New York University
Robert F. Wagner Graduate School of Public Service

P11.2608: Urban Economics
Fall 2009

Tuesday 6:45 – 8:25 PM
Silver Building, Room 509

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Course Description
The field of urban economics addresses a wide variety of questions and topics. At the most general level, the field introduces space into economic models and studies the location of economic activity. Urban economics typically addresses four sets of questions, and this course is organized around these four areas.

1. The first set of questions focuses on the development of urban areas. Why do cities exist, why do they grow, and why do some grow more rapidly? How can local governments encourage such growth?

2. 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?

3. The third set of questions concerns the spatial aspects of local government policy and explores the inter-relationships between city and suburban governments.

4. Finally, we will study the spatial dimensions of urban problems. In this class, we will focus on housing, poverty, and inner-city economic development.

Course Prerequisites
Students must have completed P11.1018 (Microeconomics) and should have taken or be taking P11.1101 (Statistical Methods) concurrently. Some of the homework assignments will ask you to use excel, so please brush up on your basic excel skills if needed.
Course Requirements

Students are expected to complete all required readings before class each week. All students must complete three take-home assignments, an in-class midterm exam, and a take-home final exam. The assignments will combine problems, data analysis (using Excel), and brief essays on urban issues. I encourage you to work together on the assignments, but you must submit individual write-ups. The take-home assignments will be graded on a pass-fail basis. Class participation is strongly encouraged.

Grading

All requirements must be completed by the dates specified below or they will not be counted towards the final grade. No late assignments can be accepted – no exceptions. Borderline grades may be adjusted on the basis of class participation and attendance.

1. First assignment (5% of final course grade)
   Due in class 4, Tuesday, September 29
2. Second assignment (5% of final course grade)
   Due in class 7, Tuesday, October 20
3. Third assignment (5% of final course grade)
   Due in class 9, Tuesday, November 3
4. In-Class Midterm Exam (40% of final course grade)
   Class 10, Tuesday, November 10
5. Final Take-Home Exam (45% of final course grade)
   Due: Tuesday, December 15

Readings

All readings are required, unless noted as supplementary. The readings include select chapters from two textbooks:


Students do not need to purchase both textbooks in their entirety. Assigned chapters from O’Sullivan are available as a customized text in either e-book or print format. Assigned chapters from O’Flaherty have been compiled as a course packet. Both books are available in print format at the NYU Professional Bookstore on LaGuardia Place. Instructions for purchasing the O’Sullivan e-book are posted on Blackboard.

Other required articles are posted on the course Blackboard site, which you can find at http://classes.nyu.edu/. If you have not activated your NYU account or have forgotten your password, you can activate or change your password at http://start.nyu.edu. Once you have gained access to the website, please change your email address to the address you use most often by going to “Tools” and then “Personal Information.” I will use the email list on Blackboard to post notices and send important information throughout the semester.
Class Schedule and Reading List
[Note: Asterisk * indicates assignment due at beginning of class]

Part I: Market Forces in the Development of Cities

1. Introduction: What is a City and Why Do They Exist? (September 8)

O’Sullivan, Chapter 1.
O’Flaherty, Chapters 1 and 2.

Supplementary

2. What Drives Urban Economic Growth? (September 15)


Supplementary
3. Who Benefits from Economic Growth? (September 22)

O’Flaherty, Chapter 18, pp. 517-531.

**Supplementary**

4. Urban Economic Growth and State and Local Policy (September 29)*

O’Flaherty, Chapter 18, pp. 531-551.

**Supplementary**
Part II: Land Rent and Land-Use Patterns with Metropolitan Areas

5. Introduction to Land Rent and Land Use (October 6)

O’Sullivan, Chapter 6.

Supplementary

6. Land Use Patterns and Causes of Suburbanization (October 13)

O’Sullivan, Chapter 7.

Supplementary
O’Flaherty, Chapters 3 and 6.

7. Overview of Local Government (October 20)*

O’Sullivan, Chapter 15.
Supplementary

8. The Economics of Zoning (October 27)

O’Sullivan, Chapter 9.

Supplementary
Downs, Anthony, New Visions for Metropolitan America (Brookings Institution Press, 1994).
O’Flaherty, Chapter 8.

9. The Economics of Housing Markets (November 3)*

O’Flaherty, Chapter 13.

Supplementary
O’Sullivan, Chapter 13.

10. IN-CLASS MIDTERM EXAM: Tuesday, November 10th
Part III: Economics of Urban Problems

11. Suburbanization and Sprawl: An Assessment (November 17)


Supplementary:

12. Race and Housing (November 24)

O’Flaherty, Chapter 12.

Supplementary
13. Urban Poverty: The Role of Space (December 1)

O’Sullivan, Chapter 8.

Supplementary

14. Looking to the Future (December 8)


Supplementary