

The University of British Columbia  
Sauder School of Business  
**COMM 306 Urban Land Economics**  
Winter Term 2, 2019/2020

Professor: Chenying Yang  
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Office Hours: Wednesdays, 2-4pm, HA 351, 3-SBE

### **Class time and location**

Section 201: Mon Wed, 10-11:30, Henry Angus 434  
Section 202: Mon Wed, 11:30-1:00, Henry Angus 434

If you really cannot attend lectures for which you are registered and wish to attend the other one, please contact me in advance. You can attend up to two make-up lectures in the other section subject to availability.

### **Course description**

The field of urban economics addresses a wide variety of questions and topics. As a discipline, urban economics introduces space into economic models and studies the location of economic activity. In this course, we will study the key economic principles that govern the operation of urban land markets and the development of cities, and to show how these principles can be used to understand urban problems and public policies. The course starts by answering a set of questions that concerning the existence, development, distribution and impact of cities. Why do cities exist? How do firms and households decide where to locate? What determines the price of land and rent? Why do some cities grow more rapidly? What causes migration? With the theoretical tools, we then discuss the current urban problems like traffic congestion, sprawl, gentrification, zoning, and the role of local government in urban land markets.

### **Text**

Lecture notes will be posted online before each lecture.

The following textbooks are optional and only for reference. They are not required for exams or problem sets.

- Helsley, R. (2003) *Urban and Real Estate Economics*.
- O’Sullivan (2006) *Urban Economics* 5<sup>th</sup> edition, McGraw-Hill Higher Education.
- DiPasquale and Wheaton (1996) *Urban Economics and Real Estate Markets*.

## Class website

The class website is accessible through Canvas: <http://canvas.ubc.ca/>. Students enrolled for the class will be able to access the COMM 306 page. The class website will have multiple uses:

- Syllabus
- Lecture slides
- Sample exams
- Assignments and solutions
- Submit your assignments online
- Check your grades
- Announcements about time changes, additional office hours, etc.
- Links to readings

## Prerequisites for this class

The prerequisite for this class is COMM 295 (or ECON 301). It is essential that you have understood key ideas in microeconomics for this course. Although not a formal requirement, I expect you to know basic statistics and at least what regression is. We will cover some empirical papers that involve interpretation of regression coefficients.

## Assessments

### *Summary*

<u>Component</u>	<u>Weight</u>
Class participation	10%
Problem sets	10%
Midterm	35%
<u>Final</u>	<u>45%</u>
Total	100%

### *Details of assessments*

#### Class participation (10%)

Class participation grade depends on class attendance, the quality and quantity of your participation. High-quality participation demonstrates preparation, active listening, understanding, and respect for your peers. The use of electronic devices (e.g. laptops, tablets, cell phones) is not allowed during lectures. Any disruptive behavior in class will significantly lower your class participation grade. To help me remember your names, please place your name tent on your desk during lectures and try to sit in the same seat for each class.

#### Problem sets (10%):

I will assign two problem sets.

- Problem sets are always distributed on **Friday** and due on **Tuesday 11:59pm** on Canvas. Please scan your problem set in pdf format and upload on Canvas.
- After the due date and time, you will be deducted one mark for your assignment. There is no exception.
- Policy on problem sets collaboration: I will allow you to discuss your solutions to the problem sets with your classmates, but in that case the following rules apply.
  - The maximum size of a group is four people.
  - Every student in the group must submit his/her own solutions to the problem set.
  - Every student in the group must write on the first page of the problem set the names of the students he/she worked with.
  - Collaborating on a problem set does not mean copying the solutions from your classmate.

### Midterm (35%)

The midterm will be held at **6:30pm on Monday, March 2nd, in SWNG 121** for both sections. For room features and directions, please visit <https://learningspaces.ubc.ca/classrooms/swng-121>.

- The midterm is mandatory. If you have another midterm at the same time, please contact me and the Sauder School Undergraduate Office [bcomquestions@sauder.ubc.ca](mailto:bcomquestions@sauder.ubc.ca) as soon as you are aware of the conflict. Please include your full name, student number, and details of the conflict (courses, instructors, date, time, etc) in the email. Refer to <https://mybcom.sauder.ubc.ca/courses-money-enrolment/exams-and-grades/exams> for details. If no alternative arrangements can be made, I will shift the weight of the midterm to the final. There will not be a make-up midterm exam.
- If you have to miss the midterm due to medical condition or other circumstances, please contact me immediately and follow the instructions in <https://mybcom.sauder.ubc.ca/academic-concession>. Once your request for in-term concession is approved, I will shift the weight of the midterm to the final. If the faculty advisor decides that you have no valid excuse, then you will receive a grade of zero on the midterm. There will not be a make-up midterm exam.

### Final (45%)

The final will include material for the whole semester (cumulative).

- Please follow the instructions in <https://mybcom.sauder.ubc.ca/academic-concession> if you have to miss the final exam and request for a Deferred Standing (SD).

### *Questions regarding grading*

Questions on problem set or exam grades must be received no later than one week after the problem set or exam has been handed back. After one week, no appeals will be considered.

## Course calendar

Make a note of the following dates. I might modify the due dates for problem sets, but if I do not let you know otherwise, you should refer to this schedule.

Jan 31	Problem set #1 distributed
Feb 11	Problem set #1 due
Feb 17	Family Day
Feb 18-21	Midterm break (No lectures or office hours)
Mar 2	Midterm exam
Mar 27	Problem set #2 distributed
Apr 7	Problem set #2 due
Apr 8	Last day of class
Apr 14-29	Final exam period

## Course Outline

### The Four Quadrant Model

- DiPasquale and Wheaton (1996). Chapter 1.

### Roback Model

- Roback, Jennifer. 12/1982. "Wages, Rents and the Quality of Life." *Journal of Political Economy* 90 (6): 1257-78.

### Land Use Patterns and Rents (Von Thunen Model, Monocentric City Model)

- Helsley, Chapter 5 and 6.
- Helsley, Chapter 10, pages 10.15 – 10.20.

### The Role of Cities and City Size

- Helsley, Chapter 4.
- Lee, Sanghoon. 2010. "Ability Sorting and Consumer City." *Journal of Urban Economics* 68 (1): 20–33.

### Regional Economics

- Helsley, Chapter 3.

### Applications of the Monocentric City Model

- Monocentric city model with flexible technology and preference
  - Helsley, Chapter 6.
- Monocentric city model with geographical constraints
  - Lecture notes.
- Paradise lost paradise regained
  - LeRoy, Stephen F. 01/1983. "Paradise Lost and Regained: Transportation Innovation, Income, and Residential Location." *Journal of Urban Economics* 13 (1): 67-89.

### Suburbanization, Subcenters and Urban Sprawl

- Helsley, Chapter 7.

### Neighborhood Quality

- Lee, Sanghoon, and Jeffrey Lin. 2017. “Natural Amenities, Neighborhood Dynamics, and Persistence in the Spatial Distribution of Income.” *The Review of Economic Studies* 85 (1): 663–694.

### Zoning

- O’Sullivan, Chapter 9.

### Transportation and Congestion

- Helsley, Chapter 9.

### Local Government and Property Tax

- Helsley, Chapter 12.