

Econ 3439-010, Spring 2013  
MWF 9 AM  
FS 25

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## URBAN AND REGIONAL ECONOMICS

Urban and regional economics is one of a number of applied microeconomic field courses. The course prerequisite is **Econ 2201 (Intermediate Microeconomic Theory)**, and a semester of calculus is helpful. Each of you should review the math and microeconomics in the appendix of the text (pp. 517-528) to see if you will be comfortable with the material we'll cover.

The field of urban economics owes much to the work of geographers, historians, political scientists, sociologists, and other social scientists who have viewed cities through the lenses of their particular disciplines. Responding to the national focus on urban problems in the late 1960s and early 1970s, economists "hatched" a new field that applied the tools of microeconomics (market analysis, consumer theory, production theory, principles of public finance, etc.) to the analysis of cities. Some of the fundamental questions they have addressed include: Why do cities exist and what economic roles do they play? What forces explain the spatial pattern or "layout" of economic activities within cities? How are the various markets or sectors we see in cities (housing, commerce and industry, transportation, public services, etc.) connected, and how do they respond to various public policies (taxes, subsidies, zoning restrictions, etc.)? What are some of the underlying causes of the major problems cities face, and does economics have anything to offer in the way of workable solutions?

### The required text:

- [1] **John F. McDonald & Daniel P. McMillen, *Urban Economics and Real Estate, Second Edition*, John Wiley & Sons, Inc., 2011.**

I profess no special expertise in real estate, but the book does contain a chapter or two that should be useful to real estate students or others who have a special interest in the subject.

While most of the assigned readings will be from the text and supplemental articles, I also encourage those of you with a strong interest in the field to explore the other urban and regional econ books [2-6, below] that I've asked to be put on reserve in the library (call numbers are shown in parentheses).

On reserve in the Library:

- [2] Bish, Robert L., and Hugh O. Nourse, *Urban Economics and Policy Analysis*, HT321.B574, 1975.  
[3] Heilbrun, James, with Patrick A. McGuire, *Urban Economics and Public Policy*, HT321.H39, 1987.  
[4] Mills, Edwin S., and Bruce W. Hamilton, *Urban Economics*, HT321.M53, 1984.  
[5] O'Sullivan, Arthur, *Urban Economics*, HT321.O08, 2009.  
[6] Segal, David, *Urban Economics*, HT321.S44, 1977.

Other materials: If the text does not adequately cover a topic, I'll provide handouts or readings that will normally be emailed to you at your University email address. If I use any PowerPoint slides, I'll also email the file, but I do *not* distribute my notes or post them on the web. Those you will need to get from a fellow student who didn't miss class. The text also has some interesting end-of-chapter exercises. I won't be formally assigning these, but they may help you

to better understand the material in the text. Answers to some of the end-of-chapter questions are given on pp. 529-535).

### Course outline and readings

The following course outline gives an overview of general topics, a rough timetable, and the basic reading assignments in the text. The readings support the topics covered in class, but presentations and classroom discussions will illustrate and expand on the material in the book rather than just providing a recap. I'll cover some topics that may not receive much coverage in the text. Reading the text carefully and coming to class are complements, not substitutes. I'll email you a copy of any revisions of the syllabus.

<u>Date</u>	<u>Topics</u>	<u>Readings</u>
<b><u>Week 1</u></b>		
W 1/23	The big picture: course syllabus and overview	3-7
F 1/25	Assignment: empirical project	Handout 1
<b><u>Week 2</u></b>		
M 1/28	Urbanization patterns	8-29
W 1/30	Competing views	30-40
F 2/1	Empirical project: an example	Handout 2
<b><u>Week 3</u></b>		
M 2/4	Where to be: basic principles of location theory	41-60
W 2/6	What to do: urban hierarchies	61-76
F 2/8	Empirical project: building a model and finding data	Handout 3
<b><u>Week 4</u></b>		
M 2/11	The monocentric model of urban land use	77-97
W 2/13	Applications and extensions of the monocentric model	98-119
F 2/15	Empirical analysis of urban form: location patterns and land rents	120-158
<b><u>Week 5</u></b>		
M 2/18	Real estate concepts and issues	159-181
W 2/20	<b><u>EXAM 1 (Chapters 1-9, handouts, and other assignments)</u></b>	
F 2/22	Hand back and review Exam 1 results	
<b><u>Week 6</u></b>		
M 2/25	Urban housing markets	182-214
W 2/27	Supply-side and demand-side housing policies [Students majoring or having a special interest in real estate also should read Chapters 12-13 (pp. 234-260), but that material will not be tested.]	215-233
F 3/1	Discussion of empirical projects; <b><u>1-page research proposal due</u></b>	
<b><u>Week 7</u></b>		
M 3/4	Local public policy: Tiebout, taxes, and local public goods	261-295
W 3/6	Allowable use zoning and density zoning	Handout 4
F 3/8	Holding the city together: urban infrastructure	296-315

**Week 8**

M	3/11	Private transportation problems	316-338
W	3/13	Public transportation challenges	339-347
F	3/15	Informal oral progress reports on empirical projects	

