

URBAN 561/PUBPOL 561

Urban Economics and Public Policy

INSTRUCTOR: Professor Qing Shen
Office: 410E Gould Hall; Email: qs@uw.edu

TA: Hoseok Sa (PhD student in Urban Design and Planning)
Office: 117 Gould Hall;

LECTURES: Monday & Wednesday 6:00—7:20 PM; Classroom: 110 Gould Hall

OFFICE HOUR: Tuesday 2:00—4:00 PM or by appointment

TA OFFICE HOURS: Monday 10:00—noon on Zoom or by appointment

Course Description

This course introduces students to the fundamentals of urban economics and offers students an opportunity to explore current urban planning and policy issues by applying the concepts and tools of urban economics. The first half of the course consists of theoretical and empirical examinations of: (1) the location decisions of firms and households and how these decisions cause the development of cities, (2) land rent and the spatial distribution of economic activities and population groups within cities, and (3) the spatial aspects of urban poverty. These topics are essential for understanding the role of market forces in the formation and evolution of cities. They also provide an intellectual basis for defining the role of planning and policy in shaping the urban future. The second half of the course explores economic approaches to selected urban planning and policy problems. It addresses issues related to urban transportation, smart growth, and future cities. In addition, it explores emerging challenges and opportunities for urban planning and policy.

Requirements and Grading

Students will be required to complete **two problem sets, a mid-term exam, and a term paper**. The problem sets and mid-term exam will be completed by students individually; however, students can (and are encouraged) to form 2-person teams to write the term paper. Final grades will be weighted as follows:

Problem Sets:	20%
Mid-term Exam:	35%
Term Paper:	35%
Class Participation:	10%

Assignments and term paper must be submitted by their due dates (submitted to Canvas).

Mid-term exam will be **during the regular class time**.

Prerequisite

Successful completion of an introductory microeconomics course, or permission of the instructor.

Required Text

O'Sullivan, Arthur. 2019. *Urban Economics*. 9th edition. New York: McGraw-Hill.

Here is the link for the ebook for students:

<https://www.mheducation.com/highered/product/urban-economics-o-sullivan/M9780078021787.html>

A large portion of the required readings for the course will be from this textbook. Copies of this book are available for purchase or rental online.

Books and Readings on Reserve (subject to modifications)

Glaeser, E. 2011. *Triumph of the City: How Our Greatest Invention Makes Us Richer, Smarter, Greener, Healthier, and Happier*. New York: Penguin Press.

Mathur, S. 2014. *Innovation in Public Transport Finance: Property Value Capture*. Ashgate Publishing, Ltd.

O'Flaherty, B. 2005. *City Economics*. Harvard University Press.

Course Outline

Date	Topics	Assignment
M, 3/31	Introduction (1) <ul style="list-style-type: none">▪ Course Overview▪ Review of Microeconomic Concepts	
W, 4/2	Introduction (2) <ul style="list-style-type: none">▪ Concepts of City, Urban Area, Metropolitan Area▪ Why Do Cities Exist?	
M, 4/7	Firm Location Decisions (1) <ul style="list-style-type: none">▪ Where Do Cities Develop?	Assignment #1 distributed
W, 4/9	Firm Location Decisions (2) <ul style="list-style-type: none">▪ Why Do Firms Cluster?	
M, 4/14	Urban Growth (1) <ul style="list-style-type: none">▪ The System of Cities	
W, 4/16	Urban Growth (2) <ul style="list-style-type: none">▪ Urban Economic Growth	
M, 4/21	Land Rent and Urban Land Use (1) <ul style="list-style-type: none">▪ Land Rent and Land Use	Assignment #1 due
W, 4/23	Land Rent and Urban Land Use (2) <ul style="list-style-type: none">▪ Land Use in the Monocentric City	Assignment #2 distributed

