**Glossary**

**ABILITY-TO-PAY PRINCIPLE—**A principle of taxation that says wealthier households should pay for a larger share of publicly provided goods and services because they have greater means to do so.

**ABSOLUTE ADVANTAGE—**The ability of one firm, region, or country to produce a commodity using fewer resources per unit of output than any other firm, region, or country.

**ACCELERATED DEPRECIATION—**Under this provision of the federal income tax, firms (or landlords) can deduct a large proportion of the cost of maintenance in the early years of such an investment rather than spreading out the deduction in equal shares over the full expected life of the property improvement. This reduces the amount of income tax paid by the firm or landlord.

**ADAPTATION (CLIMATE CHANGE)—**Adjustment in natu­ral or human systems to a new or changing environ­ment that exploits beneficial opportunities or moderates negative effects.

**ADAPTIVE CAPACITY (CLIMATE CHANGE)—**The ability of a system to adjust to climate change to moderate poten­tial damage or to cope with the consequences.

**AFFORDABLE HOUSING—**According to the US Department of Housing and Urban Development, housing for which the household pays no more than 30 percent of its own income in rent or in mortgage pay­ments including taxes and utilities.

**AGGLOMERATION ECONOMIES—**Reduced costs in an economic activity that result from enterprises or activi­ties locating near one another. There are two types of agglomeration economies: localization economies and urbanization economies.

**ALLOCATION ROLE OF GOVERNMENT—**The role that governments play when they change the amount of goods and services that would otherwise be produced in a market economy.

**ALLOCATIVE EFFICIENCY—**The use of resources to pro­duce the particular combination of goods and services that maximizes consumer satisfaction.

**AMORTIZE—**To pay off a debt (e.g., a mortgage) through periodic agreed-upon installments, gradually reducing the balance owed.

**ANNEXATION—**The extension of the geographic bound­aries of a city or town by adding a neighboring area or municipality to its jurisdiction.

**ASYMMETRIC INFORMATION—**Unequal information held by the buyer and seller in a market exchange. For example, a used car dealer may know more than the prospective buyer about the quality of a car being sold.

**ATTRIBUTES THEORY OF CONSUMER BEHAVIOR—**An approach to understanding consumer behavior empha­sizing that a good is actually a combination of attri­butes (characteristics), and that these attributes hold value for a consumer. From this perspective, the source of consumer demand for a specific good (e.g., a house or a car) is the demand for a specific combination of attributes exhibited by that good.

**BASIC/NONBASIC APPROACH—**An approach to under­standing urban economic growth in which production is divided into two sectors. “Basic production” and related “basic jobs” pertain to firms that produce goods or services for export to other regions in return for payments from consumers from those other regions. Export can refer to sales to other municipalities, states, or nations. “Nonbasic production” and “nonbasic jobs” pertain to firms whose goods or services are not exported, but instead are only sold locally.

BENEFIT PRINCIPLE—A principle of taxation that says households that gain from a publicly provided good or service should be the ones who pay for it.

BID RENT—The amount renters or buyers are willing to offer in order to gain access to and use of a specific parcel of land.

BID RENT CURVE—A graph that shows the maximum amounts (represented on the vertical axis) that a type of land user (e.g., commercial businesses) would be will­ing to pay for land, as the distance from the city center increases (represented on the horizontal axis).

BOARDS OF HEALTH—Individuals appointed by state or local governments to oversee the quality of pub­lic health in an area, to pursue initiatives designed to increase health-related services, promote healthy behavior, and prevent disease and injury.

BONDING SOCIAL CAPITAL—Making firmer connections with people who share some fundamental identities.

BRIDGING SOCIAL CAPITAL—Making firmer connections with those who may come from different backgrounds but seek some common purpose.

BROKEN WINDOWS/ZERO TOLERANCE—An approach to crime prevention that emphasizes police response to vandalism and minor disorder. The underlying reason­ing is that if potential criminals notice such response, they are likely to believe that residents and city gov­ernment care about what happens in those locations, that criminal activity is more likely to be observed and reported in that area, and that arrest is more likely.

BUDGET CONSTRAINT—The limit on a household’s pur­chasing power due to the limited money the household has available to spend. In graphs, the budget constraint is a line that represents the various combinations of goods and services a household can buy with a given income.

BUILDING CODES—Standards and specifications con­tained in government regulations, designed to establish minimum safeguards for the construction of buildings, and to protect the people who live and work in them from fire, threats to health, and other hazards.

BUILDING CONSTRUCTION GUIDELINES—Regulations covering the type and quality of materials used, design, size, height, or other aspects of building construction.

**BUMP RATE—**The frequency with which two or more parties come into contact with each other and share ideas.

**BUSINESS CYCLE—**A fluctuation in the level of economic activity where output expands and then contracts or vice versa.

**BUSINESS IMPROVEMENT DISTRICT (BID)—**An associa­tion formed by businesses within an area to provide services (such as street cleaning or security patrols) beyond the level of services provided by the municipal government.

**CAP AND TRADE—**See “emissions trading.”

**CAPITAL—**Buildings (e.g., factories, offices) and equip­ment (e.g., tools, machinery) used in the production of goods and services.

**CARBON TAX—**A price placed on carbon dioxide emis­sions to reduce the amount produced.

**CENSUS TRACT—**An official small census unit that usu­ally contains between 2,500 and 8,000 persons who are more or less homogeneous with respect to population characteristics, economic status, and living conditions.

**CENTRAL BUSINESS DISTRICT (CBD)—**A densely devel­oped center of a city, used primarily for business activities.

**CENTRAL CITY—**The largest municipality, containing more than 50,000 population, in a metropolitan area. Under certain conditions regarding size and commuting patterns, there can be more than one central city in a given metropolitan area. Also known as a “principal city.”

**CENTRAL PLACE THEORY—**A theory asserting that there is a hierarchy of size and function among cities and towns within any given region, based upon the market areas of different types of firms located in each city or town. At the top of the hierarchy are cities that con­tain industries producing goods and services for export widely throughout a region, nation, or the globe. Lower in the hierarchy are municipalities that produce goods and services for local consumption or for consumption in those cities at the top of the central place hierarchy.

**CENTRIFUGAL FORCE—**Factors that encourage dispersal of activities away from a center toward the outskirts.

**CENTRIPETAL FORCE—**Factors that encourage locational choice toward the center of a city.

**CETERIS PARIBUS—**a Latin phrase used in economics to mean “holding everything else constant”; a theoretical condition used frequently in economic explanations. To focus attention upon a limited number of factors, other things that could change are assumed to be held constant.

CHARTER SCHOOLS—Schools established by private groups that provide publicly funded education under contracts (charters) with designated government edu­cational authorities.

CIRCULAR CAUSATION WITH CUMULATIVE EFFECT—The theory that a small change in one direction leads to a large effect in that direction, while a small change in another direction leads to a large effect in that direc­tion. As an example, small differences in initial school­ing can lead to large changes in life opportunities.

COASE THEOREM—The theory that externalities do not necessarily require government intervention and that private bargaining between those producing externali­ties and those that they potentially affect will lead to optimal outcomes if three conditions hold. These con­ditions are that property rights are clearly specified, the number of parties involved is small, and the costs of bargaining are negligible.

COGNITIVE MAPS—Mental “maps” of a community created by employers and other decision-makers that reflect their beliefs about the strengths and weaknesses of each location as a place to live, establish a busi­ness, or from where to hire new employees. Cognitive maps can be based on impressions and beliefs rather than objective reality and can lead to certain forms of discrimination.

COMBINED STATISTICAL AREA (CSA)—As defined by the US Bureau of the Census, a large, urbanized area that links together metropolitan statistical areas (MSAs) where there is a substantial amount of commuting between individual metropolitan areas. These combined statistical areas can cover hundreds of square miles.

