

CRP 341 Urban Economics for Planners

Course Code:	1210341
METU Credit (Theoretical-Laboratory hours/week):	3(0-3)
ECTS Credit:	5.0
Department:	City And Regional Planning
Language of Instruction:	English
Level of Study:	Undergraduate
Course Coordinator:	Prof. Dr. Murat Balamir
Offered Semester:	Spring Semesters

Course Objective

Understanding of value formation in land and property as a consequence and determinant of human activities in a free market economy, and explanations of why and how it may vary in space and time; development of an expertise to measure the level of value, and mastery of manipulating it through physical planning; correlating it to other control means like taxation, rent control, and constraints imposed by means of the institution of ownership to manipulate levels of value and its forms of sharing in urban society.

Course Content

Course objective entails the review of explanations of markets, forms of planning and its purposes, and rent theory. Classical rent theory based on discourses of Smith, Ricardo, and Marx is central to the content followed by models of VonThünen, and contemporary explanations of Sraffa, Harvey, and Scott. Value manipulation methods rest on analysis of development investments, 'real property economics', estimations of prospective income flows, and the calculus of interest rates.

Weekly Program

- 1. Introduction: Markets vs Planning: Theories of Markets and Property Markets*
- 2. Markets vs Planning: Arguments for and against (Urban) Planning in a Market Economy*
- 3. Why Land and Property has Value? Classical Analysis as in the discourse of Adam Smith*
- 4. Models of Agricultural Production Relations: The Ricardian Doctrine*
- 5. Comprehensive Approach to Rents: Marxian Theory*
- 6. Distinct Forms of Rent Relations: Differential, Absolute and Monopoly forms*
- 7. Theories of Spatial Rent: VonThünen (1826) The Isolated State*
- 8. Contemporary Approaches in the Explanation of Rent Relations: Economics of Sraffa and the Spatial Model of A. J. Scott*
- 9. Rents in the Urban Context: Economics of Real Property and Objectives of Planning*

10. *Planning Intervention in Property Markets: Rehabilitation and Redevelopment*
11. *Conditions for Reinvestment in Property*
12. *Economic Effects of Taxation and other Institutional Interventions in Property*

Learning Outcomes

Besides an understanding of how value is generated and appropriated in the general economic framework, the planning student is expected to develop an expertise of calculating the consequences of physical development and planning decisions. The student could master a capacity to establish the feasibility of any development investment, changes in land-use patterns, and carry out calculations of flows of return, break-even points, timing of redevelopment decisions, comparative analyses of different development investment options, and construct long-term strategies for efficient property management.