

## Hurricane Katrina and rent control in New Orleans – worksheet

New Orleans residents who are looking to find apartments to live in are finding that the rents are much higher than they expected. Much housing stock has been knocked down by Hurricane Katrina, so some city officials are wondering whether it's time for a rent control policy to help ease the transition of returning citizens.

Using a diagram show how the impact of Hurricane Katrina could have driven up rents in New Orleans.



On a new diagram, show the impact of a maximum price below equilibrium on supply and demand.



To what extent are people who want to rent houses and apartments happy?

What has happened to producer surplus (mark this on the diagram).

What is the likely impact on the housing stock of rent controls in the long run?