

Econ 101: Microeconomics Handout

An abandoned apartment building in New York



Rent Control A Case of Price Ceiling

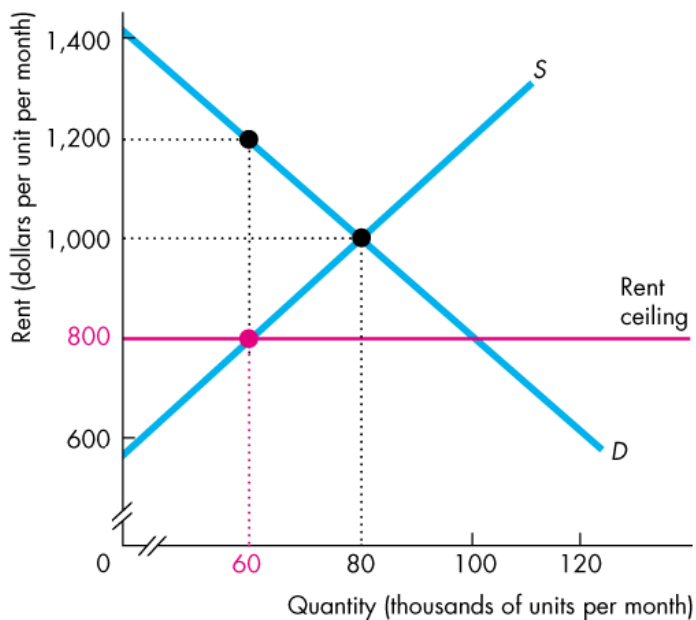
“Best way to destroy a city is through **Rent Control** “ Walter William.

Housing that does not fall under rent control protection in or near a city with rent control has highly inflated prices. It becomes extremely hard to acquire an apartment in a city with rent control.

-Since landlords get below market value for their housing they do not see benefit in repairing and maintaining the unit. Buildings become abandoned

-In Boston Mass, only 6% of those protected under rent control were poor. Rent control was ended in Massachusetts in 1995.

Welfare Analysis



Please highlight the following in the adjacent graph and calculate the values in dollars.

1. Shortage: DD-SS
2. Change in Consumer Surplus?
3. Change in Producer Surplus?
4. Dead Weight Loss?