**Week 9**     **Spring Recess (3/17 – 3/24)****Week 10**

M	3/25	Urban issues: an overview	351-360
W	3/27	Poverty, unemployment, and homelessness in the U.S. and abroad	361-393
F	3/29	Crime: causes, prevention, and rehabilitation	394-404

**Week 11**

M	4/1	Education, jobs, and migration	405-422
W	4/3	<b>EXAM 2 (Chapters 10-21, handouts, and other assignments)</b>	
F	4/5	Hand back and review Exam 2 results	

**Week 12**

M	4/8	Environmental quality: past and present	
W	4/10	Policy approaches to improving environmental quality	Handout 5
F	4/12	Verbal updates and questions on empirical projects	

**Week 13**

M	4/15	Economic base analysis	425-429
W	4/17	Neoclassical growth models and empirical studies	429-438
F	4/19	Input-output analysis and empirical studies of urban growth	438-456

**Week 14**

M	4/22	Agglomeration, technical change, and growth	457-475
W	4/24	Case studies of urban growth	475-486
F	4/26	<b><u>5-10 page final report on empirical project due</u></b>	

**Week 15**

M	4/29	Local economic development: goals and strategies	487-500
W	5/1	Case studies of economic development and evaluation	500-516
F	5/3	Urban prospects: <i>Compact City</i> and other visions of future cities	

**Week 16**

W	5/8	<b>COMPREHENSIVE FINAL EXAM (Chapters 1-11 and 14-24, handouts, and other assignments); 8:00 AM – 10:00 AM. FS 25.</b>	
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**Empirical Project**

The Internet has dramatically expanded our access to data. The purpose of this assignment is to give you some hands-on experience with a simple but useful econometric method that can be used to analyse relationships between variables. I'd like you to focus on a particular urban or regional topic (housing, transportation, public spending or taxes, labor markets, poverty, environmental quality, etc.) and develop a *model* that relates a *particular variable* of your choice (home prices,

bus ridership, police expenditures, property tax rates, unemployment rates, crime rates, pollution levels, etc.) to a *set of variables* that you believe might "explain" the observed differences in that variable across the 50 states at a point in time. This "cross-sectional" data for states is readily available at variety of Internet sites, such as: [www.statemaster.com/index.php](http://www.statemaster.com/index.php), [www.census.gov](http://www.census.gov), [www.bea.gov](http://www.bea.gov), <http://www.census.gov/compendia/statab/>, <http://www.usa.gov/Topics/Reference-Shelf/Data.shtml>, <http://www.econdata.net>, <http://einstein.library.emory.edu/econlinks.html>. If you discover other good sources of state-level data, let us know. You may want to use additional statistical methods to analyse the data (descriptive statistics, scatter-plots, correlation, etc.), but the primary and, for this project, *required technique* is *multiple linear regression analysis*. Regression analysis can be easily done with older versions of Excel or other statistical software. These will be individual projects. You certainly may discuss your project with classmates, but the work you submit must be your own. On Friday, **March 1**, I want you to submit a **1-page research proposal** that briefly describes what you plan to do: the relationship you plan to study; the specific variables you will use; specific data sources; and (briefly) why knowing more about this relationship might be useful. The proposal will not be graded, but you *must* submit one to receive a grade on the empirical project. On Friday, **April 26**, the **final report (5-10 double-spaced, typed pages including the regression output)** will be due. We'll talk more in class about the substance and format of the final report. Your grade on the final report will be based on content (reasonableness of the model) and execution (structure, grammar, spelling, etc.).

### **Exams, Grading, and Office Hours**

I'll base your course grade on your scores on: two mid-term exams (**Wed, February 20** and **Wed April 3**), the 5-10 page final report on your empirical project (due **Friday, April 26**), a comprehensive final exam (**Wednesday, May 8, 8:00-10:00 AM**), and any other problem sets or short assignments that are given. Each of the two midterms will account for about 20% of your course grade and the final will account for about 30%. The empirical study and any short assignments will determine the remainder (about 30%) of your course grade. I reserve the right to adjust these weights depending on the volume of material covered by each exam and the number of other assignments. My *office hours* this semester are **MW, 11:00 AM – 1:00 PM**, but you're welcome to stop by at other times (**Oak Hall 322**). To be sure I'm there, or to arrange a specific time to meet, call (**486-4669**) or email me: **Dennis.Heffley@uconn.edu**.

### **You already should know this, but...**

Academic Misconduct in any form is in violation of the University of Connecticut *Student Code* and will not be tolerated. This includes, but is not limited to: copying or sharing answers on tests or assignments, plagiarism, and having someone else do your assignments. Depending on the act, a student could receive an F grade on the test/assignment, F grade for the course, and could be suspended or expelled from the University. Please see the discussion of academic misconduct at: [http://www.community.uconn.edu/academic\\_misconduct\\_faq.html](http://www.community.uconn.edu/academic_misconduct_faq.html) for more details and a full explanation of the University's policies.