M, 4/28	Spatial Aspects of Urban Poverty (1) ▪ Neighborhood Choice, Sorting, and Segregation	Term paper assigned
W, 4/30	Spatial Aspects of Urban Poverty (2) ▪ Spatial Mismatch? ▪ Review for Midterm Exam	
M, 5/5	Urban Transportation (1) ▪ Autos	
W, 5/7	Urban Transportation (2) ▪ Public Transit	Assignment #2 due
M, 5/12	Integrating Transportation and Land Use ▪ Land Use Planning ▪ Land Use-Transportation Connection ▪ Restructuring Urban Space through Planning and Policy	
W, 5/14	Mid-term Exam (during class; two hours)	Please do <i>not</i> miss it!
M, 5/19	Shaping Urban Future (1) ▪ Urban Economics in a Complex World	Abstract of term paper due
W, 5/21	Shaping Urban Future (2) ▪ Forces That Will Reshape Cities ▪ Implications for Urban Planning and Policy	
M, 5/26	No Class – Memorial Day	
W, 5/28	Debriefing on Term Papers (up to three hours) ▪ Every student/team briefly talks about their term paper ▪ 3 minutes each, followed by 2 minutes Q&A	1-3 pages of PPT slides due by noon Brief presentation of term paper ideas
M, 6/2	No Class	Work on term paper
W, 6/4	Guest Lecture by Arthur Acolin (Housing) ▪ Housing	
M, 6/9	No Class – Final Examination Week	Work on term paper
W, 6/11	End of Class	Term paper due by 5PM

Readings

Readings that are journal articles can be located through the University's E-journals. Other required readings will be available in the course pages on Canvas. Supplementary readings may be provided later in the spring quarter.

(Note: *Readings marked by ** are required.*)

Week 1 (3/31 & 4/2) Introduction

Required Readings

****** O'Sullivan, chapters 1-4

****** O'Sullivan, 8th edition, appendix (*for students who need to review microeconomics*)

****** Quigley, John M. 1998. Urban Diversity and Economic Growth. *Journal of Economic Perspectives*, 12: 127-138.

Supplementary

Davis, J. 2024. The 2020 Census and “Urban Areas” (not to be confused with “Metro Areas”). Eno Transportation Weekly: September 15.

<https://enotrans.org/article/the-2020-census-and-urban-areas-not-to-be-confused-with-metro-areas/>

Glaeser, Edward L. 1998. “Are Cities Dying?” *Journal of Economic Perspectives*, 12(2): 139-160.

Carlino, G. A., S. Chatterjee, and R. M. Hunt. 2007. Urban Density and the Rate of Invention. *Journal of Urban Economics*, 61: 389-419.

Economist, 2007. The World Goes to Town. *Economist* 3 May 2007.

<http://www.economist.com/node/9070726/>

Yeates, M. 1998. *The North American City*. Chapter 2. New York: Longman. pp. 33-42.

United Nations, Department of Economic and Social Affairs, Population Division (2018). World Urbanization Prospects: The 2018 Revision.

<https://population.un.org/wup/>

Week 2 (4/7 & 4/9) Firm Location Decisions

Required Readings

****** O’Sullivan, chapters 5-6

****** The World Bank. 2009. World Development Report 2009, Chapter 5 and Chapter 6. *The World Bank, Washington DC*.

Supplementary

Davis, D. R. and D. E. Weinstein. 2002. Bones, Bombs, and Break Points: The Geography of Economic Activity. *The American Economic Review*, 92: 1269-1289.

Flores, R. G. and R. V. Aguilera. 2007. Globalization and Location Choice: An Analysis of US Multinational Firms in 1980 and 2000. *Journal of International Business Studies*, 38: 1187-1210.

Bresnahan, T.F., Gambardella, A., and Saxenian, A. 2001. ‘Old Economy’ Inputs for ‘New Economy’ Outcomes: Cluster Formation in the New Silicon Valleys. *Industrial and Corporate Change*, 10, 835-860.

