

# Reading reflections

USP 570

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*Week 4*

- balance and imbalance, the theories of location selection

Levinson and Krizek (2018) introduces the how the networks within economies dictate the current lay of land use. the networks include public and non-public entities. The firms as the non-public entities, including developers and locators (non-retailers [Chapter.8] and retailiers [Chapter.9]), always try to reduce transaction costs taking place within firms while market saving transaction costs by the gains from specialization and economies of scale. Developers provide space for producing/consuming, exchanging, and connecting.

Suppliers, competitors, complementors, and customers are four basic factors of firms' location selection in metropolitan areas Levinson and Krizek (2018 Chapter.8). The four factors also form an economic network, which dominates a business's location related to the proximity of both labor and material, which is called supply chain. Supply chain is "a network of facilities and distribution options that procures materials, transforms the materials into intermediate and finished products, and distributes the finished products to customers." (Ganeshan and Harrison 2005)

Most of location related theories based on the assumption of minimizing transportation cost and maximizing externalities. From Alfred Weber's Industrial Location Theory to Alonso (1960)'s bid-rent curve in a monocentric city, Christaller (1966)'s central place theory, Zipf (1949)'s Law about the hierarchy of places, and Lösch (1967)'s theory about firms' location decisions and the spatial competition between them, explain how locators compete for the sites with higher accessibility.

As a model of New Economic Geography (NEG), agglomeration economies (Fujita, Krugman, and Venables 2001) provide another type of explanation. Some positive inter-firm externalities, information spillovers, local non-traded inputs, and a locally skilled labor pool, explain clusters of employment such as edge cities, suburban activity centers, secondary business districts, and poly-nucleated city.

Accessibility works for both types of theory. Spatial proximity to the workforce, supplier, or consumer can reduce transaction costs. Levinson and Krizek (2018) list ten factors<sup>1</sup>

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<sup>1</sup>The ten factors that affect the location and rate of development: 1. market velocity (the general level of activity in a specified market); 2. price of land; 3. availability of hard infrastructure (capabilities related to roads, water, sewers); 4. access choices (intersections, frequency of existing transit services, parking); 5. human infrastructure (education of workforce, nearby school quality, housing, daycare); 6. physical character (quality surrounding district, vitality, views and vistas); 7. environmental quality (healthy air and water); 8. predictability (no dramatic changes in zoning or character, appropriate capital improvement plan); 9. amenities (parks, restaurants); 10. available financing.

which affect the location decision and rate of development. In authors' words, all relate to accessibility in some ways.

Economies of agglomeration are also the driving force to break job-housing balance. Residences and firms are competing for the same land. Although job and workers are largely in balance at the metropolitan level, they are always imbalanced inside metropolitan. Even jobs-worker are balanced in number by some policy or design, the workforce may not be compatible with local jobs, which is called spatial mismatch.

- Gentrification and displacement

Gentrification and displacement are consequences of this imbalance. Zuk et al. (2015)'s literature review analyses the definitions of gentrification and replacement. The authors also examine the approaches of measuring gentrification and displacement. At the end, the authors emphasize the role of public investments in transportation infrastructure on neighborhood change.

In harmonic models, increasing housing price is a positive signal responding to the infrastructure improvement. In another perspective, some scholars find higher housing price is a causal factor associated with the gentrification. The distinction in three types of displacement pressure can explain the phenomenon in some way. Disinvestment, Reinvestment and enhanced market competition result in involuntary displacement, which can occur even in the absence of gentrification. Previous studies cannot establish the relationship between gentrification and displacement. The authors suggest that future research should examine more aspects except home price increases, and should explore the impact of public investment on commercial change, employment patterns, affordability of goods and services, and change in clientele.

Since violence has plummeted dramatically since the 1990s, Sharkey (2018) argues that gentrification has brought unrecognized benefits to the poor in many cities. Sharkey also says that "the relative lack of income mobility at the neighbourhood level across the USA challenges the narrative of rampant gentrification." Sampson (2019)'s study shows that, rather than public investment, neighbourhood inequality is an important driver and mediator of urban transformation. The discussion should focus on neighbourhood structure which is "a persistent feature of urban systems that exert causal effects on a wide variety of everyday life." The research of transportation and land use should not only observe where people live, but also observe where they travel throughout a city and to whom they are exposed by visits from others.

## Notes

## References

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