Teacher Answer Key

Case Study

1. Conversion of rentals to condos/vacation rentals and deferred maintenance.

2. Builders anticipated lower returns and halted new construction, reducing supply.

Multiple Choice

1. A

2. D

3. B

Matching

1-D, 2-A, 3-B, 4-E, 5-C

Fill-in-the-Blank

1) shortage, 2) surplus, 3) Deadweight

Short Answer (Sample Responses)

Q1: Facing capped rents, landlords sought higher-return investments like condos.

Q2: A wage floor raises labor cost above equilibrium, so firms hire fewer low-skilled workers.

Q3: A price ceiling below equilibrium causes a shortage (insufficient supply at the capped price). A price floor above equilibrium causes a surplus (excess supply at the mandated minimum price).