

Economics 281B  
**Urban Economics II**

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This course will build on the material presented in Economics 281A by exploring a number of additional topics in urban economics. The course will follow a lecture format, drawing on the articles from the following reading list. The articles are available on-line via the hyperlinks below. Because the underlying hyperlinks for the articles are long, simply clicking on the colored text won't work. Instead, highlight the entire article title, then right click and select "open hyperlink." The reading list also includes a few chapters from my textbook, *Lectures on Urban Economics*. This book is mainly aimed at an undergraduate audience, but the assigned readings provide helpful background. The course requirement is a take-home final exam.

### **I. Freeway Congestion**

Brueckner, J., *Lectures on Urban Economics*, Ch. 5.

Yang, J., A.-O. Purevjav and S. Li, "[The Marginal Cost of Traffic Congestion and Road Pricing: Evidence from a Natural Experiment in Beijing](#)," *American Economic Journal: Economic Policy*, February 2020.

### **II. Land-Use Controls**

Brueckner, J., *Lectures on Urban Economics*, Ch. 4, sections 4.5-4.6.

Brueckner, J., "[Modeling Urban Growth Controls](#)," in A. Panagariya et al., eds., *Environmental and Public Economics: Essays in Honor of Wallace E. Oates*, 1999.

Ihlanfeldt, K., "[The Effect of Land Use Regulation on Housing and Land Prices](#)," *Journal of Urban Economics*, May 2007.

Brueckner, J. and Sridhar, K., "[Welfare Gains from Relaxing Land-Use Restrictions: The Case of India's Building Height Limits](#)," *Regional Science and Urban Economics*, November 2012.

Glaeser, E., J. Gyourko and R. Saks, "[Why is Manhattan So Expensive: Regulation and the Rise in Housing Prices](#)," *Journal of Law and Economics*, October 2005.

Brueckner, J., and R. Singh, "[Stringency of Land-Use Regulation: Building Heights in US Cities](#)," *Journal of Urban Economics*, March 2020.

### **III. Rent Control**

Brueckner, J., *Lectures on Urban Economics*, Ch. 7, section 7.2.

Downs, A., [Residential Rent Controls: An Evaluation](#), pps. 8-28.

- Gyourko, J. and Linneman, P., "Rent Controls and Rental Housing Quality: A Note on the Effect of New York City's Old Controls," *Journal of Urban Economics*, May 1990.
- Gyourko, J. and P. Linneman, "Equity and Efficiency Aspects of Rent Control: An Empirical Study of New York City," *Journal of Urban Economics*, July 1989.
- Diamond, R., T. McQuade, and F. Qian, "The Effects of Rent Control Expansion on Tenants, Landlords, and Inequality: Evidence from San Francisco," *American Economic Review*, September 2019.

#### **IV. Homelessness**

- Brueckner, J., *Lectures on Urban Economics*, Ch. 7, section 7.3.
- Honig, M. and R. Filer, "Causes of Intercity Variation in Homelessness," *American Economic Review*, March 1993.
- Jarvis, J., "Individual Determinants of Homelessness: A Descriptive Approach," *Journal of Housing Economics*, December 2015.

#### **V. Spatial Mismatch**

- Zax, J. and J. Kain, "Moving to the Suburbs: Do Relocating Firms Leave Their Black Employees Behind," *Journal of Labor Economics*, July 1996.
- Raphael, S., "The Spatial Mismatch Hypothesis and Black Youth Joblessness: Evidence from the San Francisco Bay Area," *Journal of Urban Economics*, January 1998.
- Brueckner, J. and R. Martin, "Spatial Mismatch: An Equilibrium Analysis," *Regional Science and Urban Economics*, November 1997.
- Brueckner, J. and Y. Zenou, "Space and Unemployment: The Labor-Market Effects of Spatial Mismatch," *Journal of Labor Economics*, January 2003.

#### **VI. Uncertainty and the Urban Development Process**

- Capozza, D. and R. Helsley, "The Stochastic City," *Journal of Urban Economics*, September 1990.
- Cunningham, C., "House Price Uncertainty, Timing of Development and Vacant Land Prices: Evidence for Real Options in Seattle," *Journal of Urban Economics*, January 2006.

