

Course Title	:	Urban Economics (re-titled from Housing, Transportation, and Regional Development)
Course Code	:	ECO3313 (re-coded from SSC3313)
Recommended Study Year	:	3 and 4
No. of Credits/Term	:	3
Mode of Tuition	:	Lecture-Tutorial
Class Contact Hours	:	3 hours per week
Category in Major Prog.	:	ECO Major (Elective Course) SPPS Stream (Elective Course)
Discipline	:	Economics / Social Sciences
Prerequisite(s)	:	(a) ECO2101 Introduction to Economics, or (b) Level 3 or above in HKDSE Economics, or (c) BUS2105 Microeconomics for Business
Co-requisite(s)	:	N/A
Exclusion(s)	:	N/A
Exemption	:	
Requirement(s)	:	N/A

Brief Course Description

This course looks at key urban policy issues critically. In particular, students will study the alternative housing policies which are intended to meet policy goals such as ensuring all citizens have a minimum standard of housing, efficient utilisation of the existing housing stock, and affordable housing for all. The course will also explore the question of what constitutes an optimal mix of transportation modes, and study how different transportation services should be priced. The interaction between transportation and land use and land development will also be analysed.

Aims

This course aims to provide students with an understanding of the dynamics of urbanization, housing, transportation markets, and regional economic development. Students will learn the basic tools of urban economic analysis such as bid rent analysis and location theory and apply them to such policy areas as housing, transportation, and town planning.

Learning Outcomes (LOs)

Upon completion of this course, successful student should be able to:

1. Demonstrate an understanding of the peculiarities of the housing market and identify the roles of the government in the housing market;

2. Apply bid rent analysis to understand location choice and to analyse effects of policies;
3. Explain the interaction between transportation cost and land use;
4. Discuss efficient pricing in transportation markets and examine public transit financing principles; and
5. Exhibit an understanding of the principles of development control and identify the role of government policies in regional development.

Indicative Contents

- I. The interaction between housing, transportation, and land use
 - a. The concept of spatial economy
 - b. Agglomeration economies
 - c. Locational choice and land rent
 - d. Physical distance and distance in terms of economic cost of accessibility
 - e. The role of land rent in determining land use
- II. The housing market
 - a. The nature of housing services and the dwelling unit
 - b. What determines the price of housing services
 - c. What determines the price of the dwelling unit
 - d. The hedonic price approach
 - e. The supply of housing
 - f. The demand for housing
 - g. The nature of equilibrium housing prices
 - h. Optimal speed of development
 - i. The economics of speculation: costs and benefits
- III. Housing policies
 - a. Rent control
 - b. Rental and owner-occupied low cost housing
 - c. Housing subsidies
 - d. Privatization of public housing
 - e. Land supply policy: goals and instruments
- IV. Transportation policy
 - a. Investment in transportation infrastructure: alternative modes of transportation and their relative advantages and disadvantages
 - b. Pricing of transportation services: road pricing, taxi fare determination, mass transit pricing, bus pricing

** Materials covered each week might be adjusted. Any adjustment will be announced in class.*

Teaching Method

Lectures combined with tutorials involving discussions, exercises and oral presentations. During the lectures, theories and key problems in urban economics will be introduced and analyzed. Close interactions among students and between students and the lecturer are engaged in lectures and particularly tutorials through intensive intellectual discussions. Learning activities may be supplemented by research projects.

Measurement of Learning Outcomes

1. Tutorial discussion, participation, and presentation are designed to assess student's comprehension of lecture and assigned readings. (LOs 1-5)
2. Individual essay assesses students' understanding and applications of economic concepts introduced in the course. Students are expected to apply these concepts to the real world and are encouraged to express own ideas, arguments and explanations. (LOs 1-5)
3. A final examination assesses students' overall understanding and applications of the economic concepts and analysis in related policy and housing, transportation, and regional development issues. (LOs 1-5)

Assessment

Continuous assessment	:	50%	
		Individual essay	- 30%
		Presentation and discussion	- 20%
Final examination	:	40%	
Attendance and participation	:	10%	

Good Practices:

1. A discussion page is set up on Moodle and students are encouraged to use it as a platform to discuss with the instructors and amongst themselves regarding the test and assignment results.
2. A mid-term teaching and course evaluation is conducted to obtain feedback.
3. Emailed questions about contents of the course will be answered within two days.

Required/ Essential Reading

O' Sullivan, Arthur, *Urban Economics*, McGraw-Hill Education, 9th edition, 2018.

Recommended/ Supplementary Readings

- Glaeser, E. L. (Ed.) *Agglomeration economics*. University of Chicago Press, 2010.
- Fallis, George, *Housing Programmes and Income Distribution in Ontario*, Toronto: University of Toronto Press for Ontario Economic Council, 1980.
- Frankena Melvin, *Urban Transportation Financing: Theory and Policy in Ontario*, Toronto: University of Toronto Press for Ontario Economic Council, 1982.
- Mishan, E.J., *The Costs of Economic Growth*, London: Pelican Books, 1967.