COMMON INTEREST DEVELOPMENTS—Private organiza­tions formed by individual households or businesses to pursue common goals through shared consumption of goods and services.

COMMUNICABLE DISEASES—Diseases that can be trans­mitted through contact with other humans or contact with other living organisms. Communicable diseases can be contrasted with noncommunicable diseases, such as scurvy, which arise because of nutritional or other deficiencies, and are not transmittable.

COMMUNITY-BASED ORGANIZATIONS (CBOS)—Any of a broad range of nonprofit organizations based in urban neighborhoods and dedicated to improving the quality of life for their residents.

COMMUNITY DEVELOPMENT CORPORATIONS (CDCS)—Nonprofit groups formed to improve conditions in low- and moderate-income neighborhoods, primarily through housing construction and job creation.

COMMUNITY-ORIENTED POLICING—An approach toward crime that emphasizes the creation of a close relation­ship between police and neighborhood residents, with the objective of building neighborhood residents’ capacity to prevent crime, solving neighborhood prob­lems that may be related to crime levels, and linking crime prevention by police and residents with other municipal services.

COMPARATIVE ADVANTAGE—A country or region has a comparative advantage in producing a good or service, relative to another region or country, if the relative cost of producing the good or service—its opportu­nity cost in terms of other goods forgone—is lower than it is in the other region. Even if one region has an absolute advantage in the production of two goods, the region without absolute advantage has compara­tive advantage in the production of the good whose opportunity cost is less than the opportunity cost of the region with absolute advantage. Under comparative advantage, maximum output and maximum utility is achieved when each region concentrates its resources in the production of the good or service for which its opportunity cost of production is lowest and then trades some of this good or service for some of the good or service produced in the other region.

COMPETITIVE ADVANTAGE—The success of a firm (or region, or nation) in a particular industry against rival firms (or regions or nations) producing the same, or a similar, prod­uct. Competitive advantage can be gained either through low-cost production or product differentiation—producing a unique product or one that is considered to be of higher quality or more innovative.

COMPLEX GOOD—A good that embodies several dif­ferent characteristics of importance to a consumer. Because the characteristics of a complex good typi­cally involve several types of value, consumers’ choices about such goods involve trade-offs between the different types of value. For example, housing may be valued for its size, layout, amenities, prox­imity to work, and the quality of the school district where the house is located. The choice of a particular house depends upon how much the home buyer values each of these different aspects relative to each other and the trade-offs that he or she is willing to make in terms of these varied attributes.

**COMPREHENSIVE COMMUNITY HEALTH CENTERS—**Centers funded by the US Congress to provide a wide array of medical services and health outreach in urban and rural low-income areas.

**CONGESTION PRICING—**Varying the tolls on a roadway, bridge, or tunnel so that motorists are charged the most during periods of heaviest traffic (congestion).

**CONSOLIDATED METROPOLITAN STATISTICAL AREA (CMSA)—**As defined by the US Bureau of the Census and used until 2003 for what is now termed a combined statistical area (CSA).

**CONSTRAINED MAXIMIZATION—**Maximizing a particu­lar goal given a set of limits on resources. For example, a consumer seeks to maximize the utility he or she gets from the consumption of a set of goods and services subject to a budget constraint on the amount he or she can spend.

**CONSUMER MARKETS—**The sale of goods and services from firms to households, or the locations in which such sale takes place.

**CONSUMER SOVEREIGNTY—**The idea that the desires of individual consumers either (1) are paramount in an economy, or (2) that they should be paramount. The first way of using the term asserts that what consumers want actually determines what is produced in a society. The second way of using the term is an assertion about how things should be: that consumers should decide for themselves what to buy, rather than having their pur­chases affected by government regulations that influ­ence production or choice.

**CONTAGIOUS DISEASES—**Diseases that can be passed from one person to another. Contagious diseases are one category of communicable diseases (diseases that can be either passed from human to human or con­tracted through contact with other living organisms).

**CORE-BASED STATISTICAL AREA (CBSA)—**As defined by the US Bureau of the Census, a term in use since 2003, to refer either to a metropolitan or micropolitan statistical area.

**CORPORATE WELFARE—**A term used by some journal­ists to describe the public provision of direct and indi­rect subsidies for capital and other costs as incentives to businesses.

**COST-BENEFIT ANALYSIS—**A study to determine whether a proposed project is worthwhile, by assessing current and future costs and benefits from the project. The general mathematical framework in which cost-benefit analysis occurs expresses the present value of the difference between the stream of current and future benefits and the stream of current and future costs: Σ (benefitst – costst) / (1 + r)t.

**COST-BURDENED HOUSING—**Housing costs that exceed 30 percent of a household’s pretax annual income (see “affordable housing”).

**COST-EFFECTIVENESS ANALYSIS—**A technique closely related to cost-benefit analysis that attempts to find the least cost method for obtaining a particular objective even when the value of the objective cannot be judged against the cost of obtaining it.

**COST-OF-LIVING INDEX—**An index of the cost of main­taining a given standard of living. This is found by measuring the total cost of a specified set of goods and services commonly bought by consumers and measur­ing the change in the cost of purchasing this market basket of goods and services over time.

**CREATIVE CLASS—**As defined by Richard Florida, the group of workers in science and engineering, architec­ture and design, education, arts, and music and enter­tainment whose economic function is to create new ideas, new technology, and new creative content.

**CREATIVE DESTRUCTION—**The replacement of older industries and economic activity in a region with new industries and economic activities.

**CROSS-SUBSIDIES—**Paying for services that operate at a loss using the revenue derived from other services that operate at a profit.

**CULTURAL, TOURISM, AND RECREATION CENTERS—**Cities (or metropolitan areas) where activities tied to recreation, culturally significant venues, and histori­cally important sites constitute a large part of the eco­nomic base, or where such activities are the dominant source of economic growth.

**DECISION ANALYSIS—**A tool that is similar to cost-benefit analysis but focuses on a decision made by a specific interested party such as a homeowner, an industrial firm, or a particular government department or division rather than society as a whole.

**DE FACTO—**A Latin term meaning “from reality.” De facto is often used to indicate that a phenomenon is occurring without formal legal authorization (in other words, not “de jure”). For example, de facto segregation is segregation that exists due to economic factors or social behavior, not imposed by law.

**DEFENSIBLE SPACE—**An architectural term referring to design elements that deter crime. This can be accom­plished through the physical design of an area by raising; the likelihood that a crime will be seen and reported, reducing the number of places in which a perpetrator could hide, and creating public spaces that foster a sense of ownership and responsibility among residents.

**DEINDUSTRIALIZATION—**The rapid loss of factories and factory-related jobs to other parts of the country or to other nations or to the cessation or sharp reduction of production activities in key industries for any reason.

**DE JURE—**A Latin term meaning “from law.” For example, de jure segregation is segregation that is written into law and maintained through the enforcement of such law.

**DEMAND—**The quantity of a good or service that an individual, group, or nation is willing and able to buy at a specified price.

**DEMOGRAPHIC SHIFTS—**Changes in the population characteristics of a city, suburb, or other geographic area. These would include changes in the racial and ethnic composition of the population, as well as changes in its age structure, its nativity, or number of people per household.

**DESIGN ZONING—**Regulating the use of land to promote efficient use of a city’s infrastructure or to conserve open spaces.

**DISCOUNT RATE—**A computational tool that adjusts for the present value of costs or benefits that will occur in the future.

**DISECONOMIES OF SCALE—**Factors that cause long-run average cost to increase as a firm attempts to increase its output. For example, diseconomies of scale may arise from problems in communication or coordination as a large organization continues to grow.

