This course covers the basics of land use theory, demand estimation and hedonic methods, sorting across political jurisdictions, applied econometric methods for spatial data, transport mode choice, housing, segregation, and place-based policies. Empirical examples will be taken primarily from the United States. After taking the course, students will have an understanding of standard urban theory and modern empirical methods plus an overview of empirical evidence on various important applied urban topics. In addition, students will develop an understanding of how to manipulate and analyze spatial data sets. This course will prepare students with many of the necessary tools to undertake their own research in urban economics or related fields. Matthew Turner’s course, to be offered in the Spring Semester, will cover more advanced land use theory, sources of productivity advantages of size and density, systems of cities and New Economic Geography models.

There will be 4 assignments. Problem Set 1 will give students practice in manipulating the standard urban land use model. Problem Set 2 will be empirical. Problem Set 3 will be a Matlab simulation exercise coupled with an evaluation of a theoretical paper. Assignment 4 will be a mock referee report of a paper to be provided. In addition, each student will have to present one recent job market paper of his/her choice (options indicated with “JMP” below) to the class. A final paper (proposal) will be due in January. Due dates for other assignments will be announced over the course of the semester.

Grading: 4 assignments (50%), class presentation (10%), class participation (10%) final paper (30%). Each student will present the topic of his/her final paper for 15 minutes in class at the beginning of December.

Below is the list of topics and readings. Listed are readings likely to be discussed in class (*) and other papers in the literature that may be useful. Readings will be announced before being discussed in class.

Students may wish to purchase Masahisa Fujita’s book *Urban Economic Theory*, which will serve as a textbook for much of the material in Section 1 of the course.

There will be no class on Wednesday November 12th. This class will be made up on Monday, December 8th.

Baum-Snow’s office hours are Mondays 10:30-12:30 in Robinson 302C or by appointment.
1. Land Use Theory: The Standard Monocentric City Model and Extensions


2. Cross-Market Location Equilibrium

*Albouy, David “What are Cities Worth? Land Rents, Local Productivity, and the Capitalization of Amenity Values” NBER Working Paper #14981


Suarez Serrato, Juan Carlos and Philippe Wingender. 2014. “Estimating Local Fiscal Multipliers,” manuscript. (JMP)

Wang, Zhi. 2014. “Location Choice at Labor Force Entry and New Estimates of Selection, Growth, and Level Effects from U.S. Census Data” manuscript. (JMP)


Roback, Jennifer “Wages, Rents and the Quality of Life” *Journal of Political Economy* 90 1257-1278 (Dec. 1982)

### 3. Urban Transportation and Mode Choice


Van Benthem, Arthur. “Do We Need Speed Limits on Freeways?" manuscript. (JMP)


Fujita Chapter 7


### 4. Hedonics


*Bayer, McMillan, Murphy, & Timmins, “A Dynamic Model of Demand for Houses and Neighborhoods” *American Economic Review*

*Diamond, Rebecca “The Determinants and Welfare Implications of US Workers' Diverging Location Choices by Skill: 1980-2000” manuscript. (JMP)*


Caetano, Gregorio. 2008. “Neighborhood Sorting and the Valuation of Public School Quality” manuscript (JMP)


### 5. Applied Spatial Econometrics


*Bester, C. Alan, Timothy G. Conley & Christian B. Hansen (forthcoming) “Inference with Dependent Data Using Cluster Covariance Estimators”* *Journal of Econometrics*


6. **Tiebout sorting and local public finance**


*Calabrese, Epple & Romano, “Inefficiencies from Metropolitan Political and Fiscal Decentralization: Failures of Tiebout Competition”* *Review of Economic Studies*


Fujita Chapter 6


**7. Housing**


Christopher Palmer “Why Did So Many Subprime Borrowers Default During the Crisis: Loose Credit or Plummeting Prices?” manuscript (JMP).


Keys, Mukherjee, Seru “Did Securitization Lead to Lax Screening? Evidence from Subprime Loans” *Quarterly Journal of Economics*, forthcoming

Baum-Snow, Nathaniel and Justin Marion. 2009. “The Effects of Low Income Housing Tax Credit Developments on Neighborhoods”, *Journal of Public Economics*


D. Cutler & E. Glaeser "Are Ghettoes Good or Bad?" (1997) *Quarterly Journal of Economics* 112:3 827-872
