

SAN JOSÉ STATE UNIVERSITY
DEPARTMENT OF URBAN AND REGIONAL PLANNING
URBP 250: Urban Planning Public Finance
URBP 150: Introduction to Municipal Finance
SPRING 2020

Instructor(s): Dr. Shishir Mathur
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Office Hours: By appointment
Class Days/Time: Monday 7:30 pm to 10 pm
Classroom: CL 205

Course Catalog Description

URBP 250: Investigation of both the theory and practice of local public finance with emphasis on applications relevant to urban and regional planning. Topics include: public goals and externalities; the function of the budget; sources of revenue and expenditure; the planning programming-budgetary system (PPBS); methods of project evaluation; and traditional as well as innovative methods of public finance including property tax, user fee, impact fee, tax increment financing and use of special districts.

URBP 150: An introduction to the theory and practice of municipal finance. Topics include public goals and externalities, the function of the budget, sources of revenues, finance tools, expenditure types, the planning programming-budgetary system (PPBS), and methods of project evaluation.

Course Web Page

Course materials such as syllabus, lecturer notes, assignment instructions, etc. are at:

<https://sjsu.instructure.com/courses/1363588> (URBP 250)

<https://sjsu.instructure.com/courses/1360803> (URBP 150)

Course Description

Do you wonder how we pay for our roads, schools, libraries, and other public infrastructure and facilities? What are the traditional as well as innovative methods of financing public facilities, including land-value-capture-based finance tools? How can the method of financing such facilities impact urban development? How do we ensure that planning and funding of facilities are coordinated? This course discusses these and such other questions/issues related with public financing of urban infrastructure and services.

Financing of public facilities for an urban area is a very dynamic and complex process. The complexity arises, in part, because of the diversity of organizations involved in the decision-making process. The process is political as well as technical in nature. Moreover, there is an ever-increasing competition for limited funds,

especially during times of budgetary cutbacks. In this course we will first get introduced to the field of public finance with an overview of the government structure under which public financing works in the US. Next, we will discuss the normative theory of public finance. Thereafter, we will examine public finance at the local government-level. The discussion will include study of the major sources of expenditure and revenue, the budgeting process, and the exploration of the links between budgeting and planning. Next, we will review two important evaluation tools used in the field of public finance, namely, fiscal impact analysis and cost-benefit analysis. In the end, we will examine the traditional as well as the innovative public financing methods. These include property tax, sales tax, user fee; and land-value-capture tools such as impact fee, tax increment financing, special assessments district, joint development, and land pooling and reconstitution.

Course Learning Outcomes (CLOs)

Upon successful completion of this course, students will be able to:

1. Identify and describe the budgetary process of a local jurisdiction;
2. Identify linkages (or lack thereof) between a local jurisdiction's budgeting and planning processes;
3. Understand the role of short- and long-term debt in financing public infrastructure and services;
4. Critically evaluate the impact of various public finance tools on urban development; and
5. Use program evaluation tools like fiscal impact analysis and cost-benefit analysis
6. This course partially covers the following PAB Knowledge Components: 3B to 3E.
7. 3B) Governance and Participation: appreciation of the roles of officials, stakeholders, and community members in planned change.
8. 3E) Social Justice: appreciation of equity concerns in planning.

Required Texts/Readings

Textbook

John R. Bartle, W. Bartley Hildreth, and Justin Marlowe. 2013. *Management Policies in Local Government Finance, 6th Edition*. Washington DC: International City/County Management Association. Cost: Approximately \$100 (purchase); \$45 (rent)

Other Readings

Other readings are electronically available through San Jose State University's new learning management system (LMS), Canvas by Instructure. A quick guide on how to access CANVAS is at <http://www.sjsu.edu/ecampus/docs/Canvas-Student-Quick-Guide.pdf>. I may also hand out a small number of additional articles in class, and at times may ask you to read material available on the web.

Course Requirements and Assignments

Success in this course is based on the expectation that students will spend, for each unit of credit, a minimum of 45 hours over the length of the course (normally three hours per unit per week) for instruction, preparation/studying, or course related activities, including but not limited to internships, labs, and clinical practica. Other course structures will have equivalent workload expectations as described in the syllabus.

