

# Econ 3021: Urban Economics

## Lecturer information

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Office hours: Wednesdays 10am-11am (term 1), by appointment (terms 2&3)

## What will you learn about?

This course aims to demonstrate and explain how economists use economic theory to study cities and their development. We will study the incorporation of space into economic models and how these models are used to analyse cities.

## What will you know (better) by the end of the course?

The course focuses on setting up a model to answer a particular question, solving the model, interpreting the model in light of the question and gaining an understanding of how to critically assess such models.

## What topics are covered?

Location choice, spacial equilibrium in a simple city and extensions.

- Residential location choice and spatial equilibrium, properties, comparative statics.
- Residential location choice and spatial equilibrium with different types of consumers.
- Business location choice and spatial equilibrium.

Housing Markets.

- Rent or Buy, present value.
- Tenure choice, housing investment, taxes.
- Two period consumer maximization in housing context.

Diversity in cities, public good provision and optimal jurisdictions.

- Condorcet winner, single-peaked preferences, median voter theorem.
- Voting over type and level of public goods in diverse cities.
- Optimal city or city district size (jurisdiction) with diverse populations.

Crime and social interactions.

- What are social interactions, features of social interactions, modeling social interactions.
- Social interactions in crime and variance of crime across cities.

## Is this course right for you?

The course does not have pre-requisites.

### **How do you learn on this course?**

- Contact hours: lectures and tutorials; lectures are recorded using Lecturecast.
- Seven problem sets; six of them are graded to provide students with information about their current performance.

### **Readings**

Obligatory: lecture notes and problem sets.

Optional: E. Mills and B. Hamilton 'Urban Economics'; E. Glaeser 'Triumph of the City'; R. Muth 'Cities and Housing'; E. Glaeser, B. Sacerdote and J. Scheinkman 'Crime and Social Interactions' Quarterly Journal of Economics; A. Alesina, R. Baqir and W. Easterly 'Public Goods and Ethnic Divisions' Quarterly Journal of Economics; A. Alesina, R. Baqir and C. Hoxby 'Political Jurisdictions in Heterogeneous Communities' Journal of Political Economy; M. Dahlberg, K. Edmark and H. Lundqvist 'Ethnic Diversity and Preferences for Redistribution' Journal of Political Economy. T. Persson and G. Tabellini 'Political Economics: Explaining Economic Policy'.

### **Assessment**

The mark for the course is determined by the final exam (100%). The problem set marks do not count towards the final mark for the course.