines the price of land, and how do these prices vary across space? The third set of questions concerns the economics and spatial dimensions of urban problems. We will focus on externalities from automobiles, poverty concentration, racial segregation, suburban sprawl, and shifts in urban labor markets.

Course and Learning Objectives

Students completing this course should be able to:

1. Identify the factors that have driven the growth of cities historically and that drive it today, including agglomeration economies.
2. Evaluate who wins and loses from local economic growth.
3. Assess the likely effects of different policies to encourage local economic growth.
4. Explain the concept of spatial equilibrium, and how it shapes land rents.
5. Analyze and explain the evolution of urban land use patterns and density.
6. Analyze the costs and benefits of different kinds of land use regulations.
7. Judge which level of government is best equipped to address different issues.
8. Explain the unique characteristics of housing markets and assess the arguments for government intervention.
9. Assess external costs of automobile use and evaluate policies to address them.
10. Examine the costs of urban sprawl and justify different policies to address it.
11. Analyze the causes and consequences of racial and economic segregation in U.S. metropolitan areas and evaluate whether and how governments should address this segregation.
12. Write clear economic arguments advocating for policies to address such challenges as suburban sprawl, urban poverty, and racial segregation.
13. Identify challenges facing cities in the future and how cities can manage them.

Assignments and Evaluation

There are four take-home assignments, a take-home midterm exam, and a policy memo. The assignments combine problems and data analysis. Assignments must be submitted by the due dates, or they will not be counted towards final grade. Borderline grades may be adjusted on the basis of class participation. The take-home assignments and discussion questions will be graded pass-fail, but the midterm and policy memo will be graded on a scale (see below).

	Due Date	% of Grade	Objectives Assessed
Discussion questions	Weekly	4%	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 13
First assignment	Feb 13	4%	1, 2
Second assignment	Feb 27	4%	3, 4, 5
Take-home exam	March 14	50%	1, 2, 3, 4, 5, 6, 7, 8, 9, 11
Third assignment	April 2	4%	6, 7, 8, 9
Fourth assignment	April 23	4%	10, 11
Policy memo	May 3	30%	10, 11, 12, 13, 14

Required Readings, Videos and Podcasts

All readings/videos/podcasts are required, unless noted as supplementary. Students are expected to do the reading and watch any assigned videos each week before class. They must read and consider the discussion questions posted on NYU Brightspace each week and post a single response or an additional question by 4pm the day *before* class. The readings include chapters from two textbooks:

- O’Flaherty, Brendan, *City Economics*. Cambridge, Mass: Harvard University Press, 2005.
- O’Sullivan, Arthur, *Urban Economics* (Ninth Edition). Boston: Irwin/McGraw Hill, 1990, 2019.

Students do NOT need to purchase either book in its entirety. The O’Sullivan chapters may be purchased as an e-book (see instructions posted on the course NYU Brightspace site). The O’Flaherty book is available in full online through the NYU Library (you will need to be logged in to NYU Home to access):

<https://ebookcentral-proquest-com.proxy.library.nyu.edu/lib/nyulibrary-ebooks/detail.action?docID=3300089&query=brendan+o%27flaherty>

Other required readings, videos and podcasts for the class are posted on NYU Brightspace. Most of the supplemental readings should be posted on the site as well. These supplemental articles are there for your interest and are optional.

Academic Integrity

Academic integrity is a vital component of Wagner and NYU. All students enrolled in this class are required to read and abide by [Wagner’s Academic Code](#). All Wagner students have already read and signed the [Wagner Academic Oath](#). Plagiarism of any form will not be tolerated and students in this class are expected to report violations to their professors. If any student in this class is unsure about what is expected and how to abide by the academic code, you should consult with me.

For this particular course, there are some specific behaviors required to meet standards of academic integrity:

Assignments: Students are encouraged to work in groups, but the final write up of assignments *must be done individually* with no sharing of written answers.

Exam: The exam must be the sole work of the individual student.

AI: Using ChatGPT and related tools will reduce what you learn in this course. Consequently, the use of ChatGPT, Bard, and other generative AI tools is not allowed in this course.

Violations of these standards will result in students' failing the assignment and potentially the course and being remanded to the discipline committee for further action.

