

University of Washington
Department of Urban Design and Planning/Evans School of Public Policy & Governance
Spring 2017

PUBPOL 561/URBDP 561

Urban Economics and Public Policy

INSTRUCTOR: Professor Qing Shen
Office: 410 Gould Hall; Phone: 206-685-3937; Email: qs@uw.edu

TA: Feiyang Sun (PhD student in Urban Design and Planning)
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LECTURES: Monday 6:00—8:50 PM; Classroom: 110 Gould Hall

OFFICE HOURS: Wednesday 10:00—Noon or by appointment
Office: 410E Gould Hall

TA OFFICE HOURS: Monday 4:00—6:00 PM or by appointment
Office: 12C Gould Hall (in the basement next to Digital Commons)

Course Description

This course introduces students to the fundamentals of urban economics and offers students an opportunity to explore current urban planning and policy issues by applying the concepts and tools of urban economics. The first half of the course consists of theoretical and empirical examinations of: (1) the location decisions of firms and households and how these decisions cause the development of cities, (2) land rent and the spatial distribution of economic activities and population groups within cities, and (3) the spatial aspects of urban poverty. These topics are essential for understanding the role of market forces in the formation and evolution of cities. They also provide an intellectual basis for defining the role of planning and policy in shaping the urban future. The second half of the course explores approaches to selected urban planning and policy problems. It addresses issues related to urban transportation, smart growth, and smart cities. In addition, it explores emerging challenges and opportunities for urban planning and policy.

Requirements and Grading

Students will be required to complete **two problem sets, a mid-term exam, and a term paper**. Final grades will be weighted as follows:

| | |
|----------------------|-----|
| Problem Sets: | 20% |
| Mid-term Exam: | 35% |
| Term Paper: | 35% |
| Class Participation: | 10% |

Assignments and term paper must be submitted by their due dates (*Digital copy only*, submitted to Canvas).

Mid-term exam will be *closed book*.

Prerequisite

Successful completion of an introductory microeconomics course, or permission of the instructor.

Required Text

O'Sullivan, Arthur. 2012. *Urban Economics*. 8th edition. New York: McGraw-Hill Irwin. (7th edition is okay too!)

A large portion of the required readings for the course will be from this textbook. Copies of this book are available in the University Bookstore.

Books and Readings on Reserve (in the Built Environments Library)

Glaeser, E. 2011. *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier*. New York: Penguin Press.

Mathur, S. 2014. *Innovation in Public Transport Finance: Property Value Capture*. Ashgate Publishing, Ltd.

O'Flaherty, B. 2005. *City Economics*. Harvard University Press.

Course Outline

| Date | Topics | Assignment (due in class) |
|-------------|---|--|
| M, 3/27 | Introduction <ul style="list-style-type: none">▪ Course Overview▪ Concepts of City, Urban Area, and Metropolitan Area▪ Why Do Cities Exist? | |
| M, 4/3 | Firm Location Decisions <ul style="list-style-type: none">▪ Where Do Cities Develop?▪ Why Do Firms Cluster? | Assignment #1 distributed |
| M, 4/10 | Urban Growth <ul style="list-style-type: none">▪ The System of Cities▪ Urban Economic Growth | |
| M, 4/17 | Land Rent and Urban Land Use <ul style="list-style-type: none">▪ Land Rent and Land Use▪ Land Use in the Monocentric City | Assignment #1 due Assignment #2 distributed |
| M, 4/24 | Spatial Aspects of Urban Poverty <ul style="list-style-type: none">▪ Neighborhood Choice, Sorting, and Segregation▪ Suburbanization and Industrial Transformation▪ Spatial Mismatch? | Term paper assigned |
| M, 5/1 | Urban Transportation <ul style="list-style-type: none">▪ Autos | Assignment #2 due |

| | | |
|---------|--|--|
| | ▪ Public Transit | |
| M, 5/8 | Mid-term Exam (closed book, in class) | Please do not miss it! |
| M, 5/15 | Integrating Transportation and Land Use <ul style="list-style-type: none"> ▪ Land Use-Transportation Connection ▪ Restructuring Urban Space through Planning and Policy | Abstract of term paper due |
| M, 5/22 | Shaping Urban Future <ul style="list-style-type: none"> ▪ Implications of Climate Change for Planning and Policy ▪ Smart Growth and Smart Cities | Brief presentation of term paper ideas |
| M, 5/29 | No Class – University Holiday | |
| M, 6/5 | No Class – Final Examination Week | Work on term paper |
| W, 6/7 | End of Class | Term paper due by 5PM |

Readings

Readings that are journal articles can be located through the University’s E-journals. Other required readings will be available in the course pages on Canvas. Supplementary readings may be provided later in the spring quarter.