Journal articles

- Beugelsdijk, S., McCann, P., & Mudambi, R. (2010). Introduction: Place, space and organization—economic geography and the multinational enterprise. *Journal of Economic Geography*, 10(4), 485-493.
- Fujita, M., & Thisse, J. F. (1996). Economics of agglomeration. *Journal of the Japanese and international economies*, 10(4), 339-378.
- Ho, Lok Sang, “Towards an Optimal Public Housing Policy”, *Urban Studies*, 25(3): 204-211, June 1988.
- Ho, Lok Sang, “Rent Control: Its Rationale and Effects”, *Urban Studies*, 29(7): 1183-1189, October 1992.
- Ho, Lok Sang, “Privatization of Public Housing: An Analysis of Policy Alternatives”, *Contemporary Economic Policy*, 13(3): 53-63, July 1995.
- Ho, Lok Sang and Wong, Wai-chung Gary, “Privatization of Public Housing: Did it Cause the 1998 Recession in Hong Kong? *Contemporary Economic Policy*. 24(2):262–273, April 2006.
- Ho, Lok Sang and Wong, Wai-chung Gary, “The Nexus between Housing and the Macro economy: The Hong Kong Case,” *Pacific Economic Review*, 13(2) 223-239. 2008.
- Ho, Lok Sang and Wong, Wai-chung Gary, “The First Step on the Housing Ladder: A natural experiment in Hong Kong”, *Journal of Housing Economics*, 18(1):59-67, Elsevier Science, Mar. 2009.
- Lemi, A., Liu, L., & Wright, I. A. (2021). Location choice determinants of Chinese and US firms in Africa: Does spatial interdependence play a role?. *The World Economy*.
- Tan, D., & Meyer, K. E. (2011). Country-of-origin and industry FDI agglomeration of foreign investors in an emerging economy. *Journal of International Business Studies*, 42(4), 504-520.

** Additional reading materials will be introduced by course teacher in class.*

Important Notes:

- (1) Students are expected to spend a total of 6 hours (i.e. 3 hours of class contact and 3 hours of personal study) per week to achieve the course learning outcomes.
- (2) Students shall be aware of the University regulations about dishonest practice in course work, tests and examinations, and the possible consequences as stipulated in the Regulations Governing University Examinations. In particular, plagiarism, being a kind of

dishonest practice, is “the presentation of another person’s work without proper acknowledgement of the source, including exact phrases, or summarised ideas, or even footnotes/citations, whether protected by copyright or not, as the student’s own work”. Students are required to strictly follow university regulations governing academic integrity and honesty.

- (3) Students are required to submit writing assignment(s) using Turnitin.
- (4) To enhance students’ understanding of plagiarism, a mini-course “Online Tutorial on Plagiarism Awareness” is available on <https://pla.ln.edu.hk/>.
- (5) Students are required to fill in a mid-term survey and the end of course CTLE survey.

Grading rubric for individual essay (30%)

Dimensions	Excellent A- to A	Good B- to B+	Acceptable C- to C+	Poor D- to D+	Fail
Content (12%)	<ul style="list-style-type: none"> -Able to demonstrate excellent and deep understanding and knowledge of the subject. -Evidence of originality in terms of critical appraisal and/or an original viewpoint. -Very limited flaws in the essay. 	<ul style="list-style-type: none"> -Able to demonstrate a good understanding and knowledge of the subject. - Some evidence of originality in terms of critical appraisal and/or an original viewpoint. - Some of flaws in the essay. 	<ul style="list-style-type: none"> -Reasonable understanding and knowledge of the subject. - Few evidence of originality in terms of critical appraisal and/or an original viewpoint and some of descriptive in the work -Number of flaws in the essay. 	<ul style="list-style-type: none"> -Limited foundation knowledge and understanding of the subject. - No or very limited evidence of originality in terms of critical appraisal and/or an original viewpoint and most of descriptive in the work. -Major flaws in the essay. 	<ul style="list-style-type: none"> -Very short essay -No foundation knowledge and understanding of the subject - Not relevant to the topic or question
Overall structure and organization (9%)	<ul style="list-style-type: none"> -Excellent structure and organization. The introduction is inviting, states the topic, and previews the structure of the essay. All of arguments are in logical order with strong supporting 	<ul style="list-style-type: none"> - Good structure and organization. The introduction clearly states the topic and previews structure, but is not very inviting to reader. Most of arguments are in logical order with 	<ul style="list-style-type: none"> - Acceptable structure and organization. The introduction states the topic but does not adequately preview the structure. Some arguments are in logical order with some supporting 	<ul style="list-style-type: none"> - Poor structure and organization. The introduction limited state the main topic but does not preview structure of the essay. Limited arguments are in logical order with scant supporting 	<ul style="list-style-type: none"> -Difficult to follow the structure. There is no clear introduction. The arguments with no supporting evidence.