Henry and Lucy Moses Center for Students with Disabilities

Academic accommodations are available for students with disabilities. Please visit the [Moses Center for Students with Disabilities \(CSD\) website](#) and click on the Reasonable Accommodations and How to Register tab or call or email CSD at (212-998-4980 or mosescsd@nyu.edu) for information. Students who are requesting academic accommodations are strongly advised to reach out to the Moses Center as early as possible in the semester for assistance.

NYU's Calendar Policy on Religious Holidays

[NYU's Calendar Policy on Religious Holidays](#) states that members of any religious group may, without penalty, absent themselves from classes when required in compliance with their religious obligations. Please notify me in advance of religious holidays that might coincide with exams to schedule mutually acceptable alternatives.

Letter Grades

Letter grades for the entire course will be assigned as follows:

Letter Grade	Points
A	4.0 points
A-	3.7 points
B+	3.3 points
B	3.0 points
B-	2.7 points
C+	2.3 points

Letter Grade	Points
C	2.0 points
C-	1.7 points
F	0.0 points

Student grades will be assigned according to the following criteria:

- (A) Excellent: Exceptional work for a graduate student. Work at this level is unusually thorough, well-reasoned, creative, methodologically sophisticated, and well written. Work is of exceptional, professional quality.
- (A-) Very good: Very strong work for a graduate student. Work at this level shows signs of creativity, is thorough and well-reasoned, indicates strong understanding of appropriate methodological or analytical approaches, and meets professional standards.
- (B+) Good: Sound work for a graduate student; well-reasoned and thorough, methodologically sound. This is the graduate student grade that indicates the student has fully accomplished the basic objectives of the course.
- (B) Adequate: Competent work for a graduate student even though some weaknesses are evident. Demonstrates competency in the key course objectives but shows some indication that understanding of some important issues is less than complete. Methodological or analytical approaches used are adequate but student has not been thorough or has shown other weaknesses or limitations.
- (B-) Borderline: Weak work for a graduate student; meets the minimal expectations for a graduate student in the course. Understanding of salient issues is somewhat incomplete. Methodological or analytical work performed in the course is minimally adequate. Overall performance, if consistent in graduate courses, would not suffice to sustain graduate status in “good standing.”
- (C/-/+) Deficient: Inadequate work for a graduate student; does not meet the minimal expectations for a graduate student in the course. Work is inadequately developed or flawed by numerous errors and misunderstanding of important issues. Methodological or analytical work performed is weak and fails to demonstrate knowledge or technical competence expected of graduate students.
- (F) Fail: Work fails to meet even minimal expectations for course credit for a graduate student. Performance has been consistently weak in methodology and understanding, with serious limits in many areas. Weaknesses or limits are pervasive.

Overview of the Semester

Week	Class Date	Topic	Deliverable
Week 1	January 23	Introduction to Course and Cities	
Week 2	January 30	The Economics of Density	Discussion questions
Week 3	February 6	What Drives Urban Economic Growth, and Who Benefits?	Discussion questions
Week 4	February 13	Policies to Promote Urban Growth	Discussion questions + Assignment 1 due
Week 5	February 20	Introduction to Land Rent and Land Use	Discussion questions
Week 6	February 27	Residential Land Use Patterns	Discussion questions+ Assignment 2 due
Week 7	March 5	Overview of Local Government	Discussion questions
Week 8	March 12	The Economics of Zoning and Land Use Regulations	Discussion questions + Take-home midterm due, March 14th
Week 9	March 26	Housing Markets and Housing Policy	Discussion questions
Week 10	April 2	Urban Transportation: The Economics of Cars, Roads, and Congestion Pricing	Discussion questions + Assignment 3 due
Week 11	April 9	Climate Change and Cities	Discussion questions
Week 12	April 16	Race and Housing	Discussion questions
Week 13	April 23	Urban Poverty: The Role of Neighborhoods	Discussion questions + Assignment 4 due
Week 14	April 30	The Future of Cities	Policy memo and slides due May 2nd

Detailed Class Schedule

Part I: Market Forces in the Development of Cities

1. Introduction: What is a City and Why Do They Exist?

We start by defining the city as an economic unit. We discuss how this abstract definition is translated into units of measurement. We also review some key concepts from microeconomics that provide a foundation for urban economics. We explore why cities exist and introduce the notion of agglomeration economies.

Required Readings/Videos

O'Sullivan, Chapters 1 and 2.

O'Flaherty, Chapters 1 and 2.

United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision, [Highlights](#).

Demographia, ["Definition of Urban Terms."](#)

Videos:

["What is a City?"](#) The Atlantic, 2014.