**DISEMBODIED KNOWLEDGE—**Knowledge that has been written down by people with skills and insight, so that it can be learned by others rather than only learned only through experience.

**DISSIMILARITY INDEX—**A measure of the difference in the patterns in which two population groups are spread across a geographic area. Used in studies of hous­ing markets and social dynamics, the dissimilarity index shows the extent to which each census tract or neighborhood within the geographic area replicates the racial composition of the area as a whole.

**DISTRIBUTIONAL ROLE OF GOVERNMENT—**The role that governments play when they change the access to income or to goods and services from what market forces would otherwise have produced.

**DIVISION OF LABOR—**A system of production in which different people are assigned different types of work.

**DOWNWARD FILTERING—**A succession of ownership (or rental residency) that moves down income levels from higher-income families to middle-income families to lower-income families.

**DROIDS—**In package delivery, autonomous robots that deliver packages to households and businesses.

**DUAL LABOR MARKET—**A labor market in which there is a primary sector, containing jobs that pay relatively high wages, provide good working conditions and reasonable employment stability, and offer chances of advance­ment; and a secondary sector, containing jobs that tend to be low paying with poor working conditions and con­siderable instability, little chance for advancement, and high turnover.

**ECONOMIC BASE—**Economic activities that produce goods and services that can be sold outside the metro­politan area, generating income for those in the metro area from those residing in other regions. Economic base theory states that such firms are the primary determining factor in the economic growth of a town or region.

**ECONOMIC PROFIT—**The return that a business owner receives over and above what is necessary to keep him or her willingly in business. This is typically thought of as the amount above the return the owner would receive in the owner’s next-best business alternative.

**ECONOMIES OF SCALE—**Factors that cause a firm’s long-run average cost to decrease as the firm’s output increases. For example, large-scale production permits specialization in the use of labor, buying in bulk, and other ways of acquiring and using resources, all of which may help to lower costs.

**ECOSYSTEM—**A community or group of living organ­isms that live in and interact with each other in a specific environment.

**EDGE CITIES—**A term used to describe a pattern of urban growth where there are concentrations of eco­nomic activity and residences in the outer rings of

metropolitan areas. Edge cities are typically built around large retail malls or the intersection of two major highways. According to Joel Garreau, who intro­duced the term in the early 1990s, an edge city must include at least 5 million square feet of leasable office space and 600,000 square feet of retail space.

EDUCATION PRODUCTION FUNCTION—A mathematical representation of the relationship between inputs in the educational process, such as the teacher/student ratio in a school or the number of library books, and educa­tional outcomes, such as graduation rates or scores on standardized tests.

EDUCATION VOUCHERS—Educational systems in which households are entitled to a certain amount of public funding for a child’s education, regardless of whether the child attends public, private, or parochial (reli­giously oriented) schools. Parents of school-age chil­dren typically receive a document (called a voucher) that can be used toward the payment of tuition at any school within the voucher system.

EFFICIENCY—Using resources in the most optimal way. This entails either maximizing output (being as pro­ductive as possible) with a given set of inputs, or mini­mizing the amount of inputs needed to produce a given amount of output.

ELITISM—The belief that public-sector decision-making reflects the interests and values of powerful individu­als or groups, rather than the interests of the public at large.

EMERGENCY MEDICAL SERVICES (EMS)—The provision of emergency services, such as cardiopulmonary resus­citation, control of bleeding, administration of lifesav­ing drugs, and other potentially lifesaving techniques, by trained personnel from the public or private sectors, who specialize in on-the-scene medical interventions for injured or ill people prior to and during transporta­tion to hospitals.

EMERGENCY MEDICAL TECHNICIANS (EMTS)—Trained personnel who travel to a scene in ambulances to pro­vide emergency medical services.

EMINENT DOMAIN—The power of local government to take private land for public use.

EMISSIONS TRADING—A market-based solution to reducing carbon dioxide (or other) emissions by setting an overall limit and allowing firms to trade pollutions permits within that established limit.

EMPOWERMENT ZONE—An economically distressed area eligible for tax and regulatory relief under the Federal Empowerment Zone program, initiated in 1993.

ENTERPRISE ZONE (EZ)—An economically distressed area eligible for tax and regulatory relief (e.g., sales tax exemptions, tax waivers, building permit fee waivers, subsidies) under state enterprise zone laws.

ENTITLEMENT—A benefit available by law automatically to all qualifying individuals or households.

ENVIRONMENTAL JUSTICE—Fairness to all racial, eth­nic, or socioeconomic groups, with respect to the environmental impacts of industrial, municipal, and commercial activities and with respect to the environ­mental impacts of government policies and programs.

EPIDEMICS—Diseases that affect many more people than usual, and rapidly spread to others.

EQUITY—Fairness in the distribution of resources or income.

EXCLUDABLE—Capable of being provided to one per­son and not to others. Excludable goods/services can be purchased and consumed by one person, without others having access to the good/service that has been purchased. This contrasts with nonexcludable goods, which, once they are provided, are accessible to every­one. For example, most privately purchased goods (e.g., an ice cream cone) are excludable. A good like national defense is nonexcludable since, if it is provided, all pre­sumably benefit from it.

EXCLUSIONARY ZONING—Regulating the use of land to bar one or more demographic groups (e.g., racial groups, ethnic groups, or income groups) from areas of a city or town.

EXPORT BASE THEORY—A theory that posits the demand from other regions for an area’s exports is the key driv­ing force in that area’s economic prosperity.

EXPULSIVE ZONING—The use of local zoning ordi­nances to bar use of land for activities that produce negative externalities in areas populated by a particu­lar race/ethnicity group, while allowing those activi­ties in areas populated by other race/ethnicities. The unwanted externalities are essentially expelled from the former areas into the nonprotected areas.

EXTERNAL DISECONOMIES—A cost that arises from an economic activity that does not fall on the person or

firm producing or consuming the goods or services produced by that activity.

EXTERNAL ECONOMIES—A benefit that arises from an economic activity that does not accrue to the person or firm producing or consuming the goods or services produced by that activity.

EXTERNALITIES—A cost or benefit in production or consumption that does not accrue to the producer or consumer of the commodity.

EXTERNALITY ZONING—Regulating the use of land to separate activities that create negative externalities from other activities that may be adversely affected by those externalities.

EXURBAN REGIONS—Areas or towns that are located in the rural areas beyond those considered to be the sub­urbs of a city.

FEE—A fixed amount of money charged for a service or privilege.

FEE SIMPLE—A legal tradition in which, at the most fun­damental level, land is owned by government, and the ownership of private property by individuals and other private entities is a right conferred by government. The implication of fee simple is that governments can revoke the right of ownership. This is the legal under­pinning for eminent domain.

FINANCIAL CENTERS—Cities (or metropolitan areas) where access and expertise that link firms and indi­viduals to financial services (such as potential inves­tors, sources of loans, accounting, wealth management, and insurance) constitute a large part of the economic base, or where such activities are the dominant source of growth.

FIRST-MOVER ADVANTAGE—The benefit from being first into a market with a new product.

FISCAL ZONING—Regulating the use of land to bar changes that would adversely affect tax revenue or the municipal budget.

FIXED COSTS—Costs that do not vary with the level of output.

FREE RIDER PROBLEM—The ability of individuals or firms to legally enjoy consumer goods or services without hav­ing to pay for them. This phenomenon exists in the case of nonexcludable goods where no provision for payment through taxes or special user fees is established.

GATED COMMUNITIES—Privately owned residential areas created by homeowners’ associations where fences, gates, and walls exclude those who do not own property within.

GENERAL RECIPROCITY—The expectation that someone who does a good deed will be rewarded, though not necessarily by the beneficiaries of that good deed.

