

10 Questions from Audience

1. What action should renters take to account for the changes in the rent-to-income ratio in the next 2 years?
 - If living in the northeast or west regions, renters should plan on rent costing slightly more of their income.
 - The national rent-to-income ratio average is close to 30%, but it is balanced out by the midwest and south regions.
2. Why were different methods considered for rent (average) and income (median)?
 - Zillow provided an average but did so on the 40th to 60th percentile homes that captures the rent that most people would pay in their area. Income was captured as a median to avoid outliers skewing the data.
3. Why were the 2020 ACS 1-year estimates unavailable for median income?
 - Due to COVID restrictions, the 1-year estimates were unavailable and only experimental estimates were made available to the public.
4. What differences were found between estimating the rent-to-income ratio for the country as a whole vs individual regions?
 - Assessing the ratio at the regional level led to more detailed and variable information for renters. Each region had its own trends that had to be accounted for.
5. What can employers do to stay competitive in the northeast and west regions?
 - Increasing income according to the location of the employee would help attract and retain talent.
6. What do the RMSE values mean in relation to the ratio?
 - RMSE calculates the error rate given the same scale of the prediction; therefore, the value should be read as a percentage in comparison to the rent-to-income ratio.
7. What period do we see a pattern in a decrease of rent-to-income ratio?
 - The decrease in the ratio is related to the beginning of a new year when most people receive their yearly raises on their hourly rate or salary. The cost of rent varies according to the lease agreement.
8. Why do the Midwest and South regions have the lowest ratio?
 - The cost of living overall is lower in those regions and such the ratio is adjusted accordingly.

9. Would changing the 3% increase in income to 4% have any significant impact on the ratio?
- It would have a more significant impact on the northeast and west regions as they have higher median incomes but would provide a beneficial impact across the country.
10. How did the 2015-2018 rent and income values impact the model when initial exploration was done?
- When including these points, the time series model was less accurate as the market dramatically changed from 2019 forward.