

Housing and the Urban Economy

Public Policy 275
City Planning 234
Business Administration 286

Larry Rosenthal
Fall 2006

Out of Class Assignments

1. Debates. Throughout the term, ten “debates” will be scheduled, as noted on the next page. Students should form into teams of two or three. Each team should choose one of the listed topics. Each team will then prepare a twenty minute presentation on the topic and will be responsible for answering questions from the rest of the class. The debate topics are on the next page. The pro and con sides of the debate will be chosen by a coin toss one week before the presentation if you and your partner(s) have not specified them in advance. Please form teams and sign up by class-time on September 14th.

Note that it may not be possible to produce an optimally enlightening and engaging argument on some of the more specialized debate topics from the course readings alone; in such cases you will find it helpful to consult other materials, and you're encouraged to do so.

2. Term Papers. Students or groups of students are responsible for producing a brief analytical paper, focusing on some aspects of the course, but expanding beyond course readings in useful ways. The paper may be an analysis of a current government policy. It may be an analysis of the behavior of private firms and/or non-profit organizations. Or it may be a purely “academic” exercise.

A “policy” example: several cities, including San Francisco have approved ballot proposals to provide zero-down-payment loans to deserving first-time home buyers. How are these programs structured? Can they be evaluated?

A “private sector” example: the feasibility of producing new dwellings for moderate-income households depends in part upon allocation of tax subsidies to producers and owner-occupiers. How does feasibility depend upon these factors? How does uncertainty affect these calculations? Can the market and the allocation of these subsidies be improved simultaneously, or are there identifiable tradeoffs?

An “academic” example: In efficient markets variations in environmental quality are reflected in housing and land prices. Analyze the mechanisms producing such prices and the circumstances under which such variations represent the economic value of a cleaner environment. Can prices be measured with sufficient precision for these purposes?

There are many ways to satisfy this course requirement. Those enrolled in the course must submit a paper proposal (a paragraph or two by email to the instructor, lar@berkeley.edu) not later than Friday, Sept. 22nd.

Students may work individually or in groups of two or three. The final paper should be *no more than* ten pages in length per participant and must be submitted no later than Friday, December 1st. We will discuss these completed papers during the last meeting of the course, time permitting.

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Debate Topics

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| September 21 | Substantial tax benefits should be provided to households who move to census tracts in which they are in the racial minority. |
| September 28 | Metropolitan regions maintaining an appropriate "jobs-housing balance" should receive a preferential share of federal housing and highway aid. |
| October 5 | Federal grants to local governments should be allocated not per capita but rather solely on the basis of proven, efficient use of prior grants, marking clear local progress toward specific federal goals. Those local governments lacking a quality track record should simply receive less federal resources. |
| October 12 | Efforts to "equalize" state finance of K-12 education across local districts are futile – whether equality is measured by dollars or outcomes. Equalization programs only succeed in undermining efficient market mechanisms for allocating local public goods. |
| October 19 | Conventional home mortgages offered in the United States should be redesigned. Consumers would be better off with mortgages like those offered in Scandinavia: variable-rate mortgages (not fixed) amortized over sixty years (not thirty), without any option to default. |
| October 26 | The mortgage interest deduction artificially reduces demand for multifamily construction & should be modified or simply repealed. |
| November 9 | Vouchers based on fair market rents under Section 8 should be reformed just as welfare has been – statutory time limits should be applied, and federal resources should be block granted to states, allowing for local policy initiatives to flourish. |
| November 16 | States should regulate property taxes to insure they are not being used by localities to exclude minorities and the poor from residential locations. |
| November 30 | The "open space" movement threatens the supply of housing for the poor, since state environmental initiatives inevitably withdraw too much developable land within metropolitan areas. |
| December 7 | Local "inclusionary" regulations promoting mixed-income development - by requiring inclusion of subsidized units within new market-rate projects - are not economically sustainable. |