Instructor Information

- **Section 1:**
  - Ingrid Ellen
  - Email: ingrid.ellen@nyu.edu
  - Office Address: 295 Lafayette St., Room 3097
  - Office Hours: Monday 4-5:30 or by appointment
- **Section 2:**
  - Robert Collinson
    - Email: rcollinson@nyu.edu
    - Office Hours: Tuesday 4:00-5:30 or by appointment
  - David Quart
    - Email: daq200@nyu.edu
    - Office Hours: Tuesday 8:30-9:30 or by appointment

Course Information

- **Class Meeting Times and Locations:**
  - Section 1: Monday 9:00–10:40am; GCASL, Room 269
  - Section 2: Tuesday 6:45–8:25pm; Silver 509
- **Tutor:**
  - Catherine Zinnel
    - Email: cz607@nyu.edu
    - Office Hours: Thursday 4:30-6:00pm, Puck 3045
- **For administrative matters, please contact:**
  - Catherine Falzone
    - Email: catherine.falzone@nyu.edu
Course Prerequisites

Students should have completed CORE-GP 1018 (Microeconomics) and should have taken or be taking CORE-GP 1101 (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. In this class, we will focus on poverty, racial segregation, and suburban sprawl.

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. Examine the costs of urban sprawl and justify different policies to address it.
10. 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.
11. Write clear economic arguments advocating for policies to address such challenges as suburban sprawl, urban poverty, and racial segregation.
12. Identify challenges facing cities in the future and how cities can manage them.

Assignments and Evaluation

There are four take-home assignments, an in-class mid-term 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 will be graded pass-fail, but the
midterm and policy memo will be graded on a scale (see below).

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Due Date</th>
<th>% of Grade</th>
<th>Objectives Assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>First Assignment</td>
<td>Feb 18/19</td>
<td>5%</td>
<td>1, 2</td>
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<tr>
<td>Second assignment</td>
<td>March 11/12</td>
<td>5%</td>
<td>3, 4, 5</td>
</tr>
<tr>
<td>Third assignment</td>
<td>April 1/2</td>
<td>5%</td>
<td>6, 7, 8</td>
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<tr>
<td>Midterm exam</td>
<td>April 8/9</td>
<td>50%</td>
<td>1, 2, 3, 4, 5, 6, 7, 8, 11</td>
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<tr>
<td>Fourth assignment</td>
<td>April 22/23</td>
<td>5%</td>
<td>9, 10</td>
</tr>
<tr>
<td>Policy memo</td>
<td>May 6/7</td>
<td>30%</td>
<td>9, 10, 11, 12</td>
</tr>
</tbody>
</table>

**Required Readings**

All readings are required, unless noted as supplementary. Students are expected to do the
reading each week before class. The readings include chapters from two textbooks:


Students do NOT need to purchase either book in its entirety. The O’Sullivan chapters are in a
customized text available for sale at the NYU Bookstore. The customized text may also be
purchased as an e-book (see instructions posted on the course NYU Classes site. The
O’Flaherty book is available in full online through the NYU Library (you may need to be logged
in to NYU Home to access):
https://ebookcentral.proquest.com/lib/nyulibrary-ebooks/detail.action?docID=3300089#

Other required readings for the class are posted on NYU Classes. 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 of you and how to abide by the academic code, you
should consult with us. For this particular course, there are some specific behaviors required to
meet our standards of academic integrity:

- **Assignments**: While we strongly encourage all students to work in groups, the final write up of
  assignments must be done individually with no sharing of written answers.
- **Exams**: All exams must be the sole work of the individual student.
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:

<table>
<thead>
<tr>
<th>Letter Grade</th>
<th>Points</th>
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</thead>
<tbody>
<tr>
<td>A</td>
<td>4.0</td>
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<tr>
<td>A-</td>
<td>3.7</td>
</tr>
<tr>
<td>B+</td>
<td>3.3</td>
</tr>
<tr>
<td>B</td>
<td>3.0</td>
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<tr>
<td>B-</td>
<td>2.7</td>
</tr>
<tr>
<td>C+</td>
<td>2.3</td>
</tr>
<tr>
<td>C</td>
<td>2.0</td>
</tr>
<tr>
<td>C-</td>
<td>1.7</td>
</tr>
<tr>
<td>F</td>
<td>0.0</td>
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</table>
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