Glaeser, E., Kerr, W., and Chatterji, A. 2013. The origins of entrepreneurship and innovation clusters. *VoxEU*.
(<https://cepr.org/voxeu/columns/origins-entrepreneurship-and-innovation-clusters>)

Amazon Chooses 20 Finalists for Second Headquarters
<https://www.nytimes.com/2018/01/18/technology/amazon-finalists-headquarters.html>

Munk, C.W. 2022. How Co-Working Spaces lead to More Innovation for Tech Startups. Wall Street Journal.
<https://www.wsj.com/articles/tech-startups-co-working-innovation-11660934420>

Week 3 (4/14 & 4/16) Urban Growth

Required Readings

****** O'Sullivan, chapters 7-8

****** Kolko, Jed. 2021. The Most Urban Counties in the U.S. Are Shrinking. New York Times, May 4.

****** Glaeser, E. and Lu, M. 2018. Human Capital Externalities in China. *VoxEU*
<https://voxeu.org/article/human-capital-externalities-china>

Supplementary

Bartik, Timothy J. 1990. The Market Failure Approach to Regional Economic Development Policy. *Economic Development Quarterly* 4(4): 361–70.

Quigley, John M. 1998. Urban Diversity and Economic Growth. *Journal of Economic Perspectives*, 12(2): 127-138.

Shearmur, R. and M. Polèse. 2007. Do Local Factors Explain Local Employment Growth? Evidence from Canada, 1971–2001. *Regional Studies*, 41: 453-471.

Robert W. Wassmer. 2008. Causes of Urban Sprawl in the United States: Auto Reliance as Compared to Natural Evolution, Flight from Blight, and Local Revenue Reliance. *Journal of Policy Analysis & Management*, 27(3), 536-555.

Puga, D. 2010. The Magnitude and Causes of Agglomeration Economies.” *Journal of Regional Science*, 50(1), 203-219.

Rosenthal, S.S. and Strange, W.C. 2020. How Close is Close? The Spatial Reach of Agglomeration Economies.” *Journal of Economic Perspectives* 34(3), 27-49.

Florida, R. 2022. Why Downtown Won't Die. Bloomberg CityLab. Aug. 17.

Week 4 (4/21 & 4/23) Land Rent and Urban Land Use

Required Readings

****** O'Sullivan, chapters 10-12

****** Land-Value Tax: Why Henry George Had a Point. 2015. *The Economist* April 2.

Supplementary

Alonso, W. 1964. *Location and land use. Toward a general theory of land rent*. Harvard University Press.

Brueckner, J. K., J. F. Thisse, and Y. Zenou. 1999. Why Is Central Paris Rich and Downtown Detroit Poor? An Amenity-Based Theory. *European Economic Review*, 43: 91-107.

LeRoy, Stephen, and Jon Sonstelie. 1983. Paradise Lost and Regained: Transportation Innovation, Income, and Residential Location. *Journal of Urban Economics* 13:67-89.

Patricia M.C., Graham, D.J., Levinson, D., and Aarabi, S. 2017. Agglomeration, Accessibility and Productivity: Evidence for Large Metropolitan Areas in the US. *Urban Studies* 54(1): 179-195.

Roback, J. 1982. Wages, Rents, and the Quality of Life. *Journal of Political Economy*, 90, 1257-1278.

The Economics of Skyscrapers: A Synthesis. 2020. Vox EU, CEPR, August 20.

Week 5 (4/28 & 4/30) Spatial Aspects of Urban Poverty

Required Readings

****** O'Sullivan, chapters 13 & 15

****** Kasarda, J. 1995. "Industrial Restructuring and Changing Location of Jobs", in R. Farley, ed. *State of the Union: America in the 1990s, Volume I: Economic Trends*. New York: Russel Sage Foundation, 215-267.

****** Shen, Q. 2001. A Spatial Analysis of Job Openings and Access in a U.S. Metropolitan Area. *Journal of the American Planning Association*, 67: 53-68.

Supplementary

Mieszkowski, P and E. Mills. 1993. The Causes of Metropolitan Suburbanization. *Journal of Economic Perspectives*, 7: 135-149.

Pendall, Rolf, Christopher Hayes, Arthur (Taz) George, Zach McDade, Casey Dawkins, Jae Sik Jeon, Eli Knaap, Evelyn Blumenberg, Gregory Pierce, and Michael Smart. 2014. *Driving to Opportunity: Understanding the Links among*

Transportation Access, Residential Outcomes, and Economic Opportunity for Housing Voucher Recipients. Urban Institute.