Your grade for the course will be based on the following assignments and other activities:

Assignments	Percent of Course Grade	Course Learning Objectives Covered
Assignment 1: One discussion and narrative per class	5%	1-5
Assignment 2: In-class discussion	5%	1-5
Assignment 3: Engagement Unit Activity 1: Attend a Public Meeting and Write a Reflection Paper	10%	1-4
Assignment 4: Engagement Unit Activity 2: Participate in One Role Playing Group with a Guest Lecturer & Write a Reflection Paper and a Synthesis Paper	15%	1-4
Assignment 5: Draft Term Paper	10%	1-3
Assignment 6: Final Term Paper	20%	1-4
Assignment 7: Presentation of Term Paper	10%	1-4
Assignment 8: Fiscal Impact Exercise	10%	5
Assignment 9: Cost-Benefit Exercise	10%	5
Assignment 10: Impact Fee Exercise	5%	4

This class will be a combination of lecture by the instructor, in-class discussion, and presentations by the guest speakers. You have to read the assigned material *prior* to attending that week’s class, and participate in class discussion. Additionally, you have to contribute one question per class that you would like to see discussed in the class. Such a question may also include clarification of a concept/part of the reading. This question is required for every class, except when there is a guest speaker presentation. Email the question to the instructor by **Sunday night** before the class with the subject line “Name: Class ‘x’ Question,” where “x” stands for the week of the class.

In-class discussion requires participation but more importantly thoughtful participation. You will not be assessed on the amount of participation per se, but rather your contribution to the course learning objectives and class discourse through insightful questions or comments.

Assignments 3 and 4 constitute the 1-unit engagement unit. For this unit, you will have to undertake additional activities outside the class hours such as attending public meetings related to financing of infrastructure and services; writing memos critically analyzing the issues discussed in these public meetings; providing peer responses to such memos written by fellow students; and revising your memo based upon the peer responses. Details on how to complete these activities will be provided on handouts distributed in class later in the semester.

For the 1-unit engagement unit, the instructor will spend an additional 15 hours per semester on activities such as: designing the engagement unit activities and the related assignments, coordinating with community partners to implement the activities, advising students outside of class on a weekly basis as needed, and grading the engagement unit activity assignments.

Furthermore, you will have to write one term paper and present the findings of the paper to the class. In the term paper, you will write a memo discussing the linkages between a city’s general plan, capital improvement plan, and budgets. URBP 150 and URBP 250 will have separate writing requirements for these papers. These requirements and detailed guidelines about writing the papers will be provided later in the semester at the time the paper assignments are introduced. Finally, you will complete three take-home exercises. They will help you conduct fiscal impact analysis, cost-benefit calculation, and impact fee calculation.

Final Examination or Evaluation

In class presentation of Term Paper constitutes the culmination activity for this course. It will take place on May 11 from 7:30 pm to 10 pm and on May 18 (the final examination day for this class) from 7:45 pm to 10 pm.

Grading Information

The course grade consists of 10 assignments (see above). If a student named “Joe” obtains 4 points on the first assignment, 5 on the second, 9 on the third, 14 on the fourth, 7 on the fifth, 19 on the sixth, 9 on the seventh, 10 on the eighth, and 5 on the ninth, and 5 on the tenth assignment, his final letter grade would be calculated using the following steps:

- a) Add the score for each assignment to arrive at the final score for the course.
Final score = 4 plus 5 plus 9 plus 14 plus 7 plus 19 plus 9 plus 10 plus 5 plus 5 = 87
- b) The following grading scheme converts the final score into a letter grade.

A plus = 100 to 96
A = 95 to 93 points
A minus = 92 to 90 points
B plus = 89 to 87 points
B = 86 to 84 points
B minus = 83 to 81 points
C plus = 80 to 78 points
C = 77 to 75 points
C minus = 74 to 72 points
D plus = 71 to 69 points
D = 68 to 66 points
D minus = 65 to 63 points
F = 62 points or lower

- c) Using the conversion scheme provided in step “b” the score of 87 equals a letter grade of “B plus.”

Classroom Protocol

This class is primarily run as a seminar, with the goal to foster critical thinking in the complex world of urban public finance. As such, it is expected that students attend each class, be on time, complete the assigned readings prior to each class, and actively participate in discussions with an open mind. If you are unable to attend a class, please notify me in advance. Lectures by the instructor and/or guest experts will supplement class discussions.

We live in a 24/7 connected world. However, I will request that you refrain from texting, tweeting, surfing, and anything else that you can do on an electronic device unless it is for taking notes or for looking up information relevant to the discussion at hand. Phones must be off or on silent.

