

Economics 120 –Urban and Regional Economics, Spring 2011

Instructor: Jon Sonstelie, jon@econ.ucsb.edu, 893-2242, North Hall 2038

Lectures: MWF, 9:00 a.m. to 9:50 a.m., HSSB 1173

Office Hours: Monday and Wednesday, 10:00 a.m. to 12:00 p.m.

Reading: The readings have been assembled in a booklet sold by the UCEN bookstore.

Exams: There will be a midterm on May 6 and a final from 9:00 a.m. to 11 a.m. on June 8. The midterm will consist of one essay question, and the final will have two questions. Answers will be scored from zero to four (F=0 and A=4).

Paper: Each student will write a paper about a neighborhood he or she selects. The paper will use data from the Census to describe residents of that neighborhood. The paper cannot exceed 15 double-spaced pages and is due on May 20. A draft of tables for the paper is due on April 24. More details about the paper and tables will be provided in lecture on April 3. Papers and the draft of tables will also be scored from zero to four.

Daily Quizzes: Each lecture will begin with a short essay question about the reading assigned for the day. Quizzes will be scored on a two point scale: 1 for satisfactory and 0 for unsatisfactory. There will be 26 quizzes in all. The aggregate score for the quizzes will be determined by your percentage of total points as follows:

Percentage	Score	Percentage	Score
80-100	4.0	55-60	2.3
75-80	3.7	50-55	2.0
70-75	3.3	45-50	1.7
65-70	3.0	40-45	1.0
60-65	2.7	0-40	0.0

Course Grade: The scores for the midterm, final, quizzes, tables, and paper will be averaged with the following weights: midterm 15%, final 30%, quizzes 15%, tables 10%, and paper 30%. This average will determine your course grade as follows:

Weighted Average	Course Grade	Weighted Average	Course Grade
3.85-4.00	A	2.15-2.50	C+
3.50-3.85	A-	1.85-2.15	C
3.15-3.50	B+	1.50-1.85	C-
2.85-3.15	B	0.50-1.50	D
2.50-2.85	B-	0.00-0.50	F

Schedule:

March 28, Monday: Introduction

March 30, Wednesday: An Introduction to Los Angeles

Jill Leovy, "Rampart's Redemption Rooted in Complex Forces," Los Angeles Times, July 13, 2006.

April 1, Friday: Census Data, Class Project
Student paper

April 4, Monday: Why Do Cities Exist?

Jane Jacobs, *The Economy of Cities*, Random House, 1969, Chapter 4, How Cities Start Growing, pp 122-144.

April 6, Wednesday: Localization Economics

Junfu Zhang, *High-Tech Start-Ups and Industry Dynamics in Silicon Valley*, Public Policy Institute of California, 2003, Chapters 1 and 2, pages 1-39.

April 8, Friday: What Limits the Growth of Cities?

Carey McWilliams, *Southern California: An Island on the Land*, 1946, Chapter VII, "Years of the Boom," pp 113-137.

April 11, Monday: City Growth and Land Values

Henry George, *Progress and Poverty*, The Modern Library, 1889, pp 282-296.

April 13, Wednesday: The Single Tax

Henry George, *Progress and Poverty*, The Modern Library, 1889, pp 402-421

April 15, Friday: Land Values and Building Heights

Roger Vincent, "Major Tower Planned in L.A.," Los Angeles Times, October 17, 2006

April 18, Monday: Population Density

Andrew Haughwout, James Orr, and David Bedoll, "The Price of Land in the New York Metropolitan Area," *Current Issues in Economics and Finance*, Federal Reserve Bank of New York, Vol 14, No. 3, April/May 2008.