Supplementary

Glaeser, Edward L., "Are Cities Dying?" *Journal of Economic Perspectives* 12(1998): 139–160.

Jacobs, Jane, *The Economy of Cities*. New York, NY: Random House, 1960.

2. The Economics of Density

We discuss the appeal of cities as places to produce and to live. We explore the mechanisms that lead to agglomeration of economic activity around the world. We explore the role of industrial composition and other determinants of urban growth. We also consider whether cities can grow too fast or grow too large.

Required Readings/Videos

Carlino, Gerald. "Beautiful City." *Business Review* Q3, 2009.

Duranton, Gilles, and Diego Puga. "The Economics of Density." *Journal of Economic Perspectives* 34 (2020), pp. 16-18 and pp. 22-23.

Glaeser, Edward L., "Why Economists Still Like Cities." *City Journal* (1996): 70–77.

Rappaport, Jordan. "U.S. Urban Decline and Growth: 1950-2000." *Federal Reserve Bank of Kansas City Economic Review* 88(2003).

News and Analysis:

Jaffe, Eric. "The Real Source of America's Urban Revival." The Atlantic City Lab, February 23, 2016.

Surowiecki, James. "Why Do Companies Like Company?" *The New Yorker*, April 24th, 2000.

Supplementary

- Duranton, Gilles, and Diego Puga. "The Economics of Density." *Journal of Economic Perspectives* 34 (2020).
- Elison, Glenn and Edward L. Glaeser, "The Geographic Concentration of Industry: Does Natural Advantage Explain Agglomeration?" *American Economic Review* 89(1999): 311–316.
- Ellen, Ingrid Gould and Katherine O'Regan, "Crime and Urban Flight Revisited: The Effect of the 1990s Drop in Crime on Cities." *Journal of Urban Economics* 68(2010): 247-259.
- Glaeser, Edward L., Jed Kolko, and Albert Saiz. "Consumer City." *Journal of Economic Geography* 1(2001): 27–50.
- Jacobs, Jane, *The Economy of Cities*. Chapter 2.
- Lee, Sanghoon, and Jeffrey Lin. "Natural Amenities, Neighborhood Dynamics, and Persistence in the Spatial Distribution of Income." *Review of Economic Studies* 85 (2018): 663-694.
- Quigley, John M., "Urban Diversity and Economic Growth." *Journal of Economic Perspectives* 12(1998): 127–138.
- Rosenthal, Stuart, and William Strange, "How Close is Close? The Spatial Reach of Agglomeration Economies." *Journal of Economic Perspectives* 34(2020): 27-49.

3. Drivers of Urban Economic Growth

To understand why cities grow, we use a supply-demand framework and consider the drivers of supply-led as well as demand-led growth. We also consider whether increases in employment lead to improvements in the standard of living and well-being of the population and the distribution of gains. Who benefits from economic growth, and why? Finally, we use shift-share analysis to analyze city growth.

Required Readings/Videos

- O'Flaherty, Chapter 18, pp. 517-526.
- Bartik, Timothy, "Using Place-Based Jobs Policies to Help Distressed Communities." *Journal of Economic Perspectives* 34(2020), pp. 99-116.
- What Works Centre for Economic Growth. *What Does the Evidence Tell us About the Employment Multiplier Effect?* 2019.

Supplementary

- Bartik, Timothy, "Using Place-Based Jobs Policies to Help Distressed Communities." *Journal of Economic Perspectives* 34(2020).
- Blanchard, Olivier, and Lawrence Katz, "Regional Evolutions." *Brookings Papers on Economic Activity* 1:1-61.
- Kahn, Matthew, "The Silver Lining of Rust-Belt Manufacturing Decline," *Journal of Urban Economics* 46(1999): 360-376.
- Kline, Patrick and Enrico Moretti. "People, Places and Public Policy." NBER Working Paper 19659, 2013.
- Moretti, Enrico. "Local Multipliers." *American Economic Review, Papers and Proceedings* 100 (May 2010): 1-7.

4. Urban Economic Growth and State and Local Policy

To understand why cities grow, we use a supply-demand framework and consider the drivers of supply-led as well as demand-led growth. We consider the goals of economic development and explore which local economic development strategies are most likely to create jobs, boost tax revenue, and improve well-being. We consider costs of policies and distinguish between demand- and supply-led growth.

