

Spatial Mismatch

- John Kain, “Housing Segregation, Negro Employment, and Metropolitan Decentralization,” *Quarterly Journal of Economics*, 1968.
- Combination of high commuting costs and housing segregation increases central city unemployment rates when job growth is concentrated in the suburbs – a mismatch between the location of jobs and residences.
- Focus is on job *growth* and *low-skilled* labor

Empirical Studies

- Dependent Variables:
 - Unemployment
 - Earnings
 - Commuting distance
- Explanatory Variable:
 - Measure of job accessibility
- Econometric Issue:
 - Endogenous job and residence locations

Option 1: Move to the Suburbs

- Suburban housing is expensive
 - Growth controls
 - Restrictions on multiple-family housing
- Discrimination in the housing market
- Long-term job prospects
- Social networks

Option 2: Commute to Suburbs

- Commuting is expensive
- Public transportation is not designed for suburban destinations
- Social networks – finding jobs
- Are the gains worth the time and effort?

Policy Options

(Ihlanfeldt, 2006)

- Place-Based Initiatives: Urban Enterprise Zones
- Residential Mobility:
 - Remove regulatory barriers for housing
 - Subsidize, encourage suburban housing construction
- Personal Mobility:
 - Information about suburban jobs
 - Cost-effective means of commuting to the jobs

Causes for Concern

- Mismatch may be skill rather than location
- Spatial economic models predict income segregation
- Jobs and people are mobile