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

URLP-GP.2608.1-001: Urban Economics
Spring 2012

Tuesdays 6:45 – 8:25 PM
Silver Building, Room 411

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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.

- 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?
- 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 spatial aspects of local government policy and explores the inter-relationships between city and suburban governments.
- Finally, we will study the spatial dimensions of urban problems. In this class, we will focus on housing, race, 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. Class attendance is expected unless absence is excused in advance. All students must complete three assignments, an in-class midterm exam, and two policy memos. 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 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 will be accepted – no exceptions. Borderline grades may be adjusted on the basis of class participation and attendance.

1. First assignment (5% of final grade)  
   Due in class 4, Tuesday, February 14
2. Second assignment (5% of final grade)  
   Due in class 7, Tuesday, March 6
3. Third assignment (5% of final grade)  
   Due in class 9, Tuesday, March 27
4. In-Class Midterm Exam (40% of final grade)  
   Class 10, Tuesday, April 3
5. First policy memo (20% of final grade)  
   Due in class 12, Tuesday, April 17
6. Second policy memo (25% of final grade)  
   Due at Noon on Tuesday, May 8

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

Students DO NOT need to purchase either book in its entirety. Assigned chapters from each text are available in print form at the NYU Professional Bookstore at 726 Broadway. Chapters from O’Sullivan are available as a customized text, and the O’Flaherty chapters have been compiled as a course pack. O’Sullivan may also be purchased as an e-book (see instructions posted on the course Blackboard site). Other required articles are also posted on Blackboard under Course Documents, along with many of the supplemental readings. These supplemental articles are there for your interest and are purely optional.

NOTE: please be sure to change your email address on Blackboard to the address you use most often by going to “Tools” and then “Personal Information.” I will use this email list 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? (January 24)

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

Supplementary

2. What Drives Urban Economic Growth? (January 31)


Supplementary
O’Sullivan, Chapter 3.

3. Why Do We Care About Economic Growth? (February 7)
O’Flaherty, Chapter 18, pp. 517-531.

Supplementary

4. Urban Economic Growth and State and Local Policy (February 14)*
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 (February 21)

O’Sullivan, Chapter 6.
O’Sullivan, Selections from Chapter 7, Appendix, pp. 193-201.

Supplementary
Cohen, Jeffrey P., and Cletus C. Coughlin, “An Introduction to Two-Tiered Taxation
of Land and Buildings,” Federal Reserve Bank of St. Louis Review May/June
http://www.research.stlouisfed.org/publications/review/05/05/CohenCoughlin.pdf
Netzer, Dick, Land Value Taxation: Can and Will it Work Today? (Lincoln Institute

6. Land Use Patterns and Causes of Suburbanization (February 28)

O’Sullivan, Chapter 7.
Bertaud, Alain, “The Spatial Organization of Cities: Deliberate Outcome or
Unforeseen Consequence?” Working Paper, Institute of Urban and Regional
Development, University of California at Berkeley (2004), pp. 1-16.
Mieszkowski, Peter, and Edwin S. Mills, “The Causes of Metropolitan

Supplementary
Angel, Shlomo, with Jason Parent, Daniel L. Civco, and Alejandro M. Blei, “Making
Room for a Planet of Cities.” Lincoln Institute of Land Policy (2011),
Cambridge, MA. [Note: A section may be assigned as required reading]
Ellen, Ingrid Gould, Amy Ellen Schwartz and Ioan Voicu, “The Impact of Business
Improvement Districts on Property Values: Evidence from New York City.”
Furman Center for Real Estate and Urban Policy (May 2007).
Glaeser, Edward L., and Matthew E. Kahn, “Decentralized Employment and the
Transformation of the American City.” Brookings-Wharton Papers on Urban
Glaeser, Edward, Matthew Kahn, and Jordan Rappaport, “Why Do the Poor Live in
O’Flaherty, Chapters 3 and 6.
7. Overview of Local Government (March 6)*

O’Sullivan, Chapter 15.

Supplementary

8. The Economics of Zoning (March 20)

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 (March 27)*
   O’Flaherty, Chapter 13.

Supplementary

10. IN-CLASS MIDTERM EXAM - Tuesday, April 3rd

**Part III: Economics of Urban Problems**

11. Suburbanization and Sprawl: An Assessment (April 10)

Supplementary:

12. Race and Housing (April 17) (*FIRST POLICY MEMO DUE*)

O’Flaherty, Chapter 12.


Supplementary


13. Urban Poverty: The Role of Space (April 24)


**Supplementary**


**14. Looking to the Future (May 1)**


**Supplementary**