Required Readings/Videos

O’Flaherty, Chapter 18, pp. 526-551.

Bartik, Timothy, “Using Place-Based Jobs Policies to Help Distressed Communities.” *Journal of Economic Perspectives* 34(2020), pp. 119-127.

Ellen, Ingrid Gould and Amy Ellen Schwartz, “No Easy Answers: Cautionary Notes for Competitive Cities.” *The Brookings Review* (2000): 44–47.

World Bank, “Dynamic Cities as Engines of Economic Growth,” in *World Development Report 1999-2000: Entering the 21st Century—The Changing Development Landscape* (1999): 125–138. (Focus especially on 130–138.)

News and Analysis:

“Economic Scene: A Study Finds Benefits for Localities that Offer Subsidies to Attract Companies.” *New York Times*, Dec 11, 2003.

Podcasts:

“Why Did the Job Cross the Road?” *Planet Money*, Episode 699, May 5, 2016.

Supplementary

Ades, Alberto F. and Edward L. Glaeser, “Trade and Circuses: Explaining Urban Giants.” *The Quarterly Journal of Economics* 110(1995): 195–227.

Ellen, Ingrid Gould, Amy Ellen Schwartz, and Ioan Voicu, “The Impact of Business Improvement Districts on Property Values: Evidence from New York City.” *Brookings Wharton Papers on Urban Affairs*, 2007: 1-39.

Greenstone, Michael, and Enrico Moretti, “Identifying Agglomeration Spillovers: Evidence from Winners and Losers of Large Plant Openings.” *Journal of Political Economy* 118 (June 2010).

Noll, Roger and Andrew Zimbalist. *Sports, Jobs, and Taxes: The Economic Impact of Sports Teams and Stadiums*. Brookings Institution Press, 1997.

Part II: Land Rent and Land-Use Patterns within Metropolitan Areas

5. Introduction to Land Rent and Land Use

We consider the determinants of land rent and intra-city location of firms. We introduce the widely used monocentric models and discuss land use. We consider the case for land taxes.

Required Readings/Videos

O’Sullivan, Chapter 10, focus on pp. 141-144.

O’Flaherty, Chapter 6, pp. 116-130 and 137-142 *only*.

Glaeser, Edward L., “The Economic Approach to Cities.” NBER Working Paper 13696, pp. 1-10.

News and Analysis:

“Land-Value Tax: Why Henry George Had a Point.” *The Economist* April 2, 2015.

“The Economics of Skyscrapers: A Synthesis.” *Vox EU, CEPR*, August 20, 2020.

Supplementary

Ahlfeldt, Gabriel, and Jason Barr. “The Economics of Skyscrapers.” *Journal of Urban Economics* 129(2022).

Cohen, Jeffrey P. and Cletus C. Coughlin, “An Introduction to Two-Tiered Taxation of Land and Buildings.” *Federal Reserve Bank of St. Louis* 87(2005): 359–374.

<http://www.research.stlouisfed.org/publications/review/05/05/CohenCoughlin.pdf>.

Glaeser, Edward L., “The Economic Approach to Cities.” NBER Working Paper 13696.

Netzer, Dick, *Land Value Taxation: Can and Will it Work Today?* Cambridge, MA: Lincoln Institute for Land Policy, 1998.

6. Residential Land Use Patterns and Their Causes

We expand the monocentric model to include residential location choice and use economics to model how transportation investments affect spatial patterns, and how households choose residential locations within a city. We use the model to understand the drivers of suburbanization and gentrification in the U.S. and other contexts.

Required Readings/Videos

O’Flaherty, Chapter 6, pp. 130-137.

Angel, Shlomo, Jason Parent, Daniel L. Civco, and Alejandro M. Blei, “Making Room for a Planet of Cities.” Cambridge, MA: Lincoln Institute of Land Policy, 2011. Chapters 1 and 2 only (focus on chapter 2).

Couture, Victor, and Jessie Handbury, “Urban Revival in America.” *Journal of Urban Economics* 119 (2020), Introduction, part 1 (stylized facts) and part 6 (discussion).

Su, Yichen, “The Rising Value of Time and the Origin of Urban Gentrification.” *American Economic Journal: Economic Policy* 2022, 14(1), pp. 402–413.

Videos

How Highways Wrecked American Cities. *Vox*, May 11, 2016.

Supplementary

Baum-Snow, Nathaniel, “Did Highways Cause Suburbanization?” *Quarterly Journal of Economics* 122(2006): 775–805.