GENERAL TAX INCENTIVES—Inducements given to all firms meeting qualifications specified in the applicable tax law.

GENTRIFICATION—The displacement of low- and moderate-income residents from an area due to rising housing values, and their replacement with higher-income families.

GLOBALIZATION—The increased integration of economic activity (including trade, investment, production, tech­nological change, and other activities) across national boundaries.

GREENHOUSE GASES—gases such as carbon dioxide, methane, nitrous oxide, and fluorinated gases that con­tribute to global warming.

GROWTH MACHINE—A concept that emphasizes the role of real estate investors, bankers, and other local business interests acting out of self-interest to promote intensification of land use as their primary objective.

HARD COSTS—The costs of capital, labor, and taxes incurred by developers as contrasted with the soft costs of regulation such as legal costs and time delays.

HAZMAT TRUCKS—Trucks that carry industrial waste, nuclear waste, chemicals, or other materials that are potentially hazardous to humans.

HEDONIC PRICE INDEX—A statistical technique that seeks to quantify the value of each of the various attri­butes of a complex good.

HERD IMMUNITY—A situation in which high levels of immunization protect both those who have received the vaccine and those who have not.

HIGHEST AND BEST USE—The use of market competition to determine the most productive use for land or other goods.

HOUSING TRUST FUNDS—Low-cost loans made available to housing developers if they agree to set aside a mini­mum number to be rented or sold at prices affordable to low- and moderate-income households.

**HUMAN CAPITAL—**Skills, knowledge, or other attributes that render a worker more productive.

**IMPORT SUBSTITUTION—**A strategy for increasing out­put and employment in a region by producing goods or services for local consumption that were once imported into the region from other locations. The strategy of import substitution can be contrasted with that of export promotion, where industrial effort is focused on the production and goods and services that can be sold to other regions to generate local income.

**INCLUSIONARY ZONING LAWS—**Municipal laws that provide housing developers with waivers of previ­ously existing limits on the number of units per acre in return for the developer building a number of afford­able housing units in the development or contributing to an affordable housing trust fund used for building low-income housing.

**INCOME ELASTICITY—**A measure of how much a specified variable changes in response to changes in income (both expressed in percentage terms). For example, the income elasticity of demand for food is the percentage increase in demand for food divided by the percentage increase in income. An income elasticity of 0.2 would mean that if income rises by 1 percent, the demand for food rises by 0.2 percent.

**INDIFFERENCE CURVES—**A line or curve that shows all combinations of consumption goods that yield the same level of total satisfaction (utility) for an individ­ual. Because they each yield the same level of satisfac­tion, the individual would be indifferent as to which combination was received.

**INDUSTRIAL POLICY—**The strategic effort by a federal, state, or local government to encourage the develop­ment and growth of a particular sector of the economy, a particular industry, or business.

**INDUSTRIAL REVENUE BONDS—**Bonds issued by munic­ipal governments to raise funds to provide land, build­ings, and equipment that will be leased by a private industrial company for a set number of years. Such bonds are often used to attract companies to an area, or to provide funding for expansion of companies that already exist in the area.

**INDUSTRIAL TRANSFORMATION—**The prosperity and growth of some industries, while others become obso­lete (see also “creative destruction”).

**INDUSTRY CLUSTERS—**Groups of firms located near each other, that are in the same industry or in related industries (through their roles as suppliers or purchas­ers of each other’s products, or through their reliance upon the same set of inputs).

**INELASTIC DEMAND—**Demand for a good or service for which consumers are not highly sensitive to changes in price. Often these are commodities without good sub­stitutes, so many consumers will continue to purchase them despite higher prices.

**INFANT MORTALITY RATE—**The proportion of deaths among children during their first year of life. The infant mortality rate is calculated by taking the number of deaths of children before their first birthday during a year and dividing it by the number of live births during that same year.

**INFORMAL ECONOMY—**See “underground economy.”

**INNOVATION CENTERS—**Cities (or metropolitan areas) where activities (such as research and development, universities, and medical facilities) related to the dis­covery of new ideas and new products constitute a large part of the economic base, or where such activi­ties are the dominant source of growth.

**INNOVATION DISTRICTS—**An approach to economic development that bring together in close proximity within a city all of the ingredients needed to spawn new industry.

**INPUT-OUTPUT ANALYSIS—**A technique for studying the interdependence in production among the entire array of industrial sectors of an economy. An input-output table calculates all flows of goods and services between sectors of origin (and factor services) and sectors of destination. As an example, an input-output analysis will show how much steel is consumed in the production functions of each industry (including the steel industry itself).

**INTERDISTRICT CHOICE—**An educational system in which families are allowed to select and send their children to public schools in school districts other than the ones in which they reside.

**INTEREST-GROUP THEORY—**The belief that public-sector decision-making can best be understood through the real­ization that decision-makers face competing pressures and demands from formal and informal groups of individuals, with each group trying to persuade the decision-makers to make decisions favorable to that group.

**INTERGENERATIONAL EQUITY—**Fairness with regard to how the costs of providing a service are divided across generations. Intergenerational equity is an issue in financing major projects for which services and pay­ments will continue across generations.

INTERNAL ECONOMIES OF SCALE—Economies of scale that result from factors within the firm. Internal econo­mies of scale contrast with external economies of scale (such as agglomeration economies), which result from factors outside the firm.

INTRADISTRICT CHOICE—An educational system in which families are allowed to select and send their children to any public school within the boundaries of the school district in which they reside.

JOB MULTIPLIER—The relationship between employment in economic base (basic) industries and employment in the economy as a whole. The job multiplier is calculated as total employment divided by export employment in the economic base industries. Economic base theory states that the job multiplier is a measure of the number of jobs in the overall economy of an area that will be created as the result of each additional job in basic industries.

KNOWLEDGE SPILLOVERS—The spread of new skills, insights, and information from one application to another or from one firm to another. Knowledge spillovers can occur through formal arrangements, such as industry symposia designed to spread new knowledge, or through informal channels, such as when workers from different firms within a field socialize with each other.

LABOR MARKET SEGMENTATION—A labor market containing two or more segments that provide very different wages and working conditions (see “dual labor market”).

LINKAGE PROGRAMS—Municipal laws that require developers of commercial and industrial property to make payments to a housing fund for the construction of affordable housing to offset pressure on the housing market that presumably will be caused by the hiring of new employees in the businesses occupying those properties.

LOCALIZATION ECONOMIES—Agglomeration econo­mies that result from firms in the same industry locat­ing near one another (see “agglomeration economies”).

LOCALLY UNWANTED LAND USES (LULUS)—Land uses that residents do not want to have nearby (such as industrial plants and hazardous waste sites).

LOCATION-EFFICIENT MORTGAGES—Mortgages that offer better terms for home purchases in areas where there is less need to commute by private automobile. Such mort­gages are currently available in only a few cities.

LOCATION QUOTIENT—A statistical measure of the extent to which a particular economic activity is over- or under­represented in the economy of a region, compared to its representation in the economy as a whole.

LONG RUN AVERAGE COST CURVE—The total cost per unit of output during a time period sufficiently long that increases in plant and equipment can occur. Thus, the long-run average cost curve depicts production costs when all inputs can be increased.

LOW BIRTH WEIGHT—The weight of a newborn who is less than 2,500 grams (about five and a half pounds). Babies with low birth weights are more likely to be at risk for life-threatening complications.

MACROECONOMICS—The study of the behavior of a national economy as a whole, including the study of gross domestic product, inflation, unemployment, and economic growth.

MAGNET SCHOOLS—Public schools with a special­ized curriculum or a distinctive approach to learning that are open to students throughout a school district, regardless of the school to which they would normally be assigned.

