

Urban economics homework

[Literature](#), [Russian Literature](#)



Urban Economics Case a) There is a long literature in local public economics which debates on the way households of diverse incomes allot themselves across an urban area. A household selects in a jurisdiction in which to reside by trading off the public service provided by a jurisdiction against the tax it levies (Balchin, Paul, David Isaac, and Jean). For example, in case a household's public service demand goes high where households with higher income choose jurisdictions which provide higher public service levels, or there is sorting by income of households between jurisdictions.

b) Utilities are a typical household expense that can drive a person's monthly expenses up or down, depending on the season. Therefore, it is not possible that all the 50 residents can have the same level of utility.

c) Capitalization causes the equilibrium, and the price per unit housing may differ following the fact that, equilibrium between the two jurisdictions, and poor households are the majority in the inner parts of an urban area where they vote for a low public service level. At the same time in the suburbs, the majority households are rich and they vote high public service. However, the commuting cost, land prices, and income can adjust making both case of households indifferent between jurisdictions.

d) The public taxes are paid for on per head basis, this may imply that high income earners pays more compared to low income earners. The living style of the 50 households may define their wage level.

Case 2

a) In respect to the household wealth complements, people prefer to live in communities with a higher level of public good and higher taxes than others. The economic intuition for this behavior can be attributed to the source and

level of income that a households gets on a monthly base or annually. This would differentiate between the two types of household (Balchin, Paul, David Isaac, and Jean).

b) As mentioned earlier in case 1 the utility level depends on a season. Again the amount of income comes in where by high income earners utility level is likely to be high compared to that of low income earner.

c) The equilibrium level in terms of price per house cannot remain constant. This is because factors such as the commuting cost, land prices, income, environmental conditions, security, house demand and the quality of a those house units keeps on changing.

d) It is unlikely that the wage level between the two types of households is the same following the fact that households with above-average income pay high taxes than they get while households with inferior than average income get more than their tax liability.

Case 3

Households with higher incomes demand more of the public good, they are likely to pay high taxes due to rising income if taxation is redistributive in nature. This can be presented that the income result always takes in control if the substitution elasticity falls short of the income elasticity of demand for the public good. Paying taxes per property basis does not differ from the per head basis because those with a lot of property which are the high income earners pay high taxes compared to the other group of earners.

Case 4

Wealthy households prefer to live in luxuries with a higher level of public good and higher taxes than the poor. These households with above-average

income pay more in taxes than they receive. This change of style in tax payment does not interfere with the previous or above tax payment analysis

Works CitedTop of Form

Top of Form

Bottom of Form

Balchin, Paul N, David Isaac, and Jean J. Chen. Urban Economics: A Global Perspective. Houndmills, Basingstoke, Hampshire: PALGRAVE, 2000. Print.

OSullivan, Arthur. Urban Economics. Boston: McGraw-Hill/Irwin, 2007. Print.