Burchfield, Marcy, Henry G. Overman, Diego Puga, and Matthew A. Turner, “Causes of sprawl: A portrait from space.” *Quarterly Journal of Economics* 121(2006): 587–633.

- Couture, Victor, and Jessie Handbury, 2020. "Urban Revival in America." *Journal of Urban Economics* 119.
- Glaeser, Edward L. and Matthew E. Kahn, "Decentralized Employment and the Transformation of the American City." *Brookings-Wharton Papers on Urban Affairs* (2001): 1–63.
- Glaeser, Edward L., Matthew E. Kahn, and Jordan Rappaport, "Why Do the Poor Live in Cities? The role of public transportation." *Journal of Urban Economics* 63(2008).
- Mieszkowski, Peter and Edwin S. Mills, "The Causes of Metropolitan Suburbanization." *Journal of Economic Perspectives* 7(1993): 135-147.
- Su, Yichen, "The Rising Value of Time and the Origin of Urban Gentrification." *American Economic Journal: Economic Policy* 2022, 14(1): 402–439.

7. Overview of Local Government

We discuss the types and structure of local governments and how they influence location decisions. We consider which types of problems are best addressed by centralized government and which are best placed in the sphere of more local governments.

Required Readings/Videos

- O’Sullivan, Chapter 20.
- Glaeser, Edward. "Urban Public Finance." NBER Working Paper (2012): 1-8.
- Schwartz, Amy Ellen, "Tax and the City: Tax Reform for a Competitive New York" in *Rethinking the Urban Agenda: Reinvigorating the Liberal Tradition in New York City and Urban America*, eds. Ken Emerson and John Mollenkopf. New York, NY: Century Foundation Press, 2001.

News and Analysis:

- Hu, Winnie, "Property Owners Spend on Quality of Life (But Is That Fair?)" *The New York Times*. March 13, 2017.

Supplementary

- Glaeser, Edward. "Urban Public Finance." *Handbook of Public Economics* 5(2013): 195-256.
- Oates, Wallace, "An Essay on Fiscal Federalism." *Journal of Economic Literature* 37(1999): 1120-1149.
- Tiebout, Charles, "A Pure Theory of Public Expenditures." *Journal of Political Economy* 64(1956): 416-424.

8. The Economics of Zoning and Land Use Regulations

We discuss the economic justification for regulating land use? How do land use regulations help address the externalities of development? What are some of the downsides of regulation, and how can local officials minimize them?

Required Readings/Videos

- O’Sullivan, Chapter 16.

Been, Vicki, Ingrid Gould Ellen, Michael Gedal, Edward Glaeser, and Brian McCabe. "Preserving History or Restricting Development: The Heterogenous Effects of Historic Districts on Local Housing Markets in New York City." *Journal of Urban Economics*, 92(2016): 16-30.

Manville, Michael, Paavo Monkonnen, and Michael Lens. "It's Time to End Single-Family Zoning." *Journal of the American Planning Association* 86(2020): 106-112.

Evan Mast, "Warding Off Development; Local Control, Housing Supply, and NIMBYs." Policy Brief. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. <https://doi.org/10.17848/pb2020-27>

News and Analysis:

Ohanian, Lee and Edward Prescott, "What in the Sam Hill Are Cows Doing on Sand Hill Road?" *Wall Street Journal*, Dec 1, 2017.

Videos:

Ingrid Gould Ellen. "Preserving History or Hindering Progress." WAGTalk. "The High Cost of Free Parking." Vox/Mobility Lab Video, July 19, 2017.

Supplementary

Fischel, William A. *The Economics of Zoning Laws: A Property Rights Approach to American Land Use Controls*. Baltimore, MD: Johns Hopkins University Press, 1985.

Gyourko, Joseph, and Raven Molloy. *Regulation and Housing Supply*. NBER Working Paper 20536, 2014.

Hilber, Christian and Frédéric Robert-Nicoud, "On the origins of land use regulations: Theory and evidence from US metro areas." *Journal of Urban Economics* 75(2013): 29–43.

Evan Mast, "Warding Off Development; Local Control, Housing Supply, and NIMBYs." *Review of Economics and Statistics*, forthcoming.

Mills, Edwin S. "Economic Analysis of Urban Land-Use Controls," in *Current Issues in Urban Economics*, eds. Peter Mieszkowski and Mahlon Straszheim. Baltimore: Johns Hopkins University Press, 1979, 511–541.