MANUFACTURING CITIES (CENTERS)—Cities (or metro­politan areas) where the production of finished con­sumer goods or components for use as inputs in further manufacture constitute a large part of the economic base, or where such activities are the dominant source of growth.

MARGINAL PRODUCT—The additional quantity of output that is generated by one more unit of a single input. For example, the marginal product of labor is the increase in the amount of output that comes from one more worker.

MARKET-ORIENTED FIRMS—Firms for which transporta­tion costs are the primary determinant of location, and in which those costs are minimized by locating pro­duction close to the market where the final consumer is located.

MARKET POWER—The ability to influence the terms on which a market exchange is made. As most commonly used, the term market power describes the ability of a monopoly or oligopoly to raise prices. A firm with no market power has to sell at the same price that other sellers of the same good are charging.

**MARKET VALUE—**The price that a good would receive if sold on the open market.

**MATERIALS-ORIENTED FIRMS—**Firms for which trans­portation costs are the primary determinant of location, and in which those costs are minimized by locating production close to the source of raw materials.

**MEDIAN FAMILY INCOME—**After arraying all families according to income from lowest to highest, the income that divides the distribution in half. Fifty percent of all families have an income lower than the median; 50 percent have an income above it.

**MEDICAID—**A joint state/federal health insurance program to fund healthcare for individuals with low income and few resources. Created in 1965, in the same legislation that created Medicare, Medicaid is man­aged by the states, and is available only to individuals who fall under specified income and resource criteria.

**MERIT GOOD—**Also called “merit wants.” A good whose consumption is deemed to be intrinsically beneficial, but which, due to imperfect knowledge or unaccounted- for externalities, is purchased by con­sumers in insufficient quantities. The consumption of merit goods (such as basic education or housing) is often encouraged by government through public provi­sion or subsidy because of the beneficial results that presumably ensue to society.

**MERIT WANTS—**See “merit good.”

**METROPOLITAN AREA (MA)—**A geographic area con­taining a large population nucleus, together with adja­cent communities that have a high degree of economic and social integration with that nucleus (some metro­politan areas are defined around two or more nuclei). Metropolitan areas are designated by the federal Office of Management and Budget in terms of one or more counties or, in New England, county subdivisions (pri­marily cities and towns).

**METROPOLITANISM—**Cooperation between central cit­ies and their surrounding suburbs to work toward com­mon goals.

**METROPOLITAN STATISTICAL AREAS (MSAS)—**Defined by the US Office of Management and Budget as an area that includes a city of at least 50,000 population or an urbanized area of at least 50,000 with a total metropol­itan area population of at least 100,000. Generally, an MSA consists of one or more counties, except in New England, where MSAs are defined in terms of county subdivisions (primarily cities and towns).

**MICROECONOMICS—**The study of the behavior of individual consumers and firms, including the study of how prices are determined in markets for specific goods or services, how goods are distributed among the population, and how income from market exchange is distributed.

**MICROPOLITAN STATISTICAL AREA—**As defined by the US Office of Management and Budget, urban areas too small to be classified as metropolitan areas, but having at least one urban cluster of between 10,000 and 50,000 inhabitants.

**MINIMUM WAGE—**A minimum level of pay established by law for workers in general. The federal minimum wage law covers the vast majority of US workers; many states have minimum wage laws that supersede federal law.

**MONETARY WEIGHT—**The monetary cost of trans­porting a product times the weight of that product. Monetary weights are used in the determination of the most cost-effective location for a transportation-cost-oriented firm.

**MONOCENTRISM—**The characteristic of having one center of activity

**MONONUCLEARITY—**Having one, and only one, cen­ter of key activity, with other parts of the urban area dependent upon this one central area.

**MONOPOLIST—**A business that is the only seller of a particular good or service for which there is no close substitute.

**MONOPOLY—**The existence of only one seller for a given product for which there is no close substitute.

**MULTIPLE IDENTITIES—**A situation in which an indi­vidual may have one persona within a specific group at one time and a completely different persona with another group at another time.

**MUNICIPAL HEALTH CENTERS—**Centers established and funded by municipal governments to provide medical services, health education, health-related outreach, and other services. The extent of services provided is deter­mined by individual city governments.

**MUNICIPALITIES—**Legally established cities or towns, usually pursuant to state legislation.

**MUNICIPAL PUBLIC WELFARE DEPARTMENTS—**Municipal offices established to help coordinate and deliver publicly and privately financed social services to poor people.

**NATURAL MONOPOLY—**The existence of a monopoly in which economies of scale are so large that no entry by competitors is possible once an incumbent firm is established.

**NEW GROWTH THEORY—**A theory of economic growth that emphasizes the role of education and technology in the growth process. Within new growth theory, education not only has direct effects on productivity, but also has spill­over effects that enhance a region’s competitive advantage.

**NEW TRADE THEORY—**An approach to understanding trade between countries or regions that emphasizes the effect of economies of scale in production and the bar­riers that existing large-scale production pose for the entry of new firms to an industry.

**NEW URBANISM—**An approach to urban planning that seeks to recreate more vibrant civic life through archi­tectural and design elements, such as higher-density housing, front porches, and other elements that encour­age interaction along lively streets.

**NOMINAL WAGES—**The dollar amount of the pay received; the amount shown on a paycheck (contrast with “real wages”).

**NONAMORTIZING MORTGAGES—**Mortgages in which only the interest is paid during the term of the mort­gage, and a large payment, consisting of the entire prin­cipal, is due at the end of the mortgage. This contrasts with amortized mortgages, where the amount of the principal is gradually reduced through payments dur­ing the mortgage term.

**OCCUPATIONAL SAFETY AND HEALTH ACT—**A federal law, passed in 1970 that requires employers to provide workers with safe and sanitary workplaces.

**OFFSHORING—**The relocation of a production center, or some other part of a firm, to another country, using a central office in the original country simply to coor­dinate production and distribution. Offshoring is par­ticularly notable in recent decades, as some firms have moved part of their operations to areas with cheaper labor or better access to other inputs.

**OLIGOPOLIST—**A firm that is one of only a few produc­ers in its industry.

**OLIGOPOLY—**The existence of only a few producers in an industry.

**OPPORTUNITY COST—**The value of the best alternative given up (forgone) when income or time is used to con­sume something else.

**OPPORTUNITY STRUCTURES—**The access to resources and institutions that individuals possess. Access is affected by where individuals live, as well as by race, ethnicity, income, wealth, and other factors, and is continuously shaped by government policies, private-sector decisions, and the choices of individuals.

**OPTION VALUE—**The value that consumers who do not usually use a good or service place on the standby avail­ability of that good/service (that is, its availability), should they want or need to use it in the future. An example would be a city park that may be seldom used by a par­ticular resident but is still available to that resident if he or she chooses to visit it. Also refers to the value of complet­ing a given education degree in terms of the completion permitting one to go on to a higher level of schooling.

**OUTSOURCING—**Moving functions originally per­formed within a company to another firm that performs the function and sells the resulting parts or services to the original firm. It is called outsourcing because after the functions have been moved, the source of the parts or services is outside the original firm.

**OVERCROWDING—**A situation in which a housing unit contains more than one person per room.

**OVERZONING—**A restriction on land development in the absence of negative externalities that arise from incom­patible land uses.

**PARETO OPTIMALITY—**The condition of an allocation of goods such that no shift of resources is possible with­out reducing the satisfaction of at least one consumer.

**PATERNALISM—**Governmental action where the judg­ment of government decision-makers is substituted for the judgment of individual citizens or consumers.

**PATH DEPENDENCY—**The situation that occurs when elements of the past or present affect future conditions; historical circumstances or choices made by individ­uals open up some possibilities for the future, while closing off other possibilities.