University Policies

Per [University Policy S16-9](http://www.sjsu.edu/senate/docs/S16-9.pdf) (<http://www.sjsu.edu/senate/docs/S16-9.pdf>), relevant university policy concerning all courses, such as student responsibilities, academic integrity, accommodations, dropping and adding, consent for recording of class, etc. and available student services (e.g. learning assistance, counseling, and other resources) are listed on [Syllabus Information web page](http://www.sjsu.edu/gup/syllabusinfo) (<http://www.sjsu.edu/gup/syllabusinfo>), which is hosted by the Office of Undergraduate Education. Make sure to visit this page to review and be aware of these university policies and resources.

URBP 250: URBAN PLANNING PUBLIC FINANCE URBP 150: INTRODUCTION TO MUNICIPAL FINANCE Spring 2020 Course Schedule

(Subject to change with fair notice. Instructor to notify students of the changes in class and by uploading a revised syllabus on the course webpage)

Course Schedule

Week 1 (January 27)

Course Overview

Week 2 (February 3)

Public Finance: The Local Government Structure

Reading:

* Svava, James H. 2013. Chapter 3, "Government Structure as Context for the Finance Function." In *Management Policies in Local Government Finance*, ed. John R. Bartle, Hildreth W. Bartley and Justin Marlowe. Washington DC: International City/County Management Association.

Week 3 (February 10)

Public Finance: Theory

Reading:

* Heikkila, Eric. 2000. Chapter 5, "Public Goods and Public Choice." In *The Economics of Planning*. New Brunswick, NJ: CUPR Press, Center for Urban Policy Research, Rutgers University.

* Tiebout, Charles. 1956. A Pure Theory of Local Expenditures. *Journal of Political Economy* 64(5): 416-424.

* Buchanan, James. 1965. An Economic Theory of Clubs. *Economica* 32: 1-14.

* Eric J. Heikkila. 1996. Are Municipalities Tieboutian Clubs? *Regional Science and Urban Economics* 26(2): 203-226

Week 4 (February 17)

Local Government: Expenditure and Revenue

Reading:

* Chapman, Jeffrey. 2013. Chapter 2, "Local Government Spending and Revenues." In *Management Policies in Local Government Finance*, ed. John R. Bartle, Hildreth W. Bartley and Justin Marlowe.

Washington DC: International City/County Management Association.

* Crane, Randall. 2006. *Public Finance Concept for Planners*. Lincoln Institute of Land Policy Working Paper Series. Cambridge, MA: Lincoln Institute of Land Policy.

Term Paper Introduced

Draft Due April 6

Final Due May 11

Week 5 (February 24)

Local Government Budgeting

Guest Speaker: TBD

Reading:

* Franklin, Aimee. 2013. Chapter 6, "Budgeting." In *Management Policies in Local Government Finance*, ed. John R. Bartle, Hildreth W. Bartley and Justin Marlowe. Washington DC: International City/County Management Association.

* Zhang, Yahong, and Yuguo Liao. 2011. Participatory Budgeting in Local Government: Evidence from New Jersey Municipalities. *Public Performance and Management Review* 35(2): 281-302.

Week 6 (March 2)

Determining Infrastructure Needs

Reading:

* Hanousek, Donna. 1989. Chapter 2, "Planning." In *Project Infrastructure Development Handbook*. Washington, DC: Urban Land Institute.

* White, Mark. 1996. *Adequate Public Facilities Ordinances and Transportation Management*. Planning Advisory Service Report Number 465. Washington, DC: American Planning Association.

Week 7 (March 9)

Capital Improvement Planning

Guest Speaker: TBD

Reading:

* Bunch, Beverly, S. 2013. Chapter 11, "Capital Planning and Budgeting." In *Management Policies in Local Government Finance*, ed. John R. Bartle, Hildreth W. Bartley and Justin Marlowe. Washington DC: International City/County Management Association.

* Bowyer, Robert. 1993. *Capital Improvement Programs: Linking Budgeting and Planning*. Planning Advisory Service Report Number 442. Washington, DC: American Planning Association.

* Mathur, S. 2019. Linking Planning with Budgeting: Examining Linkages between General Plans and Capital Improvement Plans. *Journal of Planning Education and Research* 39(1):65-78.

Week 8 (March 16)

Fiscal Impact Analysis

Reading:

- * Burchell, Robert, and David Listokin. 1994. Fiscal Impact Analysis. In *Development Impact Assessment Handbook*. Washington, DC: ULI.
- * Heikkila, Eric. 2000. "Rethinking Fiscal Impacts." In *The Economics of Planning*. New Brunswick, NJ: CUPR Press, Center for Urban Policy Research, Rutgers University.

