Discussion of:
D. Indra, “Choice of residence location and mode…”
Riverside, CA Jan. 17, 2015

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What the paper does:

- Adds to a valuable topic
- Brings excellent data: mostly US Census
- Cross-section of aggregates:
  Chosen well, good combination of:
  (i) Data completeness (minimizes censoring);
  (ii) Ample observations (all relevant ODs in 275 MSAs)
- Functional forms: conventional, well suited

Innovations:

- Residential location is conditioned on work location
- Many MSAs – can pool, or estimate separately

Main findings:

- Accessibility to consumption opportunities: has U-shaped effect on utility

- Distance to water, road network: sensible effects

- Differences across income groups:
  Esp. impact of average tract income on choice:
  (i) positive to most groups (as expected);
  (ii) negative to lowest group (interpreted as prejudice)

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  Another possible interpretation: reflects unobserved amenities specific to income group, e.g. suitable retail

Main findings (con't):

- Average elasticities (transp. mode wrt time; res. loc. wrt housing cost)

  Mostly as expected, consistent with previous studies.
  One result: mode choice elasticity lower than previous.
    Interpreted as: decline over time

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    Interpreted as: decline over time
    Alternative possibility: due to improvements in methodology in this study

Limitations:

- User cost of owner-occupied housing:
  Measure used here (implicit rent):

$$R = 0.1 \cdot V$$

  More sophisticated measure (e.g. Mills & Hamilton):

$$R = [(r + T)(1 - t) - \pi \cdot t - g^r + c] \cdot V$$

  where r = real interest rate;
  T = property tax rate
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  These parameters are likely to vary across MSAs & income groups

Limitations (continued):

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  Implication here: perhaps endogeneity of work location varies by MSA and by income;
  could proxy by measure of average job turnover.

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- Final calculation: effect of housing price elasticity on urban form:
  Which way is the causality?
  I could imagine:
  Pop density -> unobserved tastes -> resid. location

- Minor point: Is there truncation bias from omitting ODs with zero flows?

Possible extensions:

- Do pooled sample with MSA characteristics –
  e.g. climate, average education
  See if can account for some of the variation seen across MSAs without losing so much precision

- Random coefficients – could it be that some parameters vary randomly across OD pairs in a way that is useful to know?

- Time variation – obviously this would be a new project