**PHILLIPS CURVE—**Statistical observation by A. W. Phillips of an inverse relationship between the rate of inflation and the unemployment rate.

**PHYSICAL INFRASTRUCTURE—**The basic underlying cap­ital equipment (such as pipes, roads, cables, etc.) used to provide services to the general public (such as trans­port, telecommunications, water, and sanitation).

**PLURALISM—**Another name for interest-group theory; the belief that public-sector decision-making can best be understood through the realization that decision-makers face competing pressures and demands from formal and informal groups of individuals, with each group trying to persuade the decision-makers to make decisions favorable to that group.

POLICE POWER—The right of local government to pro­tect the health, safety, and general well-being of its citi­zens by imposing appropriate regulations. This is the legal basis for building codes, zoning, health regula­tions, and other measures that restrict the activities that occur within a government’s jurisdiction.

POPULATION DENSITY—A statistical measure of the number of people who live within a certain land area (total population divided by area). Also, a descriptive attribute meaning large numbers of people living in close proximity to each other.

PORK BARREL POLITICS—Government spending that is intended to benefit constituents of a politician, such as private urban developers or defense contractors in return for their political support, either in the form of campaign contributions or votes.

POVERTY RATE—The proportion of the population in a given area with income below the poverty thresholds (which differ according to family size) established by the US government.

PRESENT DISCOUNTED VALUE—The value now of a stream of future income payments, taking into account that payments made in the future are worth less than payments made today because a current payment can accumulate interest.

PRICE ELASTICITY OF DEMAND—The percentage change in quantity demanded resulting from a 1 percent change in price.

PRICE ELASTICITY OF SUPPLY—The percentage change in quantity supplied resulting from a 1 percent change in price.

PRIMARY METROPOLITAN STATISTICAL AREA (PMSA)—Now obsolete, this term was defined by the US Bureau of the Census to refer to a metropolitan statistical area (MSA) that was part of a larger consolidated metro­politan statistical area (CMSA).

PRIMARY SECTOR INDUSTRIES—Agriculture, timber, mining, and fishing industries (see also “secondary sector industries” and “tertiary sector industries”).

PRINCIPAL-AGENT PROBLEM—The problem that exists when the interests of an agent acting on behalf of a client (the principal) diverge from the interests of the client. For example, the interests of the manager of a corporation may differ from the interests of the stock­holders who hired the manager.

PRINCIPAL CITY—The largest city in a metropolitan area, along with any cities in a metro area with a popula­tion of at least 250,000 or in which 100,000 or more persons work, and other cities in the metro area that meet specified official standards of population size and employment. This term is often a synonym for “central city.”

PRISONER’S DILEMMA—A situation where the pur­suit of self-interest by separate individuals without regard for the well-being of others keeps all individu­als from reaching goals that actually maximize their self-interest.

PRIVATE SECURITY GUARDS—Individuals hired by pri­vate groups to provide screening, monitoring, and control of behavior, and other activities related to the security of the people or firms who have hired them.

PROBLEM-ORIENTED POLICING—An approach to crime prevention that relies on the police attempting to sys­tematically understand the causes of recurring crime and react with a concerted effort of problem solving, planning, mediating, and organizing the community to fight it.

PRODUCTION COSTS—The costs incurred in the manu­facture of a good, including the cost of labor, raw mate­rial, machinery, rental property, energy, and taxes and fees.

PRODUCTIVE EFFICIENCY—Producing goods at the low­est possible cost per unit.

PRODUCT LIFE CYCLE THEORY—An approach to under­standing firm location and urban prosperity that emphasizes how the location of production for a partic­ular good may change over time due to changes in pro­duction and marketing needs and competitive forces as the product moves from initial introduction into the market to widespread market circulation.

PUBLIC CHOICE THEORY—A branch of economics con­cerned with the application of economics to the analysis of nonmarket public decision-making. One assumption of public choice theory is that public employees will seek to maximize personal utility, and in the absence of adequate monitoring by government, decisions may be made that benefit the employees’ interests rather than the interests of the overall public.

**PULL FACTORS—**Positive characteristics of an area that attract migration of residents or firms from other regions or nations.

**PURE PUBLIC GOODS—**Goods that are nonexcludable (once they are provided, they are available to every­body), and nonrival (consumption or use by one person does not diminish the amount of that good or service available for other individuals).

**PUSH FACTORS—**Negative characteristics of an area that encourage migration of residents or firms to other regions or nations.

**REAL ADJUSTED WAGES—**The dollar amount of the pay received adjusted for changes in prices over time; the purchasing power of wages compared to the purchas­ing power of the same nominal wage in the past.

**REDLINING—**A practice where banks (or other lenders) refuse to make mortgage or home repair loans for spe­cific areas in a city. Historically associated with racial discrimination, the practice is known as redlining because some lenders drew red lines on maps to indi­cate the areas that were not to be given loans.

**REFUSE—**Also known as “solid waste,” refuse is left­over material that has been thrown away by house­holds, businesses, and other parties (see “solid waste”).

**REGIME THEORY—**An approach to understanding the relationships between government and private sectors as decisions are made that affect urban areas. Regimes are informal coalitions that represent business, govern­ment, and others who are working toward a goal that requires the participation of both private and public sectors. Parties within the coalition may not have the same exact interests but are willing to participate in movement toward a goal because of the benefits that are expected from achieving the goal, or because of promises that have been made from other members of the coalition to acquire their cooperation.

**REGRESSION ANALYSIS—**A statistical technique that seeks to explain changes in an outcome (a dependent variable) in terms of changes in other variables (inde­pendent variables) that are, based on theory, believed to be causes of the outcome.

**REGULATORY COSTS—**Costs incurred by businesses in the course of complying with local, state, and federal laws.

**RENT—**In discussion of housing (or commercial property), rent is the price paid to the owner of a property for use of the home (or commercial space). In microeconomics, rent is sometimes used to refer to the amount paid for an input (e.g., to a worker with unique talents) above the amount of that input’s opportunity cost (its next-best-paying alternative use).

**RESIDENTIAL PARADOX—**The situation in which lower-income families tend to live closer to the central parts of cities on more expensive land and where higher-income families live in the suburbs on less expensive land. The paradox is explained by the high-density living conditions of lower-income families so that the price per square foot per person is lower in the higher-priced central city than in less expensive suburbs.

**RESIDENTIAL SEGREGATION—**A residential pattern where households of different races or members of particular ethnic groups live in separate neighborhoods within a city or metro area.

**RESILIENCE (CLIMATE CHANGE)—**A capability to antici­pate, prepare for, respond to, and recover from sig­nificant multihazard threats with minimum damage to social well-being, the economy, and the environment.

**RETIREMENT CENTERS—**Cities (or metropolitan areas) that attract large numbers of individuals retiring from their former jobs, and where income from retirement earnings and activities related to retirement constitutes a large part of the economic base, or where such activi­ties are the dominant source of growth.

**RISK—**The situation that exists when future outcomes are not known but probabilities of various outcomes can be calculated from data.

**RISK (CLIMATE CHANGE)—**A combination of the magni­tude of the potential consequences of climate change impacts and the likelihood that the consequences will occur.

**RISK MANAGEMENT—**An analytic tool which is used to consider cases where there is a need for information about the relative likelihood of a variety of possible events or variation in the intensity of an event.

**RIVAL—**The characteristic of a good or service where consumption or use by one person diminishes the amount of that good or service available for other individuals.

**SCALE ECONOMIES—**See “economies of scale.”

**SCHOOL CHOICE—**An educational system in which parents can decide which school their children attend, rather than having schools assigned by residential address or other criteria.

