Economic Analysis of a Subcenter with an FAR Regulation

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Abstract

This paper discusses under which conditions the subcenter that links to the CBD area in terms of land market forms when there exist agglomeration economies. Besides, the effects of FAR (floor-area ratio) regulation which confines the number of the CBD workers on urban configuration are described. Then the equilibrium systems with both the unbinding and binding FAR regulations are solved. And also the optimal urban configuration is presented when the government can control the growth level of the CBD.