(Note: *Readings marked by ** are required.*)

3/27 Introduction

- ** O’Sullivan, chapter 1
- ** O’Sullivan, chapter 2
- ** O’Sullivan, chapter 3
- ** O’Sullivan, appendix (*for students who need to review microeconomics*)

** Quigley, John M. 1998. Urban Diversity and Economic Growth. *Journal of Economic Perspectives*, 12: 127-138.

Carlino, G. A., S. Chatterjee, and R. M. Hunt. 2007. Urban Density and the Rate of Invention. *Journal of Urban Economics*, 61: 389-419.

Economist, 2007. The World Goes to Town. *Economist* 3 May 2007.
<http://www.economist.com/node/9070726/>

Yeates, M. 1998. *The North American City*. Chapter 2. New York: Longman. pp. 33-42.

4/3 Firm Location Decisions

- ** O’Sullivan, 5th edition, chapter 4
- ** Puga, Diego. 2010. The Magnitude and Causes of Agglomeration Economies. *Journal of Regional Science* 50(1):203-19.

Davis, D. R. and D. E. Weinstein. 2002. Bones, Bombs, and Break Points: The Geography of Economic Activity. *The American Economic Review*, 92: 1269-1289.

Flores, R. G. and R. V. Aguilera. 2007. Globalization and Location Choice: An Analysis of US Multinational Firms in 1980 and 2000. *Journal of International Business Studies*, 38: 1187-1210.

Saxenian, AnnaLee. 1996. Inside-Out: Regional Networks and Industrial Adaptation in Silicon Valley and Route 128. *Cityscape* 2(2): 41–60.
<http://www.huduser.org/Periodicals/CITYSCPE/VOL2NUM2/saxenian.pdf>

Yeates, M. 1998. *The North American City*. Chapter 2. New York: Longman. pp. 42-59.

4/10 Urban Growth

** O’Sullivan, chapter 4

** O’Sullivan, chapter 5

Bartik, Timothy J. 1990. The Market Failure Approach to Regional Economic Development Policy. *Economic Development Quarterly* 4(4): 361–70.

Greenstone, M. and E. Moretti. 2003. *Bidding for Industrial Plants: Does Winning a ‘Million Dollar Plant’ Increase Welfare?* NBER Working Paper 9844.
<http://www.nber.org/papers/w9844>

O’Flaherty, B. 2005. *City Economics*. Harvard University Press. Chapter 18.

Shearmur, R. and M. Polèse. 2007. Do Local Factors Explain Local Employment Growth? Evidence from Canada, 1971–2001. *Regional Studies*, 41: 453-471.

4/17 Land Rent and Urban Land Use

** O’Sullivan, chapter 6

** O’Sullivan, chapter 7

Alonso, W. 1964. *Location and land use. Toward a general theory of land rent*. Harvard University Press.

Brueckner, J. K., J. F. Thisse, and Y. Zenou. 1999. Why Is Central Paris Rich and Downtown Detroit Poor? An Amenity-Based Theory. *European Economic Review*, 43: 91-107.

LeRoy, Stephen, and Jon Sonstelie. 1983. Paradise Lost and Regained: Transportation Innovation, Income, and Residential Location. *Journal of Urban Economics* 13:67-89.

Morris, J. M., P. L. Dumble, and M. R. Wigan. 1979. Accessibility Indicators for Transportation Planning. *Transportation Research A*, 13: 91-109.

O'Flaherty, B. 2005. *City Economics*. Harvard University Press. Chapter 6.

4/24 Spatial Aspects of Urban Poverty

** O'Sullivan, chapter 8

** Kasarda, J. 1995. "Industrial Restructuring and Changing Location of Jobs", in R. Farley, ed. *State of the Union: America in the 1990s, Volume I: Economic Trends*. New York: Russel Sage Foundation. pp. 215-267.

** Shen, Q. 2001. A Spatial Analysis of Job Openings and Access in a U.S. Metropolitan Area. *Journal of the American Planning Association*, 67: 53-68.

Mieszkowski, P and E. Mills. 1993. The Causes of Metropolitan Suburbanization. *Journal of Economic Perspectives*, 7: 135-149.

Pendall, Rolf, Christopher Hayes, Arthur (Taz) George, Zach McDade, Casey Dawkins, Jae Sik Jeon, Eli Knaap, Evelyn Blumenberg, Gregory Pierce, and Michael Smart. 2014. *Driving to Opportunity: Understanding the Links among Transportation Access, Residential Outcomes, and Economic Opportunity for Housing Voucher Recipients*. Urban Institute.

Teitz, M. B. and K. Chapple. 1998. The Causes of Inner-City Poverty: Eight Hypotheses in Search of Reality. *Cityscape* 3: 33-70.
(<http://www.huduser.org/periodicals/cityscpe/vol3num3/article3.pdf>)

Tiebout, Charles M. 1956. A Pure Theory of Local Public Expenditures. *Journal of Political Economy* 64(5):416-24.

