

SARAH BAKER
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BUSINESS ADDRESS:

Department of Economics
530 Evans Hall, #3880
Berkeley, CA 94720-3880

DESIRED RESEARCH AND TEACHING FIELDS:

PRIMARY

Public Finance
Urban Economics
Applied Microeconomics

SECONDARY

Real Estate
Labor Economics
Behavioral Economics

FIELDS OF CONCENTRATION:

Public Finance, Urban, Real Estate

DISSERTATION TITLE: "Essays on California Housing Markets"

Expected Date of Completion:

May 2025

Principal Advisor:

Professor David Card

Other References:

Professors Emmanuel Saez and Antoine Levy

PRE-DOCTORAL STUDIES:

Claremont McKenna College

DEGREE

B.A.

DATE

2017

FIELD

Economics and Mathematics

PAPERS:

- **"Property Tax Pass-Through to Renters: A Quasi-Experimental Approach" (Job Market Paper)**

Abstract: Does a landlord's property tax bill affect a new tenant's rent? According to standard economic theory, it should not—the law of one price implies that identical rental units should be priced identically, despite heterogeneity in property tax costs. This paper provides new evidence that a landlord's property tax bill *does* affect rent for new tenants, violating the law of one price. I investigate the effect of heterogeneous property tax shocks on rents using a unique, quasi-experimental setting in California. California's Proposition 13 creates large discrepancies in property tax liability among otherwise similar rental units, and these discrepancies are exacerbated quasi-randomly around a sale. By comparing changes in market-level rents for units in similar sold versus unsold buildings, I find strong evidence that property tax shocks lead to rent increases, with \$0.50–\$0.89 per \$1 of the tax shock passed on to renters. The results are robust to the inclusion of landlord size, renovations around a sale, and a property's purchase price. I propose and empirically motivate an explanatory model of heterogeneity in landlord sophistication that can rationalize the observed positive relationship between rent and property taxes.

- **"Behavioral Responses to Taxation of Inherited Property"** with Kristy Kim (in preparation)

Abstract: This paper investigates the behavioral response to an increase in taxation of inherited property in California. We document parent-child transfers for two populous counties in California: San Francisco and Los Angeles County. We find large implied elasticities, with an additional 18 months of transfers in San Francisco County and an additional 11 months of transfers in Los Angeles County occurring prior to the implementation of the new policy. We disaggregate responses by Census tract income, and find that the top income decile in each county is the most elastic group. These estimates are much larger than what is typically found in the inheritance tax literature, and challenge the "control of wealth" theory of bequest planning. The magnitude of the short-run behavioral response cautions against transition windows for tax policy changes, as they can 1) delay expected government revenue sources and 2) exacerbate inequality in taxation if high-income households are more responsive than other groups.

- **"Five Facts About (Rental) Prices"** with Caleb Wroblewski (in preparation)

Abstract: We document some new facts about rental prices in a novel, near-universal, unit-level dataset from Berkeley, California. First, we document strong growth in rent for new tenants over time, with very few periods of price stagnation. Second, we document that rents are sticky, with nearly half of landlords choosing to keep rent the same when the unit turns over within two years. Third, rents are downwardly rigid, but we show that more price decreases occur in non-expansions. Fourth, we show that there is predictable seasonal demand for rental housing, with different price distributions for peak versus off-peak housing searches. Finally, we show that landlord size does not differentially impact rent-setting in a substantial way.

PROFESSIONAL EXPERIENCE:**RESEARCH:**

Research Assistant, Department of Economics, U.C. Berkeley (2020-2021)
Empirical research with Professor David Card on returns to education using restricted-access Census data.
Senior Research Assistant, Federal Reserve Board of Governors, Washington, D.C. (2017-2019)
Research on numerous macroeconomic topics for economists in the Monetary Studies section.

TEACHING:

Teaching Assistant, Department of Economics, U.C. Berkeley (Fall 2022 - Fall 2023)
Intermediate Microeconomics
Teaching Assistant, Department of Economics, Howard University/Federal Reserve Board (Spring 2018 - Spring 2019)
Data Analysis and Financial Literacy in R

FELLOWSHIPS AND AWARDS:

2024	Outstanding Graduate Student Instructor Award
2023	Burch Center for Tax Policy & Public Finance Fellowship
2019	National Science Foundation Graduate Research Fellowship

SEMINARS AND CONFERENCES:

2024	Urban Economics Association North American Meeting, UC Berkeley Haas Real Estate, UC Berkeley Opportunity Lab, UC Berkeley Public Finance, UC Berkeley Public-Labor Mini-Symposium
2023	UC Berkeley Public Finance

OTHER INFORMATION:

Citizenship: United States