<https://www.urban.org/sites/default/files/publication/22461/413078-Driving-to-Opportunity-Understanding-the-Links-among-Transportation-Access-Residential-Outcomes-and-Economic-Opportunity-for-Housing-Voucher-Recipients.PDF>

Teitz, M. B. and K. Chapple. 1998. The Causes of Inner-City Poverty: Eight Hypotheses in Search of Reality. *Cityscape* 3: 33-70.

(<http://www.huduser.org/periodicals/cityscpe/vol3num3/article3.pdf>)

Novara, M. and Khare, A. 2017. *Two Extremes of Residential Segregation: Chicago's Separate Worlds & Policy Strategies for Integration*. Working Paper.

(https://www.jchs.harvard.edu/sites/default/files/a_shared_future_two_extremes_residential_segregation.pdf)

Chetty, R., Hendren, N., and Katz, F.L. 2016. The Effects of Exposure to Better Neighborhoods on Children: New Evidence from the Moving to Opportunity Project. *American Economic Review* 106, 855-902.

Miller, C.C., Katz, J., Paris, F., and Bhatia, A. 2022. Vast New Study Shows a Key to Reducing Poverty: More Friendships Between Rich and Poor. *The New York Times*. Aug. 1.

Phillips, D. 2020. Do Low-Wage Employers Discriminate Against Applicants with Long Commutes? Evidence from a Correspondence Experiment. *Journal of Human Resources*, 55, 864-901.

Week 6 (5/5 & 5/7) Urban Transportation

Required Readings

****** O'Sullivan, chapters 18-19

****** Jones, D. *Urban Transit Policy*. Upper Saddle River, NJ: Prentice Hall. pp. 1-27; 109-113.

Supplementary

US DOT, Federal Highway Administration. Congestion Pricing: Overview. (2008).
<http://www.ops.fhwa.dot.gov/publications/fhwahop08039/fhwahop08039.pdf>

Barron, J. 2022. The Pros and Cons of Congestion Pricing in Manhattan. *New York Times*, August 25.

Puget Sound Regional Council. 2022. *Regional Transportation Plan*.
<https://www.psrc.org/our-work/rtp>

Winston, C. and V. Maheshri. 2007. On the Social Desirability of Urban Rail Transit Systems. *Journal of Urban Economics*, 62: 362-382.

Brownstone, D. and Small, K.A. 2005. Valuing Time and Reliability: Assessing the Evidence from Road Pricing Demonstrations. *Transportation Research Part A*, 39(4) 279-293.

Palma, A.D. and Picard, N. 2005. Route Choice Decision under Travel Time Uncertainty. *Transportation Research Part A*, 39(4), 295-324.

Hall, Jonathan, and Joshua Madsen. 2021. Can Behavioral Interventions Be Too Salient? Evidence From Traffic Safety Messages. Working Paper, SSRN. September 10.

Sa, H, Shen, Q., Treece, B., Ashour, L., Winner, K. and Peters, T. 2025. Seattle 2024 Commute Survey. https://www.commuteseattle.com/wp-content/uploads/2025/04/Commute-Seattle_Seattle-Commute-Survey-24_FIN.pdf

Week 7 (5/12 M) Integrating Transportation and Land Use

Required Readings

****** O'Sullivan, chapter 16

****** Cervero, R. 1991. Congestion Relief: The Land Use Alternative. *Journal of Planning Education and Research* 10: 119-129.

****** Giuliano, G. 1995. The Weakening Transportation-Land Use Connection. *Access*, No. 6, pp. 3-11.

****** Gordon, P., H. Richardson, and M-J. Jun. 1991. The Commuting Paradox: Evidence from the Top Twenty. *Journal of the American Planning Association* 57: 416-420.

****** Bourne, L. S. 1992. Self-fulfilling Prophecies? Decentralization, Inner City Decline, and the Quality of Urban Life. *Journal of the American Planning Association* 58: 509-513.

****** Newman, P. and J. Kenworthy 1992. Is There a Role for Physical Planners? *Journal of the American Planning Association* 58: 353-362.

****** Cervero, Robert, and Jin Murakami. 2009. Rail and property development in Hong Kong: Experiences and extensions. *Urban Studies* 46: 2019-2043.

