

The Affordable Housing Crunch

Fair Market Rents (FMR) are used to determine how much the Housing Choice Voucher program pays out for housing assistance. [FMR is calculated](#) based on the Office of Management and Budget defined metropolitan areas, Housing and Urban Development subdivisions of those areas, and economic considerations including the cost of the shelter and utilities. Adequate housing is an important factor in a person's wellbeing. To understand how affordable housing is in an area it makes sense to compare actual market rates of rent and compare them to the rates that the government thinks is fair. We intend to compare these datasets to explore the dissonance between government assessments of fair rent and actual rental market rates. If time and resources permit we will further explore ways to explain these differences using other data sources. Systematic differences between actual rental markets and HUD assessments of FMR are found would indicate inefficiencies in the operation of housing choice voucher subsidies and a need for further assessment on ways to improve them, or address them through other policy measures such as rent control.

Research Questions

- Is the U.S. Department of Housing and Urban Development's Fair Market Rent calculations representative of actual rents in an area?
- If there is a difference between actual rents and Fair Market Rents as determined by HUD, what data can we use to explain those differences?

Data

Planned data

- HUD Fair Market Rent calculations by ZIP code in the Chicago area
 - ZIP code, year, fair market rent valuations by bedroom (studio, 1br, 2br, 3br, 4br)
- Scraped Zillow Data on Rental Listings
 - Listing address, ZIP code, latitude and longitude, total rent, number of bedrooms, number of bathrooms, year built

Possible additional data sources

- American Community Survey data
 - Socioeconomic information (race, income, household composition), ZIP code
- Eviction data from the Lawyer's Committee for Better Housing
 - Eviction filings, successful eviction orders, back-rent owed, census tract

Anticipated Limitations

Zillow data is point in time data and not representative of larger market trends. More importantly, there are limitations in the methods used to scrape data from Zillow that may lead to certain ZIP code areas being over-represented in the data. Eviction data is not collected at the ZIP code level, and if it is used an appropriate method for comparing geographies will need to be defined.