Spatial Mismatch

- 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