O'Flaherty, Chapter 8.

Shertzer, Allison, Tate Twinam, Randall P. Walsh, "Zoning and the economic geography of cities," *Journal of Urban Economics* 105(2018): 20-39.

9. Economics of Housing Markets

We explore the characteristics that make housing a unique commodity. We learn about ways to measure housing price, rents, and affordability, and explore what has driven their trends over time. Finally, we consider how government intervenes in housing markets, and what the justification is for such action.

Required Readings/Videos

O'Flaherty, Chapter 13 (through page 376).

Been, Vicki, Ingrid Gould Ellen, and Katherine O'Regan. "Supply Skepticism: Housing Supply and Affordability." *Housing Policy Debate*, 29 (2019): 25-40.

- Diamond, Rebecca, Tim McQuade, and Franklin Qian. "The Effects of Rent Control Expansion on Tenants, Landlords and Inequality: Evidence from San Francisco." NBER Working Paper, 24181, pp. 1-18 plus conclusion.
- Gyourko, Joseph, Christopher Mayer, and Todd Sinai, "Superstar cities." *American Economic Journal: Economic Policy*.
- Mast, Evan. 2019. "The Effect of New Market-Rate Housing Construction on the Low-Income Housing Market." Policy Brief. Kalamazoo, MI: W.E. Upjohn Institute for Employment Research. <https://doi.org/10.17848/pb2019-13>

News and Analysis:

- Adam Davidson, "The Perverse Effects of Rent Regulation." *New York Times*, July 23, 2013; and Gary Painter, "No, Rent Control Doesn't Always Reduce the Supply of Housing." *Los Angeles Times*.

Supplementary

- Aaron, Henry J., "Chapter One: Rationale for a Housing Policy," in *Shelter and Subsidies: Who Benefits from Federal Housing Policies*. Brookings Institution, 1972: 3–22.
- Asquith, Brian, Evan Mast, and Davin Reed. "Local Effects of Large New Apartment Buildings in Low-Income Areas." *The Review of Economics and Statistics* 105 (2023): 359–375.
- Diamond, Rebecca, Tim McQuade, and Franklin Qian. "The Effects of Rent Control Expansion on Tenants, Landlords and Inequality: Evidence from San Francisco." NBER Working Paper, 24181.
- Glaeser, Edward L. and Joseph Gyourko. "Urban decline and durable housing." *Journal of Political Economy* 113(2005): 345–375.
- Evan Mast, "JUE Insight: The effect of new market-rate housing construction on the low-income housing market," *Journal of Urban Economics* 133 (2023).
- Quigley, John, and Steven Raphael, "Is Housing Unaffordable? Why Isn't it More Affordable?" *Journal of Economic Perspectives* 18(2004): 191–214.

Part III: Economics of Urban Problems

10. Urban Transportation: Economics of Automobile Use

We discuss the economics of cars and roads, focusing on three different types of externalities: emissions, congestion and accidents. We consider the promise of alternative policy responses to mitigate those externalities.

Required Readings/Videos

O'Sullivan, Chapter 18.

Corthright, Joe. "The Fundamental, Global Law of Road Congestion." City Observatory, 2021.
Hall, Jonathan, and Joshua Madsen. "Can Behavioral Interventions Be Too Salient? Evidence From Traffic Safety Messages." Working Paper, SSRN. September 10, 2021
Leape, Jonathan, "The London Congestion Charge." *Journal of Economic Perspectives* 20(2006): 157-176.

News and Analysis:

Hu, Winnie, "Congestion Pricing: NY Embraced it. Will Other Clogged Cities Follow?" New York Times, April 1, 2019.

Videos/podcasts:

"A Brief History of Congestion Pricing." CitiesX: The Past, Present, and Future of Urban Life.
"The Traffic Tariff," Planet Money.

Supplementary

Currie, Janet, and Reed Walker, "Traffic Congestion and Infant Health: Evidence from E-ZPass." *American Economic Journal: Applied Economics* 3(2011): 65-90.
Duranton, Gilles, and Matthew Turner, "The Fundamental Law of Road Congestion." *American Economic Review*. 2011.
Kahn, Matthew, and Joel Schwartz, "Urban Air Pollution Progress Despite Sprawl: The 'Greening' of the Vehicle Fleet." *Journal of Urban Economics* 63(2008): 775-787.
Vickrey, William, "Pricing in Urban and Suburban Transport," *American Economic Review* 52(1963): 452-465.

