Note: Try to develop a working knowledge of italicized terms highlighted in black.

1. O'Sullivan Chapter 13: Household Sorting

Urban problems concentrated in some central-city neighborhoods
   Why?
Households sort into neighborhoods based on
   Income, education, class, race, ethnicity
   Why a problem?
Sorting by demand for local public good
   Characteristics of a local public good
   (1) Semirivalrous
   (2) Impure or congestible private good
   (3) Costly to exclude consumption
   (3) Benefits combined to a limited area
Efficient quantity of a local public good
   Figure 13.1: Lindahl equilibrium diagram
   Total tax needed, each citizen contributes
   Problems in practice
   Split payment equally among citizens
   Figure 13.2: Median-voter result
Vote with their feet
   Tiebout model
   Assumptions
   Choice among local governments
   Perfect info and mobility
   No interjurisdictional spillovers
   No scale economies
   Head tax funds
   Figure 13.3: Solves problems with Lindahl equilibrium
Bidding for land and sorting
   Local public goods are normal goods
   Land price up in local governments with the greatest local public good
Income sorting
   Greater variation in income, race, education in metro area
   More local governments and school districts
Property taxation and household sorting
   Local governments raise revenue through locally controlled property taxation
   High public good governments want high value property
   Reinforces income sorting
   In CA, exclude low-income (small) housing for this reason and dilution of quality of provided service
   Also reliance on fees
Sorting by peer group
K-12 educational outcomes highly dependent on peer group effects
Higher class (income and education)
A normal good
2 neighborhoods, same in everything but K-12 peers
Housing prices higher there and income segregated

Further evidence on sorting by income and education
Figure 13.6: Median household incomes for 95 Cleveland neighborhoods
Figure 13.7: Percentage adults with college degrees
Handout for Sacramento Region

Racial sorting
Figure 13.8: Dissimilarity Index
Figure 13.9: Racial composition of Cleveland neighborhoods

Reasons for racial segregation
(1) Minority households on average have lower incomes
(2) People have preferences for racial mix of their neighborhood
   African American says an integrated neighborhood 50-50
   White says its 80-20
   Racial tension deter minorities from suburbs
(3) Real estate practices
   Racial steering
   But is it overt or serving customer preferences?

Neighborhood transition
Rate at which African American share of neighborhood pop up
Greater if:
   Adjacent to AA majority neighborhood, White attitude negative to integration, greater initial share of AA

Figure 13.11: Initial AA share that generates majority AA in 10 years

Affirmative marketing to encourage racially balanced neighborhoods
Info and persuasion to attract AA
Policies to maintain quality of housing and public services
Specifically trained real estate brokers

2. O'Sullivan Chapter 13, Question 8

There is one less public good to shop for, so there will be less shopping and sorting. There would be less income segregation because high-income households would not have to move into a high-spending school district to receive high-quality education. Since transport costs are relatively high for school children, however, citizens will still base their residential choices on proximity to desirable schools.

3. Wassmer Chapter 20: Inner Cities

Article by Mills and Lubeuelle
Inner city used is same as MSA central city
Review of much already discussed
U.S. suburbanization has occurred naturally
Real incomes and transportation improved
Tiebout-type processes
Flight from blight
Slowness of minority workers to suburbanize
Racial discrimination (believes not a current powerful force)
Suburban land use controls (though not consistently restrictive)
Explore other reasons
Data comparisons
  Table 1: International aggregate comparisons
  Table 2: Predict outcomes based on GDP
  U.S. should be doing better (near to worst prediction)
  Table 3: U.S. social indicators over time
  Table 4: AA and white comparisons over time
Inner city / suburb comparisons
  Tables 5, 6, and 7
Conclusions
  Given income, U.S. has among worst measures of social indicators
    If only look at white population, compares much more favorably
  AA - white social indicator diminished (except illegitimacy)
  AA suburbanized in smaller proportion than white
  Inner city - suburban social indicator gap has increased
    Higher income AA also leaving
MSA-wide government

4. Midterm Instructions

  ✓ This assignment is due no later than 4 p.m. on Wednesday, November 26 in
    CSUS office. If not there, please slide under door.
  ✓ It should be typed, double-spaced and use a 12 font. I require a minimum
    length of 8 pages and a maximum of 10.
  ✓ In writing, always remember that the hypothetical audience for your report is
    a local government elected official that sits on the Sacramento Area Council
    of Governments Board of Directors. (For a list of who these are see
    http://www.sacog.org/about/board.cfm.) You will be graded based upon
    writing in an appropriate manner.
  ✓ The assignment is based upon the SACOG Board hearing about the Squire’s
    edited book on Urban Sprawl and desiring reports on the individual article’s
    relevance to dealing with sprawl in the Sacramento Region.
  ✓ Your report should begin with a cover page and then a one-page executive
    summary that summarizes what is in the rest of the seven to nine pages you
    will write in the report’s body. This summary will be the basis of the 5 minute
    class presentation you will later give.
  ✓ Begin with a brief summary of the population and land use issues that our
    region will confront in the next 50 years. (For background info you can read
    http://www.sacog.org/sacog2/insert2/home.htm.)
  ✓ Next offer a critical summary of the article that you read from the Squire’s
    book. In this summary be sure to praise the valuable information and insights
    given in the article, and to be critical of what is not so good. In this praise
    and criticism. Draw upon the other five articles that you read. Be sure to use
the APA citation method. (For a brief review of this method see http://www.rit.edu/~jmkgcj/apacitation.html.)

✓ In the final section of your report, draw out the specific policy lessons for the Sacramento Region and SACOG’s consideration that can be drawn from your Squire’s article and the 5 other readings you did. Be very specific about a policy course that SACOG could take to address the population and land use concerns you talked about at start of your report.

6. Homework Due the Start of Meeting 10

1) Read all of the material under meeting 10 in the syllabus schedule; come prepared to discuss.
2) One sentence, typed question regarding material that you read for next meeting but do not understand.
3) Answer discussion questions listed under Meeting 9 (November 6) in a typed, double-spaced manner. Two pages should be sufficient to do this.