Recommended Reading

- * Burchell, Robert, Listokin, David, and William Dolphin. 1985. *The New Practitioner's Guide to Fiscal Impact Analysis*. New Brunswick, NJ: CUPR Press, Center for Urban Policy Research, Rutgers University.

Fiscal Impact Exercise Introduced (Due April 13)

Week 9 (March 23)

Cost Benefit Analysis

Reading:

- * Heikkila, Eric. 2000. "Understanding Cost-Benefit Analysis." In *The Economics of Planning*. New Brunswick, NJ: CUPR Press, Center for Urban Policy Research, Rutgers University.

C/B Exercise Introduced (Due April 20)

Debt Management

Reading:

- * Denison, Dwight V. 2013. Chapter 12, "Debt Management." In *Management Policies in Local Government Finance*, ed. John R. Bartle, Hildreth W. Bartley and Justin Marlowe. Washington DC: International City/County Management Association.
- * Mathur, Shishir. 2007. *Using General Obligation Debt to Finance Park and Recreation Public Improvements: the Case of San Jose, California*. Lincoln Institute of Land Policy Working Paper Series. Cambridge, MA: Lincoln Institute of Land Policy.

Week 10 (March 30) — no class, Spring Break!!!

Week 11 (April 6)

Property and Non-Property Taxes

Reading:

- * Bland, Robert, L. 2013. Chapter 8, "The Property Tax." In *Management Policies in Local Government Finance*, ed. John R. Bartle, Hildreth W. Bartley and Justin Marlowe. Washington DC: International City/County Management Association.
- * Mikesell, John, L. 2013. Chapter 9, "Consumption and Income Taxes." In *Management Policies in Local Government Finance*, ed. John R. Bartle, Hildreth W. Bartley and Justin Marlowe. Washington DC: International City/County Management Association.
- * Saxton, Terri, Sheffrin, Steven, and Arthur O' Sullivan. 1999. Proposition 13: Unintended Effects and Feasible Reforms. *National Tax Journal* 52(1): 99-112

Recommended Reading

* Oates, Wallace. 1969. The Effects of Property Taxes and Local Public Spending on Property Values: An Empirical Study of Tax Capitalization and the Tiebout Hypothesis. *Journal of Political Economy* 77(6): 957-971.

Draft Term Paper due (bring a hard copy to the class and also email to instructor with the subject line "Name: URBP250/150 Draft Term Paper"); Instructor will electronically distribute among the classmates.

Week 12 (April 13)

User Fees

Reading:

* Hendrick, Rebecca. 2013. Chapter 10, "Non Tax Revenue." In *Management Policies in Local Government Finance*, ed. John R. Bartle, Hildreth W. Bartley and Justin Marlowe. Washington DC: International City/County Management Association.

* Martin, Randolph, and Wilder Roland. 1992. Residential demand for water and the pricing of municipal water services. *Public Finance Quarterly* 20(1): 93-102.

* Briggs, Robert. 1989. Evaluating a water conservation surcharge program in Orange County, Florida. *Government Finance Review* 5(2): 7-10.

* Rosenbloom Sandra. 2010. Alternative Transportation Financing Strategies: Special Equity Implications for Older and Retired People. *Transportation Research Record* 2163: 15–23.

Fiscal Impact Exercise Due

Week 13 (April 20)

Special Districts; Special Assessment Districts

Reading:

* Lin, Ben, Pieser, Richard, and Douglas Porter. 1987. *Special Districts: A Useful Technique for Financing Infrastructure*. Washington, DC: Urban Land Institute.

* Marlow, Michael. 1995. The influence of Special District Governments on Public Spending and Debt. *Applied Economics* 27(7): 596-573.

* Mathur, Shishir. 2015. Funding Public Transportation Through Special Assessment Districts: Addressing the Equity Concerns. *Public Works Management & Policy* 20(2): 127–145.

C/B Exercise Due

Week 14 (April 27)

Development Impact Fees

Reading:

* Evans-Cowley, Jennifer. 2006. *Development Exactions: Process and Planning Issues*. Cambridge, MA: Lincoln Institute of Land Policy.

<http://www.lincolninst.edu/subcenters/teaching-fiscal-dimensions-of-planning/materials/evans-cowley-planning.pdf> (accessed January 15, 2013).

* Mathur, Shishir. 2013. Do All Impact Fees Affect Housing Prices the Same? *Journal of Planning Education and Research* 33(4): 442–455.