**SECONDARY MORTGAGE MARKET—**The market in which banks or other financial institutions sell their existing mortgage contracts with households to other parties (such as other financial institutions and pension funds). The secondary mortgage market provides cash (or other short-term assets) to the bank that originally sold the loan, while providing a longer-term flow of funds (from the household) to the new mortgage holder.

**SECONDARY SECTOR INDUSTRIES—**Construction and manufacturing industries (see also “primary sector industries” and “tertiary sector industries”).

**SELECTIVE MIGRATION—**Migration in which those who leave an area come disproportionately from specific demographic groups. For example, the migration away from depressed areas tends to be composed dispropor­tionately of younger, better educated individuals.

**SETTLEMENT HOUSES—**Organizations (and the build­ings out of which they operated) that were established to provide social, educational, and health services to immigrants and to low-income residents of cities in the late 1800s and early 1900s. The most widely known settlement house was Hull House, founded in Chicago by Jane Addams.

**SEVERELY COST-BURDENED HOUSING—**Housing costs that exceed 50 percent of a household’s pretax annual income.

**SHADOW ECONOMY—**See “underground economy.”

**SHORT RUN AVERAGE COST CURVE—**The total cost per unit of output during a short enough time period that no changes in plant and equipment can take place. Any increase in output is due only to increased use of labor and raw materials.

**SITE ASSEMBLY PROBLEM—**The problem confronted by developers when a certain amount of land is needed for a development project but parts of the needed land are owned by a variety of individuals, some of whom are willing to sell to the developer and others who are not.

**SITE COSTS—**Costs incurred to procure—and make any necessary adjustments to—the land and buildings that a business occupies.

**SMART GROWTH—**Planned development to limit sub­urban sprawl through measures that increase density. Among current smart growth initiatives are transit-oriented development, urban growth boundaries, location-efficient mortgages, transferable development rights, and new urbanism. Proponents of smart growth development believe that it can improve central cities, promote environmental quality, save public resources, lower energy consumption, and preserve rural land and open space.

**SOCIAL BENEFIT—**The sum of the gains or benefits to society as a whole from an activity or project. This includes benefits accrued both by the particular con­sumers of the activity or project and by others who are not directly party to the consumption. A common example is the social benefit that derives from the edu­cation of other people’s children.

**SOCIAL CAPITAL—**The ability of individuals to harness the resources they need through a network of friends and relatives. Social capital depends upon intangible things with economic value that either are contained within or are transmitted through social relationships. Examples of social capital include trust, information, and obligations.

**SOCIAL COST—**The full opportunity cost to society of using resources to produce a particular good or service rather than using the resources for some other purpose.

**SOCIAL INFRASTRUCTURE—**An area’s ability to produce human capital as measured by the quality of its educa­tion and training institutions as well as its health care facilities.

**SOCIAL NETWORK—**A social structure made of nodes (which are generally individuals or organizations) that are tied together by one or more specific types of relations, including kinship, employment, or business links. Social networks play a critical role in determin­ing the way problems are solved, organizations are run, and the degree to which individuals succeed in achiev­ing their goals.

**SOCIAL SECURITY—**A federal program to provide retire­ment income, disability income, and income for sur­viving spouses and children of deceased workers.

**SOFT COSTS—**The legal costs and time delays develop­ers experience due to regulation as contrasted with the hard costs of capital, labor, and taxes.

**SPATIAL MISMATCH—**A situation where lack of access to suburban housing (due to housing discrimination or to high prices for houses) and lack of access to transporta­tion prevent jobseekers in cities from reaching jobs that are located in the suburbs.

**SPATIAL RELOCATION—**The movement of households, businesses, and other activities from one geographic area to another. Spatial relocation includes movement from one country to another, from one metro area to another, or from city to suburb (and vice versa).

SPECIAL TAX BREAK—Inducements given to a specific firm or group of firms, keyed to considerations such as the number of new workers hired or to specified neigh­borhoods within a municipality.

SPECIALIZATION—Dividing up production tasks so that people (or places) concentrate on tasks in which they have an advantage—that is, that they can perform more efficiently than other people (or places). Specialization normally results in higher levels of output, or improved quality of output.

SPECIFIC RECIPROCITY—The expectation that someone who does a good deed will be rewarded by the benefi­ciaries of that good deed.

SPILLOVER EFFECTS—The positive or negative impact of an exchange on third parties who are neither the buyers nor the sellers involved in the transaction.

STANDARD METROPOLITAN STATISTICAL AREAS (SMSAS)—As defined by the US Office of Management and Budget, a term used between 1959 and 1983 to refer to large metro areas. In 1983 the term “standard” was dropped, and large metro areas were subse­quently referred to simply as “metropolitan statistical areas” (MSAs).

STATISTICAL DECISION THEORY—See “decision analysis.”

STATISTICAL DISCRIMINATION—Judging an individual not on his or her own credentials, but on beliefs about the characteristics of the average or typical member of a demographic group to which the individual belongs.

STEERING—The practice by real estate agents of limit­ing housing options by showing to prospective home buyers only the housing in neighborhoods with popu­lation characteristics similar to their own (e.g., show­ing White households properties only in White areas and showing minority households properties only in minority areas).

SUPPLEMENTARY SECURITY INCOME (SSI)—A federal pro­gram to provide income support for low-income elderly and disabled individuals.

SUPPLY—The amount of a good or service offered for sale at any given price.

SUPPLY CHAINS—The systems of firms, processes, and transportation that are involved in producing a good and making it available for purchase. Supply chains can extend from extraction of the basic raw materials from which the good is made, through all steps in manufac­turing, and end with final sale of the finished product.

SUSTAINED COMPETITIVE ADVANTAGE—The ability of firms and regions to innovate in order to successfully maintain a competitive advantage over an extended period of time.

SYSTEMIC SOCIAL DISORGANIZATION APPROACH—An approach to crime that emphasizes the ability of neigh­borhood residents to build social capital (such as trust and shared norms) that will increase their influence on the behavior of individual residents. Adherents of this approach try to change patterns of social interaction among families in ways that will build social capital.

TAX—Financial obligation imposed by a government upon individuals, businesses, and other entities to pro­vide funds used to support government activities.

TAX EFFORT—The tax rate per dollar of assessed prop­erty value; the total property tax collected by local governments divided by the total value of assessed property in their jurisdictions.

TAX EXPENDITURES—Preferential tax treatment that reduces revenue flowing to government, and increases the income retained by a particular group of households or firms. Essentially, it is the cost to government of tax exclusions, exemptions, deductions and deferrals pro­vided to particular groups of households or firms. An example of a tax expenditure is the provision in federal tax laws that allows homeowners to reduce their taxable income by the amount of their home mortgage interest.

TAX INCREMENT FINANCING (TIF)—The financing of local development projects through the issuance of municipal bonds backed by the expected increase (increments) in tax revenue from future increases in property values within the designated TIF area. The proceeds from the bond sales can be used for site clear­ance, utility installation, street construction and repair, and other purposes that reduce costs for private busi­nesses willing to locate in depressed areas where TIF districts are permitted.

TAX REVOLT—Initiatives by voters to limit the tax rates that governments can charge on property and other taxable items.

TECHNOLOGICAL PROGRESS—The use of new or recent scientific knowledge in ways that lead to new innova­tions, inventions, and insights.

**TELECOMMUTING—**Performing a job from home, rather than coming into a central workplace, and communi­cating with the employer and other workers in the office or elsewhere through use of the internet or telephone.

**TELECONFERENCING—**Using telecommunications equip­ment (such as conferencing telephones or the internet) to conduct live meetings among three or more people in different locations.

**TEMPORARY ASSISTANCE FOR NEEDY FAMILIES (TANF)—**A federal program to provide income support mainly for single-parent families with dependent children. In place since 1995, it replaced the older Aid to Families with Dependent Children (AFCD).