#### **VII. Housing in the Portfolio**

- Brueckner, J., "Consumption and Investment Motives and the Portfolio Choices of Homeowners," *Journal of Real Estate Finance and Economics*, September 1997.
- Flavin, M. and T. Yamashita, "Owner Occupied Housing and the Composition of the Household Portfolio," *American Economic Review*, March 2002.

- Davidoff, T., "Labor Income, Housing Prices, and Homeownership," *Journal of Urban Economics*, March 2006.
- Sinai, T. and N. Souleles, "Owner-Occupied Housing as a Hedge Against Rent Risk," *Quarterly Journal of Economics*, May 2005.

### **VIII. Mortgage Default**

- Elul, R., et al., "What Triggers Mortgage Default?" *American Economic Review*, May 2010.
- Brueckner, J., P. Calem and L. Nakamura, "Subprime Lending and the Housing Bubble," *Journal of Urban Economics*, March 2012.

### **IX. Measuring Urban Quality-of-Life**

- Brueckner, J., *Lectures on Urban Economics*, Ch. 11.
- Roback, J., "Wages, Rents, and the Quality of Life," *Journal of Political Economy*, December 1982.
- Henderson, J.V., "Evaluating Consumer Amenities and Interregional Welfare Differences," *Journal of Urban Economics*, January 1982.
- Blomquist, G., M. Berger and J. Hoehn, "New Estimates of Quality of Life in Urban Areas," *American Economic Review*, March 1988.
- Gabriel, S. and S. Rosenthal, "Quality of the Business Environment versus Quality of Life: Do Firms and Households Like the Same Cities," *Review of Economics and Statistics*, February 2004.
- Albouy, D. and B. Lue, "Driving to Opportunity: Local Rents, Wages, Commuting, and the Sub-Metropolitan Quality of Life," *Journal of Urban Economics*, September 2015.

### **X. Social Interactions and Neighborhood Effects**

- Dietz, R., "The Estimation of Neighborhood Effects in the Social Sciences: An Interdisciplinary Approach," *Social Sciences Research*, December 2002.
- Brueckner, J., "Testing for Strategic Interaction Among Local Governments: The Case of Growth Controls," *Journal of Urban Economics*, November 1998.
- Patacchini, E., and Y. Zenou, "Juvenile Delinquency and Conformism," *Journal of Law, Economics, and Organization*, April 2012.
- Evans, W., W. Oates and R. Schwab, "Measuring Peer Group Effects: A Study of Teenage Behavior," *Journal of Political Economy*, October 1992.
- Aaronson, D., "Using Sibling Data to Estimate the Impact of Neighborhoods on Children's Educational Outcomes," *Journal of Human Resources*, Autumn 1998.
- Oreopoulos, P., "The Long-Run Consequences of Living in a Poor Neighborhood," *Quarterly Journal of Economics*, November 2003.

- Sacerdote, B., “Peer Effects with Random Assignment: Results for Dartmouth Roomates,” *Quarterly Journal of Economics*, May 2001.
- DiPasquale, D. and E. Glaeser, “Incentives and Social Capital: Are Homeowners Better Citizens,” *Journal of Urban Economics*, March 1999.
- Benabou, R., “Workings of a City: Location, Education, and Production,” *Quarterly Journal of Economics*, August 1993.

## **XI. Behavioral Effects of Urban Sprawl**

- Brueckner, J. and A. Largey, “Social Interaction and Urban Sprawl,” *Journal of Urban Economics*, July 2008.
- Eid, J., H. Overman, D. Puga and M. Turner, “Fat City: Questioning the Relationship between Urban Sprawl and Obesity,” *Journal of Urban Economics*, March 2008.

## **XII. Energy Usage in Cities**

- Glaeser, E., and M. Kahn, “Greenness of Cities: Carbon Dioxide Emissions and Urban Development,” *Journal of Urban Economics*, May 2010.
- Larson, W., F. Liu and A. Yezer, “Energy Footprint of the City: Effects of Urban Land Use and Transportation Policies,” *Journal of Urban Economics*, September-November 2012.
- Borck, R. and J. Brueckner, “Optimal Energy Taxation in Cities,” *Journal of the Association of Environmental and Resource Economists*, April 2018.

## **XIII. Quantitative Urban Models**

- Heblich, S., S. Redding and D. Sturm, “The Making of the Modern Metropolis: Evidence from London,” *Quarterly Journal of Economics*, November 2020.