Supplementary

Chatman, D.G. and R. B. Noland. 2014. Transit Service, Physical Agglomeration and Productivity in US Metropolitan Areas. *Urban Studies* 51(5): 917-937.

Ewing, Reid, and Robert Cervero. 2010. Travel and the built environment. *Journal of the American Planning Association* 76: 265-294.

Gómez-Ibáñez, José A. et al. 2010. Driving and the Built Environment: The Effect of Compact Development on Motorized Travel, Energy Use, and CO2 Emissions. TRB Special Report 298.

<http://onlinepubs.trb.org/Onlinepubs/sr/sr298.pdf>

Shen, Q. 2000. Spatial and Social Dimensions of Commuting. *Journal of the American Planning Association* 66: 68-82.

Hisamitsu, S. and Wu, J. 2016. Agglomeration, Congestion, and U.S. Regional Disparities in Employment Growth. *Journal of Regional Science*, 56(1), 53-71.

Florida, R. 2016. The relationship between subways and urban growth. CityLab. (<https://www.bloomberg.com/news/articles/2016-06-02/report-the-relationship-between-subways-and-urban-growth>)

Week 7 (5/14 W) Mid-term Exam

Review previous readings to prepare for the exam

Week 8 (5/19 & 5/21) Shaping Urban Futures

Required Readings

****** Clewlow, R.R. and Mishra, G.S. 2017. Disruptive Transportation: The adoption, Utilization, and Impacts of Ride-hailing in the United States.

<https://escholarship.org/content/qt82w2z91j/qt82w2z91j.pdf>

****** Diao, M., Kong, H., and Zhao, J. 2021. Impacts of Transportation Network Companies on Urban Mobility." *Nature Sustainability*: 1-7.

<https://www.nature.com/articles/s41893-020-00678-z>

****** Guerra, E. 2016. Planning for Cars That Drive Themselves: Metropolitan Planning Organizations, Regional Transportation Plans, and Autonomous Vehicles. *Journal of Planning Education and Research* 36(2): 210–224.

<https://doi.org/10.1177/0739456X15613591>

****** Zhang, W., and Guhathakurta, S. 2018. Residential Location Choice in the Era of Shared Autonomous Vehicles. *Journal of Planning Education and Research*: 0739456X18776062.

<https://journals.sagepub.com/doi/full/10.1177/0739456X18776062>

Supplementary

Glaeser, E. 2011. *Triumph of the City*. New York: Penguin Press, Ch. 8.

Yongsung, L., Bumsoo L., and Shubho, M. 2019. Urban Revival by Millennials? Intraurban Net Migration Patterns of Young Adults, 1980–2010. *Journal of Regional Science* 59(3): 538-566.

<https://doi.org/10.1111/jors.12445>

Shen, Q. 2000. New Telecommunications and Residential Location Flexibility. *Environment and Planning A*, 32(8), 1445-1463.

Shen, Qing, Wang, Y., and Gifford, C. 2021. Exploring Partnership Between Transit Agency and Shared Mobility Company: An Incentive Program for App-Based Carpooling. *Transportation*: 1-19.

<https://link.springer.com/article/10.1007/s11116-020-10140-w>

United States Public Interest Research Group. Millennials in Motion: Changing Travel Habits of Young Americans and the Implications for Public Policy. (2014). <http://www.uspirg.org/sites/pirg/files/reports/Millennials%20in%20Motion%20USPIRG.pdf>

Week 9 (5/26 & 5/28) Debriefing on Term Papers

Search and read publications related to your own term paper topic.

Week 10 (6/2 M) No Class – Working on Your Term Paper

Work on your own term paper.

Week 10 (6/4 W) Guest Lecture by Arthur Acolin

Required Readings

****** O’Sullivan, chapter 17

Academic Integrity

Students are expected to practice high standards of academic and professional honesty and integrity as required by the Student Conduct Code of the University of Washington. Visit <http://www.washington.edu/cssc/student-conduct-overview/student-code-of-conduct/> to find the Student Conduct Code.

Student Safety

Students should follow University of Washington guidelines to ensure safety on campus. For more information, go to <http://www.washington.edu/safecampus/>