Urban Economics and Urban Policy  
PPHA 38720  
Time and Location: TBD  
Harris School of Public Policy  
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Syllabus – preliminary; expect updates

Overview: The course is devoted to understanding the economics of cities and regions. Applications to policy are an integral part of the course and will be analyzed along with urban theoretical models. Among the topics are: fundamental model of where people live and work in a

Your grade will be based an in-class midterm in the 6th week, a final exam, and a course project. The weights are 20%, 40%, and 40%. Class participation is expected, and consists of reading the articles assigned for the class and being ready to discuss them.

Course Project: A major part of this course is a research paper which will be due at the end of the course. The course project will be on an urban policy project. The minimum group size for a team report is 4 persons. Each team will prepare a report on a topic chosen by the team that is related to urban economics. Each person on a team will receive the same grade for the team’s report.

We will examine the key roles of urban land markets, urban sprawl, urban amenities, neighborhoods, urban housing, urban transportation, hedonic analysis as a tool for explaining the value of houses and other assets, agglomeration and human capital, price-theoretic modeling of city size, location and regions. The course includes application of these concepts to major policy problems. This will be done through class lectures, class discussion, and references to class materials.

Required texts:
1. Lectures on Urban Economics, Brueckner, Jan, MIT Press, 2011
Organization:

1. Introduction
   - What is a city? Why do businesses and individuals locate there?

2. Urban amenities and residential valuation: What city characteristics do individuals value?
   - The city as a consumption center and the measurement of amenities
   - Hedonic valuation: How to value a house that has not been sold?
   - Housing Externalities: How others affect the value of my house

3. Urban population and skill sorting: Who lives where?
   - Urban wage premium and learning: Living in a city affects your wage today and in the future
   - Sorting and urban inequality

4. Congestion
   - Transportation networks
   - Commuting and the availability of workers and consumers

5. Housing and real estate
   - Real-estate trends: What determines the value of a house?
   - Regulation: The impact of regulation on business and residential real estate

6. Agglomeration Forces
   - Production Externalities: Firms learn from each other
   - Dense labor markets: Better matching between firms and workers
   - Suppliers and customers: Firms face lower overall transportation costs in cities
   - The size distribution of firms and urban migration
   - Industrial agglomeration and market concentration: Do industries cluster? What are the trends in concentration?

7. Urban growth and decline: Why it is easier to grow than to shrink?
   - Housing and land supply
   - Tiebout
   - Gentrification: Up-and-coming neighborhoods and their characteristics
   - Moving to opportunity and the investment component of location choices