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	evidence. Conclusion is strong and states all of the points of the essay. - Perceptive, well-focused, relevant and coherent arguments.	adequate supporting evidence. Conclusion is recognizable and states most of the points of the essay. - Focused with good structure and generally coherently argued.	evidence. There is a conclusion but not related to a few points of the essay. - The essay has some coherence.	evidence. There is a conclusion but not related to the points of the essay. - The essay has limited coherence.	There is no clear conclusion. - The essay has no coherence.
Grammar and Syntax (6%)	Excellent writing skills with good use of academic terminology	Good writing skills with appropriate use of academic terminology	Acceptable writing style but several errors	Poor writing style with large number of major errors	Difficult to understand with serious grammar clearly
References (3%)	Able to use extensive relevant literature and other supporting materials	Able to use adequate relevant literature and other supporting materials.	Limited use of academic literature and supporting materials, some of them are relevant to the topic	No academic literature or very limited other supporting document and most of them are not relevant to the topic	No references

Grading Rubric for Presentation and Discussion (20%)

Dimensions	Excellent A- to A	Good B- to B+	Acceptable C- to C+	Poor D- to D+	Fail
Present ation (15%)	<ul style="list-style-type: none"> ● Able to show excellent organizational and presentation skills (good eye contact, strong enthusiasm and confidence). ● Answer all questions with excellent understanding and knowledge ● Excellent and strong critical and 	<ul style="list-style-type: none"> ● Able to show good organizational and presentation skills (some eye contact and enthusiasm and confidence). ● Answer most of the questions with good understanding and knowledge ● Shows some evidence of critical and analytical abilities ● Raise reasonable 	<ul style="list-style-type: none"> ● Able to show acceptable organizational and presentation skills (few eye contact and enthusiasm and confidence). ● Answer some of the questions with some understanding and knowledge ● Shows few evidence critical and analytical abilities 	<ul style="list-style-type: none"> ● Poor organizational and presentation skills (no or very few eye contact and enthusiasm and confidence). ● Most of the answers are not clear and are not relevant to the topic ● Shows very limited evidence critical and analytical abilities 	<ul style="list-style-type: none"> ● Does not participate in presentation and discussion ● No interaction with others ● No preparation

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	<p>analytical abilities.</p> <ul style="list-style-type: none"> ● Raise important questions and strongly relevant to the topic 	<p>questions and relevant to the topic</p>	<ul style="list-style-type: none"> ● Raise questions but not totally relevant to the topic 	<ul style="list-style-type: none"> ● Raise questions but not relevant to the topic 	
<p>Discussion (5%)</p>	<ul style="list-style-type: none"> ● Posture, demeanor and behavior clearly demonstrate respect and attentiveness to Others ● Timely and appropriate comments and answers, thoughtful and reflective, respond respectfully to other student's remarks, provokes questions and comments 	<ul style="list-style-type: none"> ● Listens and focuses on other's comments most of the time and does not disrupt others ● Volunteers comments and answers, most are relevant and reflect some thoughtfulness and lead to other questions from students 	<ul style="list-style-type: none"> ● Pay some attention to others' remarks ● Some participate and offers comments and answers when directly questioned and simply restated questions or points previously raised 	<ul style="list-style-type: none"> ● Very limited attention on others' remarks ● Occasionally participates and add nothing new to the discussion or provoke limited responses 	<ul style="list-style-type: none"> ● Disrespectful of others when they are speaking ● Ignoring others' remarks

Grading rubric for final exam (40%)

Dimensions	Excellent A- to A	Good B- to B+	Acceptable C- to C+	Poor D- to D+	Fail
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Demonstrate familiarity with the concepts and theory of urban economics (20%)	Demonstrate excellent understanding of the concepts and theories of urban economics	Demonstrate a good understanding of the concepts and theories of urban economics	Demonstrate a basic understanding of the concepts and theories of urban economics	Demonstrate limited understanding of the concepts and theories of urban economics	Demonstrate inadequate understanding of the concepts and theories of urban economics
Apply urban economic theories to practical urban economic problems (15%)	Demonstrate proficient ability to apply urban economic theories to real world problems	Demonstrate good ability to apply urban economic theories to real world problems	Demonstrate basic ability to apply urban economic theories to real world problems	Demonstrate limited ability to apply urban economic theories to real world problems	Demonstrate inadequate ability to apply urban economic theories to real world problems
Quality of English (5%)	English is consistently	English proficient with no major errors	English is proficient with some errors	English conveys the essential meaning but contains number of errors	Difficult to understand the meaning and English is below acceptable university standard

Grading Rubric for Attendance and Participation (10%)

Dimensions	Excellent A- to A	Good B- to B+	Acceptable C- to C+	Poor D- to D+	Fail
Attendance (5%)	No absence without appropriate reason	1-2 absences without proper reason	3-4 absences without proper reason	5-6 absences without proper reason	7+ absences without proper reason
Participation (5%)	Frequently raises excellent	Often raises good questions	Occasionally raise relevant	Rarely raises questions or	Never raises questions or

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	questions and/or eagerly responds to questions	and/or eagerly responds to questions	questions and/or responds to questions	responds to questions	responds to questions
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