5/1 Urban Transportation

** O'Sullivan, chapter 10

** O'Sullivan, chapter 11

** Jones, D. *Urban Transit Policy*. Upper Saddle River, NJ: Prentice Hall. pp. 1-27; 109-113.

Leape, J. 2006. The London Congestion Charge. *The Journal of Economic Perspectives*, 20: 157-176.

Nelson, P., A. Baglino, W. Harrington, E. Safirova, and A. Lipman. 2007. Transit in Washington, DC: Current Benefits and Optimal Level of Provision. *Journal of Urban Economics*, 62: 231-251.

Prud'homme, R. and J. P. Bocarejo. 2005. The London Congestion Charge: A Tentative Economic Appraisal. *Transport Policy*, 12: 279-287.

US DOT, Federal Highway Administration. Congestion Pricing: Overview. (2008). <http://www.ops.fhwa.dot.gov/publications/fhwahop08039/fhwahop08039.pdf>

Winston, C. and V. Maheshri. 2007. On the Social Desirability of Urban Rail Transit Systems. *Journal of Urban Economics*, 62: 362-382.

5/8 Mid-term Exam

Review previous readings to prepare for the exam

5/15 Integrating Transportation and Land Use

** Cervero, R. 1991. Congestion Relief: The Land Use Alternative. *Journal of Planning Education and Research*, 10: 119-129.

** Giuliano, G. 1995, "The Weakening Transportation-Land Use Connection", *Access*, No. 6, pp. 3-11.

** Gordon, P., H. Richardson, and M-J. Jun. 1991. The Commuting Paradox: Evidence from the Top Twenty. *Journal of the American Planning Association*, 57: 416-420.

** Bourne, L. S. 1992. Self-fulfilling Prophecies? Decentralization, Inner City Decline, and the Quality of Urban Life. *Journal of the American Planning Association* 58: 509-513.

** Newman, P. and J. Kenworthy 1992. Is There a Role for Physical Planners? *Journal of the American Planning Association* 58: 353-362.

Cervero, Robert, and Jin Murakami. 2009. Rail and property development in Hong Kong: Experiences and extensions. *Urban Studies* 46: 2019-2043.

Ewing, Reid, and Robert Cervero. 2010. Travel and the built environment. *Journal of the American Planning Association* 76: 265-294.

Gómez-Ibáñez, José A. et al. 2010. Driving and the Built Environment: The Effect of Compact Development on Motorized Travel, Energy Use, and CO2 Emissions. TRB Special Report 298. <http://onlinepubs.trb.org/Onlinepubs/sr/sr298.pdf>

Shen, Q. 2000. Spatial and Social Dimensions of Commuting. *Journal of the American Planning Association*, 66: 68-82.

5/22 Shaping Urban Futures

** Glaeser, E. 2011. *Triumph of the City*. New York: Penguin Press, Ch. 8.

** United States Public Interest Research Group. Millennials in Motion: Changing Travel Habits of Young Americans and the Implications for Public Policy. (2014). <http://www.uspirg.org/sites/pirg/files/reports/Millennials%20in%20Motion%20USPIRG.pdf>

** US Environmental Protection Agency. Undated. *About Smart Growth*. <https://www.epa.gov/smartgrowth/about-smart-growth>

Brown, Austin, Jeffrey Gonder, and Brittany Repac. 2014. An Analysis of Possible Energy Impacts of Automated Vehicles. In Transportation Research Board 93rd Annual Meeting, no. 14-5077.

Fagnant, Daniel, and Kara Kockelman. 2013. Preparing a Nation for Autonomous Vehicles: Opportunities, Barriers and Policy Recommendations. Eno Center for Transportation. October (2013).

Firnkorn, Jörg, and Martin Müller. 2015. Free-floating electric carsharing-fleets in smart cities: The dawning of a post-private car era in urban environments? *Environmental Science & Policy* 45: 30-40.

Rayle, Lisa, Susan Shaheen, Nelson Chan, Danielle Dai, and Robert Cervero. 2014. *App-Based, On-Demand Ride Services: Comparing Taxi and Ridesourcing Trips and User Characteristics in San Francisco*. University of California Transportation Center (UCTC)." (2014). http://76.12.4.249/artman2/uploads/1/RidesourcingWhitePaper_Nov2014Update.pdf

Shen, Q. 2000. New Telecommunications and Residential Location Flexibility. *Environment and Planning A*, Vol. 32, No. 8, pp. 1445-1463.

Academic Integrity

Students are expected to practice high standards of academic and professional honesty and integrity as required by the Student Conduct Code of the University of Washington. Visit <http://www.washington.edu/cssc/student-conduct-overview/student-code-of-conduct/> to find the Student Conduct Code.

Student Safety

Students should follow University of Washington guidelines to ensure safety on campus. For more information, go to <http://www.washington.edu/safecampus/>