<table>
<thead>
<tr>
<th>Week</th>
<th>Section 1 Date</th>
<th>Section 2 Date</th>
<th>Topic</th>
<th>Deliverable</th>
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<tbody>
<tr>
<td>Week 1</td>
<td>January 28</td>
<td>January 29</td>
<td>Introduction to Course and Cities</td>
<td></td>
</tr>
<tr>
<td>Week 2</td>
<td>February 4</td>
<td>February 5</td>
<td>What Drives Urban Economic Growth?</td>
<td></td>
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<tr>
<td>Week 3</td>
<td>February 11</td>
<td>February 12</td>
<td>Why Do We Care About Economic Growth?</td>
<td></td>
</tr>
<tr>
<td>Week 4</td>
<td>February 18</td>
<td>February 19</td>
<td>Policies to Promote Urban Growth</td>
<td>Assignment 1 due in class</td>
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<tr>
<td>Week 5</td>
<td>February 25</td>
<td>February 26</td>
<td>Introduction to Land Rent and Land Use</td>
<td></td>
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<tr>
<td>Week 6</td>
<td>March 4</td>
<td>March 5</td>
<td>Residential Land Use Patterns</td>
<td></td>
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<tr>
<td>Week 7</td>
<td>March 11</td>
<td>March 12</td>
<td>Overview of Local Government</td>
<td>Assignment 2 due in class</td>
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<tr>
<td></td>
<td>March 18</td>
<td>March 19</td>
<td>SPRING BREAK - NO CLASS</td>
<td></td>
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<tr>
<td>Week 8</td>
<td>March 25</td>
<td>March 26</td>
<td>The Economics of Zoning and Land Use Regulations</td>
<td></td>
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<tr>
<td>Week 9</td>
<td>April 1</td>
<td>April 2</td>
<td>Economics of Housing Markets</td>
<td>Assignment 3 due in class</td>
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<tr>
<td>Week 10</td>
<td>April 8</td>
<td>April 9</td>
<td>MIDTERM</td>
<td>In-class midterm</td>
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<tr>
<td>Week 11</td>
<td>April 15</td>
<td>April 16</td>
<td>Debating Suburbanization and Sprawl</td>
<td></td>
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<tr>
<td>Week 12</td>
<td>April 22</td>
<td>April 23</td>
<td>Race and Housing</td>
<td>Assignment 4 due in class</td>
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<tr>
<td>Week 13</td>
<td>April 29</td>
<td>April 30</td>
<td>Urban Poverty: The Role of Neighborhoods</td>
<td></td>
</tr>
<tr>
<td>Week 14</td>
<td>May 6</td>
<td>May 7</td>
<td>The Future of Cities</td>
<td>Policy memo due in class</td>
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</table>
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 introduce the core tenets of urban economics and introduce the notion of agglomeration economies.

Readings
O’Sullivan, Chapter 1.
O’Flaherty, Chapters 1 and 2.
Demographia, “Definition of Urban Terms.”

Supplementary

2. What Drives Urban Economic Growth?

We discuss the mechanisms that lead to agglomeration of economic activity. To understand why cities grow, we study the drivers of labor demand and labor supply. We set out to understand the history of New York City using economic models, and finally consider determinants of urban growth in the contemporary United States.

Readings

Supplementary


3. Why Do We Care About Economic Growth?

We study whether increases in city population and employment lead to improvements in the standard of living and well-being of the population. We discuss the consequences of wage and rent differentials across cities, how they lead to migration flows, and why differences in standard of living persist. We also consider how answers may differ in developing country context.

Readings


Supplementary


4. Urban Economic Growth and State and Local Policy

We explore which local economic development strategies are most likely to create jobs and boost tax revenue. We distinguish between demand- and supply-led growth. Demand-side strategies aim at attracting jobs, while supply-side strategies focus on attracting people.

Readings

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

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.

Readings

O’Sullivan, Chapter 6.


Supplementary


6. Residential Land Use Patterns and Their Causes

We expand the monocentric model to include residential location choice. Since land and housing markets are heavily regulated, we study the effects of land use regulation. We use the model to try to understand suburbanization in the U.S. and other contexts.

Readings

O’Sullivan, Chapter 7.

Supplementary

O’Flaherty, chapters 3 and 6.

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.

Readings

O’Sullivan, Chapter 15.

8. The Economics of Zoning and Land Use Regulations

What is 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?

Readings
O’Sullivan, Chapter 9.


Supplementary
O’Flaherty, Chapter 8.

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.

Readings
O’Flaherty, Chapter 13 (through page 376).


Supplementary


10. IN-CLASS MIDTERM – April 8 and April 9

Part III: Economics of Urban Problems

11. Urban Sprawl and the Challenges of Urban Growth

We discuss how to define urban sprawl and debate whether it represents a market failure. We consider the winners and losers and evaluate approaches to counteract it.

Readings


Supplementary

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.

Readings

O’Flaherty, Chapter 12.


Supplementary

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.

Readings


Supplementary


14. Looking to the Future

In this last class, we consider three looming challenges to the future of cities: autonomous vehicles, sea level rise, and economic polarization. We consider what these trends mean to the vitality and spatial organization of cities and the role that they play in the national economy.

Readings


Supplementary
