

EC 451 Syllabus

Housing Economics and Public Policy

Spring 2023

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Office Hours: By appointment

Textbook

There will be no required textbook in this class, all course material and readings will be provided in class and on Canvas. However, the following books may serve as helpful reference material for additional reading:

- *Housing Policy in the United States*, Alex F. Schwartz (3rd edition)
- *Real Estate Principles: A Valuation Approach*, David Ling and Wayne Archer (4th edition)
- *Urban Economics and Real Estate: Theory and Policy*, John F. McDonald and Daniel P. McMillen (2rd edition)
- *Fixer-Upper: How to Repair America's Broken Housing Systems*, Jenny Schuetz (2022).
Brookings Institution Press.

Prerequisites

EC 300 and BU 310

Course Description

This course is designed for students who are interested housing markets. This course will look at housing as both an investment and consumption good, building on topics learned in Intermediate Microeconomics and Business Finance. We will discuss the impact of federal and local housing policies on homeownership, neighborhood formation, and wealth accumulation.

Course Objectives

By the end of the course, you should be familiar with the following topics and concepts:

1. Estimate the value of a house
2. Determine whether or not a rental property is a good investment
3. Understand what impacts the supply and demand of housing in local markets
4. Evaluate how decisions regarding housing consumption today impact savings and consumption spending in the future
5. Understand and evaluate housing policies, including residential zoning, redlining, and housing affordability
6. How retirees can use housing wealth to increase and smooth consumption in retirement

Grading Scale

Letter Grade	Numerical Range	Meaning
A	90-100	Excellent performance
B	80-89	Good performance
C	70-79	Average performance
D	60-69	Below average performance
F	0-59	Unsatisfactory performance

Assignments

Homework and Reading Assignments	15%
Housing Policy Assignment	10%
3 Midterm Exams	15% each
Final Exam	30%

Homework and Reading Assignments

Homework and Reading assignments along with their due dates will be posted on Canvas. Late assignments will be receive a grade of 0. Homework will be a large part of how you learn in this class and the readings will be necessary to participate in class discussion. You will need access to Microsoft Excel for some of the homework assignments. The lowest homework grade will be dropped.

Submitting Assignments: Homework assignments will be submitted on Canvas as a PDF (this can be done using apps on your phone like Cam Scanner or in the library). It is up to you to ensure that your upload is clear and shows all of the problems. The reason for submitting your assignments on Canvas is so that you can have your assignment in front of you as we go over the problems on the day they are due.

Housing Policy Assignment

Students will be required to write a short paper investigating a policy related to housing. Details on this assignment can be found at the end of the syllabus

Exams

There will be three midterm exams and a comprehensive final exam. Midterm exam dates will be announced in class and on Canvas. Students requesting an alternative time must inform me prior to the exam.

Classroom Expectations

Teaching will mostly be conducted via lecture and use of the white board. I encourage you to engage in class, be curious, and ask questions. I encourage you to take handwritten notes during class. Multiple studies¹ show that writing notes by hand improves learning.

While the class will be a learning environment that at times involves dialogue and group work, I expect you to remain professional, polite, and civil at all times. This includes but is not limited to:

- Listening when someone else is talking and no talking over someone else.
- At times we will converse with each other when discussing policy or current events. It is okay to disagree as long as these conversations are done with respect. Lack of respect and civility can result in being asked to leave the classroom.
- During lecture, do not engage in side-bar conversations that will be a distraction.
- No sleeping in class.

¹ See Umejima et al. (2021), Carter, Greenberg, and Walker (2017), Mueller and Oppenheimer (2014), and Sana, Weston, and Cepeda (2013).

Attendance Policy

The department subscribes to VMI's "30% rule." No categories of absences (academic, athletic, guard, 3.2 cuts, etc.) are exempt from that percentage. Students will be notified upon reaching 20% absences. Upon reaching 30% absences, the student is referred to the Dean for appropriate action.

Work for Grade Policy and Standards of Conduct

It is your responsibility to carefully read and understand these policies both from VMI and the Department. Copies of these policies are available on Canvas.

Course Outline

The following is a tentative list of concepts and topics that will be discussed throughout the course. Any changes be announced on Canvas.