- April 20, Wednesday: Household Income and Residential Location
Tom Slater, "The Downside of Upscale," Los Angeles Times, July 30, 2006.
Cara Mia DiMassa, "Developers, industry battle for L.A.'s heart," Los Angeles Times, March 19, 2007.
- April 22, Friday: Commuting Modes and Residential Location, **Tables due**
Stephen F. LeRoy and Jon Sonstelie, "Paradise Lost and Regained: Transportation Innovation, Income, and Residential Location," *Journal of Urban Economics*, Vol. 13, 1983, pp 67-89.
- April 25, Monday: Zoning
William Fischel, *The Economics of Zoning Laws*, Johns Hopkins Press, 1985, Chapter 2-4.
- April 27, Wednesday, Regulations and Housing Prices
Edward L. Glaeser, Joseph Gyourko, and Raven Saks, "Why is Manhattan so Expensive?," *Journal of Law and Economics*, Vol. 48, 2005, pp 331-360.
- April 29, Friday: Employment Subcenters.
Genevieve Giuliano and Christian Redfean, "Employment Concentrations in Los Angeles, 1980-2000," *Environment and Planning A*, Vol. 39, 2007, pp. 2935-2957.
- May 2, Monday, The Market for Public School Quality
William A. Fischel, *The Homevoter Hypothesis: How Home Values Influence Local Government Taxation, School Finance, and Land-Use Policies*, Harvard University Press, 2001, Chapter 1, "An Asset Market Approach to Local Government," pp 1 – 18.
- May 4, Wednesday: Financing California's Public Schools
Jon Sonstelie, Eric Brunner, and Kenneth Ardon, *For Better or For Worse? School Finance Reform in California*, Public Policy Institute of California, 2000, Chapters 1, 2, and 3. pp 1- 65.
- May 6, Friday: **Midterm**
- May 9, Monday: The Public School Voucher
Eric Brunner and Jon Sonstelie, "Homeowners, Property Values, and the Political Economy of the School Voucher," *Journal of Urban Economics* 54 (2003), pages 239-257.
- May 11, Wednesday: Highway Congestion
Anthony Downs, *Still Stuck in Traffic: Coping with Peak-Hour Traffic Congestion*, Brookings Institute, Washington, D.C., 2004, Chapter 10, "Peak-Hour and Other Road Pricing," and Appendix B.

- May 13, Friday: California's Urban Transportation Problem
Tracy Gordon and co-authors, *Fiscal Realities*, Public Policy Institute of California, 2007, Chapter 8, "Transportation."
- May 16, Monday: Racial Segregation
Cecilia Rasmussen, "Family Stood Up to Restrictive Covenants, Los Angeles Times, December 3, 2006.
Lynell George, "What It Is. (And What It Was)." Los Angeles Times, October 8, 2006.
- May 18, Wednesday: Racial Segregation and Unemployment
Steven Rafael, "The Spatial Mismatch Hypothesis and Black Youth Joblessness: Evidence from the San Francisco Bay Area," *Journal of Urban Economics* 43 (1998), pp. 79-111.
- May 20, Friday: Home Mortgages
Richard J. Rosen, "The Role of Securitization in Mortgage Lending," Chicago Fed Letter, November 2007.
- May 23, Monday: Renting versus Owning.
Denise DiPasquale and William C. Wheaton, *Urban Economics and Real Estate Markets*, Prentice Hall, 1996, pages 202-212.
- May 25, Wednesday: Was There a Housing Price Bubble?
Charles Himmelberg, Christopher Mayer, and Todd Sinai, "Assessing High House Prices: Bubbles, Fundamentals and Misperceptions," *Journal of Economic Perspectives* 19 (2005), pages 67-92.
- May 27, Friday: The Foreclosure Crisis, **Paper due**
Kelly D. Edmiston and Roger Zalneraitis, "Rising Foreclosures in the United States: A Perfect Storm," *Economic Review, Federal Reserve Bank of Kansas City*, Fourth Quarter 2007, pp. 115 – 146
- May 30, Monday. Memorial Day
- June 1, Wednesday: Subprime Lending
Christopher Mayer, Karen Pence, and Shane M. Sherlund, "The Rise in Mortgage Defaults," *Journal of Economic Perspectives*, Vol. 23, No. 1, 2009, pp 27-50.
- June 3, Friday: What Have We Learned?
Michael Lewis, "The End," *Portfolio.com*, Nov 11, 2008
- June 8, Wednesday: Final Exam, 9 a.m to 11 a.m.