11. Climate Change and Cities

We consider the impacts of a range of climate hazards - from extreme heat to severe storms to chronic flooding - on the economic well-being of cities. We also weigh the costs and benefits of budding sustainability initiatives in urban areas, from building decarbonization efforts to electric vehicle infrastructure, and renewable energy technology like wind and solar.

Required Readings/Videos

Gandhi, Sahil, Matthew Kahn, Rajat Kochar, Somik Lall, and Vaidehi Tandel. "Adapting to Flood Risk: Evidence from a Panel of Global Cities." 2022. NBER Working Paper 30137, pp. 1-4, and 24-25.
Kahn, Matthew E. "Urban Growth and Climate Change." *Annual Review of Resource Economics*. 2009(1): 333-350.
Kahn, Matthew E. "Climatopolis: How will climate change impact urbanites and their cities?" *Vox EU*, CEPR, 2010.

News and Analysis:

Howard, Hilary. "How to Enforce a Landmark Pollution Law? It's Complicated." New York Times, October 24, 2023.

Volz, Lindsey, and Joshua Pine. "The Top 5 Ways Cities are Addressing Climate Change." National League of Cities, 2022.

Supplementary

Downs, Anthony, *New Visions for Metropolitan America* (Brookings Institution Press, 1994): pp. 3-30.

Glaeser, Edward L. and Matthew E. Kahn. "Sprawl and urban growth," in *Handbook of Regional and Urban Economics*, eds. Vernon Henderson and Jacques-François Thisse. Amsterdam: North-Holland, 2481–2527.

Kahn, Matthew. "Climate Change Adaptation: Lessons from Urban Economics." NBER Working Paper, 2014.

Nivola, Pietro S. *Laws of the Landscape: How Policies Shape Cities in Europe and America*. Brookings Institution Press, 1999, 35–51.

12. Race and Housing

We consider trends in racial segregation and debate the causes of persistent racial segregation. We consider both market and non-market forces, focusing on evidence about discrimination in the housing market. Finally, we explore appropriate policy responses.

Required Readings/Videos

O’Flaherty, Chapter 12.

Pattillo, Mary, Sherrilyn Iffil, Rucker Johnson and Patrick Sharkey. "Why Integration?" In Ingrid Gould Ellen and Justin P. Steil, Eds., *The Dream Revisited: Contemporary Debates About Housing, Segregation and Opportunity*, pp. 29-43.

Ellen, Ingrid Gould and Justin Steil, "The Causes of Contemporary Segregation." In Ingrid Gould Ellen and Justin P. Steil, Eds., *The Dream Revisited: Contemporary Debates About Housing, Segregation and Opportunity*, pp. 89-95.

Oh, Sun Jung, and John Yinger. "What Have We Learned from Paired Testing in Housing Markets?" *Cityscape: A Journal of Policy Development and Research* 17(2015): 15-60.

News and Analysis:

"Racial Segregation: The Great Melting." *The Economist*, Jan 9th, 2016.

Videos:

"Segregated by Design."

Supplementary

Boustan, Leah Platt, "Was postwar suburbanization 'white flight'? Evidence from the black migration." *Quarterly Journal of Economics* 125(2010): 417–443.

Cutler, David, Edward Glaeser, and Jacob Vigdor, "The Rise and Decline of the American Ghetto," *Journal of Political Economy* 107(1999): 455–506.

De la Roca, Jorge, Ingrid Gould Ellen, and Justin Steil, "Does Segregation Matter for Latinos?" *Journal of Housing Economics*, 2017.

- Hanson, Andrew, Zackary Hawley, Hal Martin and Bo Liu. “Discrimination in Mortgage Lending: Evidence from a Correspondence Experiment.” *Journal of Urban Economics* 92(2016): 48-65.
- Ladd, Helen F., “Evidence on Discrimination in Mortgage Lending.” *Journal of Economic Perspectives* 12(1998): 41–62.
- Munnell, Alicia H., Geoffrey M.B. Tootell, Lynn E. Browne, and James McEneaney, “Mortgage Lending in Boston: Interpreting HMDA Data.” *American Economic Review* 86(1996): 25–53.