Introduction	Math and econometrics review
	Types of housing
	Why housing matters
	Housing data and trends
	Unique role of housing for consumption and investment
Homeownership	House valuation: discounted cash flow model
	Introduction to R statistical software
	House valuation: hedonic pricing model
	Effect of time and risk on value
	Financing homeownership and mortgage basics
Renting	Decision to own rental property
	Landlord responsibilities
	Documenting responsibilities in a lease
Exam 1	
Demand for Housing	Intertemporal budget constraint with housing
	Intertemporal utility maximization
	Interest and mortgage rates
	Property taxes
	Changing demographics in America
	Rent control
Supply of Housing	Single- and multi-family homes
	Building permits
	Local zoning ordinances
	Issues with zoning ordinances and localism
	Zoning ordinance reforms
Exam 2	
Public Policy for Affordable Housing	Low-Income Housing Tax Credit
	Public housing
	Housing vouchers

Housing Discrimination	Types of Discrimination
	Housing, income, savings, and wealth
	Credit and lending
	Federal Housing Administration
	Home Owners' Loan Corporation and redlining
	Housing covenants
	Outlawing discriminatory housing practices
	Lasting impact of historical housing discrimination
	Modern housing discrimination
Retirement and Housing	The Life-Cycle Hypothesis
	Housing bequests
	Housing equity extraction and consumption smoothing
Exam 3	
Final Exam	

Office Hours

I do not schedule a set time for "office hours," because they are typically inconvenient for most students. I am typically available most weekdays to meet and work to be flexible. If there are topics that you are struggling with, please email me and we will set up an appointment. I also encourage you to make use of email to ask questions as well. You can take pictures of your work and send it to me and ask questions via email if you would prefer not to meet or have questions in the evening or during weekends. I strongly encourage you to email me if you have any questions throughout the semester, I am available to help.

Students with Disabilities

VMI abides by Section 504 of the Rehabilitation Act of 1973 and the Americans with Disabilities Act of 1990 which mandate reasonable accommodations are provided for all Students with documented disabilities. If you have a registered disability and may require some type of instructional and/or examination accommodations, please contact me early in the semester so that I can provide or facilitate provision of accommodations you may need. If you have not already done so, you will need to register with the Office of Disabilities Services, the designated office on Post to provide services for students with disabilities. The office is located on the 2nd floor of the VMI Health Center. Please call or stop by the office of LTC Sarah Jones, Director of Disabilities Services, for more information, 540-464-7667 or email at: jonesl10@vmi.edu.

Statement of Diversity and Inclusion

VMI values human diversity in all its richly complex and multi-faceted forms, whether expressed through race and ethnicity, culture, political and social views, religious and spiritual beliefs, language and geographic characteristics, gender, gender identities and sexual orientations, learning and physical abilities, age, and social or economic classes. We respect the value of every member of the class, and everyone in the class is encouraged to share their unique perspective as an individual, not as a representative of any category. Multicultural and intercultural awareness and competencies are key leadership skills. College is supposed to challenge assumptions and to provide new and sometimes uncomfortable ways of looking at issues. If you feel uncomfortable regarding content or perspectives that are presented or discussed by me, your professor, guest speakers, or other students, please contact me immediately so that we can discuss those issues. I

also ask that you let me know your preferred gender pronoun. Your suggestions on how to incorporate diversity in this course in a meaningful way are appreciated and encouraged.

Housing Policy Assignment

Housing markets, rental markets, homeownership decisions, and neighborhood formation are influenced by a number of government policies at the state, local, and federal level. The purpose of this assignment is to learn more about one of these policies and the impact on housing. You will research a policy you choose and prepare a 4-5 page paper. You can choose to investigate any one of the following policies in the context generally or for a specific locality:

- Redlining
- Discrimination in housing and mortgage markets
- Residential zoning
- Rent control
- Housing subsidies and vouchers
- Public policy for affordable housing
- Housing equity extraction for retirees
- Other topics with instructor approval

Timeline

Select Topic February 19

Final Paper April 23

Formatting Guidelines

- 12-point Times New Roman font
- Double spaced
- References and sources in [APA format](#).
- Cover page
- Page numbers
- Each section should be properly identified
- Any tables and figures should go in a section at the end of the paper and do not count towards the pages of the paper.

Paper Guidelines

- Use any primary news source to generate a topic. The following sources are acceptable: Wall Street Journal, New York Times, Washington Post, Associated Press, Reuters, NPR, CBS, ABC, NBC, Axios, Politico, or The Hill.
- Do not use cable news sources or political websites that often blur the line between news and opinion (Fox News, CNN, MSNBC, Breitbart, The Blaze, Media Matters, The Huffington Post, BuzzFeed, The Washington Times, New York Post, Vox, The Federalist, etc.). If one of these websites is reporting it as news, you will should be able to find it from one of the other news sources that are less likely to present the information with political spin. If you cannot find it from another source, then you should question its authenticity.
- Use journal articles and government/NGO reports to dive into the issues, providing a short literature review, and then deliver your opinions on possible solutions to improve the issue

or policy based on what you've researched. You can usually get all the information you need from reading the introduction, background/literature section, results, and conclusions. Many articles that will be useful for you are listed on the syllabus and we will discuss in class. You can also find these sources using Google Scholar and EconLit through the library website.

