Urban Economics

Proposed course syllabus

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This is a proposed syllabus for a one-semester upper-level elective. I have not yet taught this course; its design draws on my research in housing and transportation and on the structure I use in Intermediate Macroeconomics.

Course description

Why do cities exist, and why do some grow while others decline? Why does housing cost three times as much in one metro area as in another, and who pays for that gap? This course uses the tools of microeconomics and econometrics to study how people and firms choose where to locate, how land and housing markets clear, and how public policy (zoning, local taxes and schools, transportation, housing assistance, and fair housing law) shapes who lives where. Each unit begins with a question and the evidence on it, then builds the model needed to answer it.

Prerequisites: Intermediate Microeconomics and Introduction to Econometrics.

Learning goals

By the end of the course, students will be able to:

1. Use the monocentric city and spatial equilibrium models to explain patterns in rents, wages, and population across and within cities.
2. Evaluate a policy (a zoning reform, a highway, a housing voucher) by identifying who gains, who loses, and through which prices.
3. Read an empirical paper in urban economics and assess whether its research design supports its causal claim.
4. Assemble public data, analyze it in R or Stata, and present the results in writing for a policy audience.

Materials

- Jan K. Brueckner, *Lectures on Urban Economics* (MIT Press, 2011). Main text.
- Joshua Angrist and Jörn-Steffen Pischke, *Mastering 'Metrics* (Princeton University Press, 2015). Selected chapters for review.
- Edward Glaeser, *Triumph of the City* (Penguin, 2011). Selected chapters.

- Journal articles listed below, posted on the course site. Each comes with a one-page reading guide.

Assessment

Component	Weight
Problem sets (5; analytical and empirical)	20%
Reading responses (weekly, one paragraph)	10%
Midterm exam	20%
Empirical policy brief (staged)	40%
Brief presentation	5%
Participation	5%

Empirical policy brief. Each student chooses a city and a housing or land-use question it faces, then answers it with public data (American Community Survey, HMDA mortgage records, building permits, or local assessor data). The project is staged:

Stage	Week
Proposal: question, city, data sources	5
Data appendix: cleaned data, summary statistics, one figure, code	8
Full draft, exchanged for peer review	12
Final brief (2,500 words plus appendix) and replication code	Finals week

The brief is written for a city council audience; the appendix is written for an economist. Most of the learning happens in revision, which is why the deadlines are spread across the semester.

Schedule (14 weeks)

Part I. Why cities exist

Week 1. Agglomeration: why cluster? Brueckner, ch. 1. Glaeser, *Triumph of the City*, introduction.

Week 2. Spatial equilibrium across cities Roback (1982), "Wages, Rents, and the Quality of Life," *Journal of Political Economy*. Moretti, *The New Geography of Jobs*, selections.

Week 3. Inside the city: the monocentric model Brueckner, ch. 2. Bid-rent curves, density, and commuting.

Week 4. Empirical tools for urban questions Hedonic pricing, boundary discontinuities, difference-in-differences, and audit studies. Angrist and Pischke, chs. 4–5 (review). Problem set 1 is the first empirical problem set.

Part II. Housing and land markets

Week 5. Housing supply and regulation Glaeser and Gyourko (2018), "The Economic Implications of Housing Supply," *Journal of Economic Perspectives*. Proposal due.

Week 6. Housing costs and the national economy Hsieh and Moretti (2019), "Housing Constraints and Spatial Misallocation," *American Economic Journal: Macroeconomics*.

Week 7. Rent control Diamond, McQuade, and Qian (2019), "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality," *American Economic Review*. Midterm review.

Week 8. Midterm exam Data appendix due.

Part III. Who lives where

Week 9. Local public finance: taxes, schools, and capitalization Tiebout (1956), "A Pure Theory of Local Expenditures," *Journal of Political Economy*. Black (1999), "Do Better Schools Matter? Parental Valuation of Elementary Education," *Quarterly Journal of Economics*.

Week 10. Sorting, segregation, and history Card, Mas, and Rothstein (2008), "Tipping and the Dynamics of Segregation," *Quarterly Journal of Economics*. Aaronson, Hartley, and Mazumder (2021), "The Effects of the 1930s HOLC 'Redlining' Maps," *American Economic Journal: Economic Policy*.

Week 11. Discrimination in housing markets Christensen and Timmins (2022), "Sorting or Steering: The Effects of Housing Discrimination on Neighborhood Choice," *Journal of Political Economy*. Ewens, Tomlin, and Wang (2014), "Statistical Discrimination or Prejudice? A Large Sample Field Experiment," *Review of Economics and Statistics*. Optional: Young, Christensen, and West, "Does Strong Credit Overcome Racial Discrimination in Rental Housing?" (working paper). In class: students design an audit study of a local rental market, including the ethics review it would require.

Week 12. Neighborhoods and opportunity Chetty, Hendren, and Katz (2016), "The Effects of Exposure to Better Neighborhoods on Children," *American Economic Review*. Full draft due; peer review in class.

Part IV. Policy

Week 13. Place-based housing policy Diamond and McQuade (2019), "Who Wants Affordable Housing in Their Backyard? An Equilibrium Analysis of Low-Income Property Development," *Journal of Political Economy*.

Week 14. Transportation and urban form; presentations Baum-Snow (2007), "Did Highways Cause Suburbanization?" *Quarterly Journal of Economics*. Duranton and Turner (2011), "The Fundamental Law of Road Congestion," *American Economic Review*. Brief presentations.

Finals week. Final brief and replication code due.

How the course works

Class meetings alternate between short lectures on a model and structured discussion of that week's paper. Each reading response answers three questions: What is the question? What variation identifies the answer? What evidence would change your mind? The policy brief asks students the same three questions about their own city.

Accommodations, academic integrity, and other policies will follow the institution's standard syllabus language.