**TERTIARY SECTOR INDUSTRIES—**Wholesale and retail trade and business and personal service industries (see also “primary sector industries” and “secondary sector industries”).

**TIPPING POINT—**The small action in the course of a series of actions that leads to a major change in a trend or behavior. For example, when a new racial group begins to reside in what was once a segregated neighborhood, there may be little change in racial com­position until the proportion of the new racial group reaches a critical point and then the racial composition of the neighborhood changes dramatically.

**TOTAL COST (TC)—**The sum of a firm’s fixed costs and variable costs.

**TOTAL REVENUE (TR)—**The total receipts that a firm takes in from selling its goods and services.

**TRADE—**The exchange of goods and services for money, or for other goods and services.

**TRADITIONAL APPROACH TO URBAN CRIME—**A police department approach to crime that emphasizes rapid response and raising the probability of arrest through the use of crime laboratories and investigatory tech­niques. This was the dominant police department approach to crime throughout most of the twentieth century.

**TRANSFERABLE DEVELOPMENT RIGHTS (TDRS)—**Government programs that use market forces to promote conservation in agricultural land and open space areas while encouraging smart growth in developed or rap­idly developing sections of a community. In a TDR pro­gram, a community identifies a local area it would like to see protected from development (the “sending zone”) and another area where it desires more concentrated development (the “receiving zone”). Landowners in the sending zone are allocated a number of development credits that can be sold to developers, speculators, or the community itself to help compensate for the loss of market value that preservation entails. Meanwhile, the purchaser of the development credits can apply them to develop at a higher density than otherwise allowed on property within the receiving zone.

**TRANSIT-ORIENTED DEVELOPMENT—**An approach to urban planning that emphasizes locating higher-density housing and mixed-use development near transit routes, to reduce an area’s reliance upon automobiles.

**TRANSPORTATION-COST-ORIENTED FIRMS—**Firms for which transportation costs are the key factor determin­ing where the firm should be located. The two basic types of transportation-cost-oriented firms are market-oriented firms and materials-oriented firms (sometimes called “resource-oriented firms”).

**TRANSPORTATION COSTS—**Costs incurred in moving inputs to producers (procurement) and shipping the output to points of sale (distribution).

**TRANSPORTATION HUBS—**Cities where activities related to transportation lines (such as switching goods or peo­ple from one mode of transportation to another, redi­recting goods or people in new directions, or breaking large shipments of goods into smaller shipments) constitute a large part of the economic base, or where such transportation-related activities are the dominant source of growth.

**UNCERTAINTY—**The situation that exists when future outcomes are not known and probabilities of various outcomes cannot be calculated because the process leading to the outcome is random or arbitrary. This contrasts with “risk,” a term used when it is possible to calculate the probabilities of various outcomes.

**UNDERGROUND ECONOMY—**This unregulated and poorly measured part of the economy consists of both legal activities (with the exception that taxes are usu­ally not paid on their proceeds) and a range of illegal activities, from unsanctioned gambling and prostitu­tion to the sale of drugs.

**UNDERZONING—**A failure to prevent negative external­ities that arise from incompatible land use.

**UNEMPLOYMENT COMPENSATION—**A federal/state pro­gram to provide temporary partial wage replacement for workers who lose their jobs.

**UNEMPLOYMENT RATE—**The number of people who are without a job but actively seeking work divided by the number of people in the labor force—those who are either working or actively seeking work.

**UNINTENDED CONSEQUENCES—**Unforeseen impacts of actions consciously taken by an individual, business, or government. Unintended consequences can be either positive or negative.

**UNION DENSITY—**The rate of unionization (the ratio of union members to all workers) within a geographic area, industry, or occupation.

**UNION SHOP—**Places of employment where, under the contract with the employees’ union, new employees are required to join the union within a specified period after being hired. In contrast to a closed shop, new hires in a union shop do not need to be union members before being hired.

**UPWARD FILTERING—**A succession of ownership (or rental residency) that moves up income levels from lower-income families to middle-income families to higher-income families.

**URBAN AREA—**All territory located within an urban cluster or urbanized area (see “urban cluster” and “urbanized area”).

**URBAN CLUSTER—**A smaller version of an urban area. As defined by the US Bureau of the Census, an urban cluster has a census population of 2,500 to 49,999, at least one core of blocks with a population density of at least 1,000 people per square mile, and adjacent block groups and blocks with at least 500 people per square mile.

**URBAN GHETTO—**A term used by social scientists to refer to sections of the city that contain high propor­tions of very poor households. It often refers to neigh­borhoods that contain poor minority households.

**URBAN GROWTH BOUNDARY—**A geographic area within which future growth will occur, as established by legis­lation that limits future development to within a certain radius of the core city.

**URBANIZATION ECONOMIES—**Agglomeration econo­mies that result from economic activities being con­centrated in urban areas. As an example, having a concentration of accounting, advertising, and mar­keting services available in a central business district reduces the cost to businesses that require all these services.

**URBANIZED AREA—**As defined by the US Bureau of the Census, a densely settled area that has an overall population of at least 50,000, at least one core of blocks with a population density of at least 1,000 people per square mile, and adjacent block groups and blocks with at least 500 people per square mile.

**URBAN POPULATION—**As defined by the US Bureau of the Census, all people living in official urbanized areas plus people outside of urbanized areas who live in urban clusters (i.e., towns with more than 2,500 inhabitants).

**URBAN PUBLIC AMENITIES—**Municipal services intended for voluntary leisure use by the public.

**URBAN SLUM—**Sections of a city where a concentration of poor people leads to a concentration of poverty-related social problems.

**URBAN SPRAWL—**Land-use patterns characterized by low density, clusters of activity with only one use (such as housing subdivisions, malls, and industrial parks), and automobile dependency, with resulting negative effects upon a variety of issues that may be of concern to environmentalists, urban planners, and others.

**USER FEES—**Fees charged to the actual users of govern­ment-provided goods or services, in contrast to paying for these items out of general tax revenue. Examples of user fees include charging tolls to cross a bridge, metering households for the amount of water they use, and adopting admission prices for city zoos.

**USER TAX—**A tax that is charged only to individuals who use a good or service, but which may not, as in the case of a user fee, be prorated on the amount of good or service consumed.

**USE VALUE—**The subjective value that an individual places upon using or owning a good.

**VACANCY RATE—**The percentage of housing stock in a neighborhood, city, or metro area that is available for purchase or rental.

**VARIANCES—**Decisions by city government to approve a specific application for land use that would otherwise be barred by zoning laws. Variances do not change the zoning laws but give permission for the single noncon­forming application.

**VEIL OF IGNORANCE—**The assumption that citizens making choices about their society will do so without knowing what position they will have in that society.

**VICIOUS CYCLE—**A course of events where predictable factors perpetuate and reinforce an undesirable outcome.

**VIRTUOUS CYCLE—**A course of events where predictable factors perpetuate and reinforce a desirable outcome.

**VOCATIONAL EDUCATION—**Educational training that provides practical experience in a particular occupa­tional field.

**VOUCHERS (HOUSING)—**A document issued by govern­ment to low-income families that can be used to pay a portion of the costs of housing, schooling, or other needs.

**VULNERABILITY (CLIMATE CHANGE)—**The degree to which a system is susceptible to, or unable to cope with, adverse effects of climate change and is a function of the character, magnitude, and rate of climate variation to which a system is exposed.

**ZERO-SUM GAME—**A game where the sum of the gains to winners equals the sum of the losses to losers. Zero-sum games are contrasted with positive-sum games, where gains for all participants are possible and negative-sum games, where all parties may be worse off as a result of some joint activity.