- In the summary of the policy or issue section, be fair to all sides of an argument. Make sure you include all sides of the issue, what are the pros and cons. Be thorough and be fair. Presenting one side of an issue and ignoring the other side makes your work less credible.
- Your analysis of potential solutions should be informed by the articles you read and the research you conduct. It is ok to state your opinion, but you should also discuss why other opinions or solutions may not be as optimal as yours. Again, use the summary section to inform and base your reasoning for this section.
- Brevity is better. The fewer words you can get your point across the better. Avoid using "spoken language," jargon, and colloquial phrases.
- The paper should be written in the third person, avoid first and second person (e.g., I, me, my, you, we, etc.).
- Avoid using direct quotes from a source, try to paraphrase it. It will make your writing stronger and more clear.
- See how the articles, both scholarly and news articles, are written and try to use them to help make you a better writer.
- The grading rubric that will be used can be found on the next page.

Grade	Writing Style	Grammar	Organization	Citations and Format	Introduction	Summary of Policy or Issue	Analysis of Potential Solutions	Conclusion
A 4.50-5.00 Points	Readable, well written without any distracting or tangential information. Brief and gets point across without use of jargon or colloquial phrases.	Excellent sentence structure, use of verb forms, choice of words, and punctuation.	All paragraphs have clear ideas, are organized in logical manners, have smooth transitions, and are tied together effectively.	Proper title page, pages numbered, sections clearly defined, and all sources correctly cited in APA format. Uses correct amount of sources.	Introduction clearly lays out the thesis and outline, and supports it throughout the paper. It catches the reader's interest.	Thorough review of literature and current events. Demonstrates understanding of all sides of arguments. Includes relevant statistics and graphs if needed.	Paper offers strong/persuasive supporting evidence or explanation. Exhibits thorough knowledge of subject. Important points included.	Conclusion is complete and persuasive. Is effective in capturing the gist of the argument and looks ahead.
B 4.00-4.45 Points	Readable, fairly well written. No major distractions, occasional tangential information.	Some poor sentence structure, improper use of verbs, awkward choice of words, incomplete sentences, or incorrect punctuation.	Ideas are mostly organized in a logical manner in paragraphs, although transitions do not always lead the reader to the next idea.	Missing some formatting and/or sources correctly attributed but not in correct format. Missing 1-2 sources from a category.	Introduction is relevant, has thesis and gives an outline of the paper. Shows awareness of the purpose.	Decent review of the literature and current events. Missing some key pieces but demonstrates general knowledge of the topic.	Paper offers supporting evidence or explanation for most points. Such evidence/explanation suggests adequate knowledge of subject.	Conclusion is adequate, summarizes main points, and draws appropriate inferences based upon these points. Not fully effective in concluding argument
C 3.50-3.95 Points	Writing is generally clear but may have awkward structure or unclear content.	Pattern of errors in sentence structure, use of verb forms, choice of words, punctuation or incomplete sentences.	Most paragraphs do not have a clear idea or are not organized in a logical manner. Transitions are weak.	Missing most formatting but citations attributed correctly. Lack of number of sources.	Introduction is largely irrelevant, shows little awareness of the purpose of the paper. Roadmap and topic (thesis) are unclear.	Briefly reviews literature/current events. Only presents one side. Shows surface level understanding of topic	Exhibits weak understanding of subject matter. Some obvious or important points overlooked.	Conclusion is weakly tied to analysis. New points are introduced that were not explained in the body of paper.
D 3.00-3.45 Points	Filled with distractions and or, redundancies, difficult to read.	Continuous errors: poor sentence structure, syntax punctuation, or incomplete sentences.	Paragraphs lack clear ideas, and/or are disjointed. No transitions.	No citations or citations unclear. (Zero points on paper if no citations)	Introduction is absent. No roadmap (outline) or topic.	Does no review literature/current events. Uses non-reputable sources.	Lacks supporting evidence/explanation for most points. Table missing. Several points overlooked.	Missing or poor. Not tied to analysis. Does not summarize the points that could conclude the argument.
Section Points								
Section Weight	0.5	0.5	1.0	1.0	1.5	2.0	2.0	1.5
Final Score	<i>Final Score Calculation = Sum(Section Weight * Section Score) * 2</i>							