13. Urban Poverty: The Role of Neighborhoods

We review poverty trends and consider reasons why neighborhood economic and social characteristics might shape the life chances of residents. We discuss how to measure neighborhood effects and review the latest evidence. Finally, we evaluate alternative policies to improve the lives of poor families living in cities.

Required Readings/Videos

- Chetty, Raj, Nathan Hendron, and Lawrence Katz. “The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project.” *American Economic Review* 106(2016): 855-902.
- Ellen, Ingrid Gould, and Margery Austin Turner, “Does Neighborhood Matter? Assessing Recent Evidence.” *Housing Policy Debate* 8(4): 833–866. (Read quickly, focus on reasons for why neighborhoods matter.)
- Sanbonmatsu, Lisa et al., “The Long-Term Effects of Moving to Opportunity on Adult Health and Economic Self-Sufficiency” *Cityscape* 14(2012): 109–136.
- Sharkey, Patrick, Ingrid Gould Ellen, Johanna Lacoë, and Amy Ellen Schwartz. “High Stakes in the Classroom, High Stakes on the Street: The Effects of Community Violence on Students’ Standardized Test Performance.” *Sociological Science* 2015.

News and Analysis:

- Glaeser, Edward L., “Places, People, Policies: An Agenda for America’s Urban Poor.” *Harvard Magazine* (Nov/Dec 2000): 34–35.

Supplementary

- Chyn, Eric. “Moved to Opportunity: The Long Run Effects of Public Housing Demolition on Children.” *American Economic Review* 2018, 108(10): 3028–3056
- Holzer, Harry J., “Black Employment Problems: New Evidence, Old Questions.” *Journal of Policy Analysis and Management* 13(1994): 699–722.
- Kling, Jeffrey R., Jeffrey B. Liebman, and Lawrence F. Katz, “Experimental Analysis of Neighborhood Effects.” *Econometrica* 75(2007): 83–119.
- O’Regan, Katherine and John M. Quigley, “Spatial Effects on Employment Outcomes: The Case of New Jersey Teenagers.” *New England Economic Review* (May/June 1996): 41–58.
- Phillips, David. “Do Low-Wage Employers Discriminate Against Applicants with Long Commutes? Evidence from a Correspondence Experiment.” *Journal of Human Resources* 55(2020): 864-901.

14. Looking to the Future

In this last class, we consider looming challenges to the future of cities such as global pandemics, working from home, and employment polarization. We consider the benefits and costs of urban density and what it means for the future of cities and their residents.

Required Readings/Videos

Autor, David. “The Faltering Urban Opportunity Escalator.” Aspen Institute Economic Strategy Group. 2020.

Duranton, Gilles, and Jessie Handbury. “COVID and Cities, Thus Far.” *Economic Policy Review* 29 (2023): pp. 6-11.

Glaeser, Edward L., “Demand for Density? The Functions of the City in the 21st Century.” *The Brookings Review* (2000): 12–15.

Gupta, Arpit, Vrinda Mittal, Jonas Peeters, and Stijn Van Nieuwerburgh, 2021. “Flattening the Curve: Pandemic-Induced Revaluation of Urban Real Estate,” *Journal of Financial Economics* 146 (2022), Introduction.

News and Analysis:

Porter, Eduardo, “Coronavirus Threatens the Luster of Superstar Cities” *New York Times*, July 21, 2020.

Required Videos/Podcasts:

“[The Economics of Cities](#),” On Cities Masterclass Series, The Norman Foster Foundation, April 21, 2021.

Optional Podcasts/Videos:

“Are Cities Over-rated?” Planet Money, June 14, 2019.

“*The Future of Cities After COVID-19.*” *Wall Street Journal Video*.

Supplementary

Duranton, Gilles, and Jessie Handbury. “COVID and Cities, Thus Far.” *Economic Policy Review* 29 (2023): 6-52.

Glaeser, Edward L. and Jesse M. Shapiro, “Cities and Warfare: The Impact of Terrorism on Urban Form.” *Journal of Urban Economics* 51(2002): 205–224.

Gupta, Arpit, Vrinda Mittal, Jonas Peeters, and Stijn Van Nieuwerburgh, 2021. “Flattening the Curve: Pandemic-Induced Revaluation of Urban Real Estate,” *Journal of Financial Economics* 146 (2022): 594-636.

Moretti, Enrico. *The New Geography of Jobs*. New York, NY: Houghton Mifflin Harcourt, 2012. (Chapter 7. The new human capital century.)