Mathur, Shishir. 2016. Designing an Impact Fee Program to Meet Rational Nexus Principle and Reduce Vertical Inequity. *Public Works Management & Policy* 21(4): 324–345.

Impact Fee Exercise Introduced (Due May 11)

Tax Increment Financing

Reading:

* Weber, Rachel, and Laura Goddeeris. 2007. *Tax Increment Financing: Process and Planning Issues*. Cambridge, MA: Lincoln Institute of Land Policy.

Mathur, Shishir. 2017. Use of Tax Increment Financing to Fund Public Transportation: Enabling Environment and Equity Impacts. *Public Works Management and Policy* 22(3): 201–225.

Week 15 (May 4)

Public Private Partnerships (PPPs); Land Pooling and Reconstitution (LPR)

PPP

* Yescombe, E.R. 2013. Chapter 16, “Public-Private Partnerships.” In *Management Policies in Local Government Finance*, ed. John R. Bartle, Hildreth W. Bartley and Justin Marlowe. Washington DC: International City/County Management Association.

* Siemiatycki, Matti. 2010. Delivering Transportation Infrastructure Through Public-Private Partnerships: Planning Concerns. *Journal of American Planning Association* 76(10): 43-58.

* Mathur, S. 2017. Public-Private Partnerships for Municipal Water Supply in Developing Countries: Lessons from Karnataka, India, Urban Water Supply Improvement Project. *Cities* 68: 56-62.

LPR

* Mathur, Shishir. 2013. Self-financing Urbanization: Insights From the Use of Town Planning Schemes in Ahmadabad, India. *Cities* 31: 308–316.

* Sorensen, Andre. 2002. *Consensus, Persuasion, and Opposition: Land Readjustment Organizing in Japan*. Cambridge, MA: Lincoln Institute of Land Policy.

Week 16 (May 11)

Presentation of Term Paper

(Guidelines for presentation will be handed out separately in class)

Final Term Paper due (bring a hard copy to class and also email to instructor with the subject line: “Name: 250/150 Term Paper”). Also submit the graded Draft Term Paper.

Impact Fee Exercise Due (email to instructor with the subject line: “Name: Impact Fee Exercise”)

Class 17 (May 18)—Final’s exam week. Class meets from 7:45 pm to 10 pm

Presentation of Term Paper

(Guidelines for presentation will be handed out separately in class)

Plagiarism and Citing Sources Properly

Plagiarism is the use of someone else's language, images, data, or ideas without proper attribution. It is a very serious offense both in the university and in your professional work. In essence, plagiarism is both theft and lying: you have stolen someone else's ideas, and then lied by implying that they are your own.

Plagiarism will lead to grade penalties and a record filed with the Office of Student Conduct and Ethical Development. In severe cases, students may also fail the course or even be expelled from the university.

If you are unsure what constitutes plagiarism, it is your responsibility to make sure you clarify the issues before you hand in draft or final work.

Learning when to cite a source and when not to is an art, not a science. However, here are some common examples of plagiarism that you should be careful to avoid:

- Using a sentence (or even a part of a sentence) that someone else wrote without identifying the language as a quote by putting the text in quote marks and referencing the source.
- Paraphrasing somebody else's theory or idea without referencing the source.
- Using a picture or table from a webpage or book without reference the source.
- Using data some other person or organization has collected without referencing the source.

The University of Indiana has developed a very helpful website with concrete examples about proper paraphrasing and quotation. See in particular the following pages:

- Overview of plagiarism at www.indiana.edu/~istd/overview.html
- Examples of plagiarism at www.indiana.edu/~istd/examples.html
- Plagiarism quiz at www.indiana.edu/~istd/test.html

If you still have questions, feel free to talk to me personally. There is nothing wrong with asking for help, whereas even unintentional plagiarism is a serious offense.

Citation style

It is important to properly cite any references you use in your assignments. The Department of Urban and Regional Planning uses Kate Turabian's *A Manual for Writers of Research Papers, Theses, and Dissertations*, Ninth edition (University of Chicago Press, 2016, ISBN 978-0226430577). Copies of older editions might be available in the SJSU King Library, which you can use. Additionally, the book is relatively inexpensive, and you may wish to purchase a copy. Please note that Turabian's book describes two systems for referencing materials: (1) "notes" (footnotes or endnotes), plus a corresponding bibliography, and (2) in-text parenthetical references, plus a corresponding reference list. The instructor prefers the latter.