

Cost of Housing

DEFINITION

Cost of housing is the percentage of income needed by a very low-income family to cover the average cost of rent.¹ The U.S. Department of Housing and Urban Development (HUD) defines a very low-income family as a family with an income less than 50% of the Area Median Income. A cost burden exists when more than 30% of a family's monthly income is spent on housing.

SIGNIFICANCE

Poor quality, unaffordable, or crowded housing has a negative impact on children's physical health, development, school performance, and emotional well-being and on a family's ability to meet a child's basic needs. In contrast, when children live in high-quality housing that is safe, affordable, and located in well-resourced, low-poverty neighborhoods, they do better in school and their parents report improved mental health.^{2,3}

In 2022, a worker would have to earn \$38.38 an hour and work 40 hours a week year-round to be able to afford the average rent in Rhode Island without a cost burden. This hourly wage was over three times the minimum wage of \$12.25 per hour in 2022.^{4,5} Rhode Island required the 15th highest hourly wage of any state in 2022 to afford the rent for a two-bedroom home.⁶ In 2022, the median renter in Rhode Island could

affordably rent in only one Rhode Island city or town – Burrillville.⁷

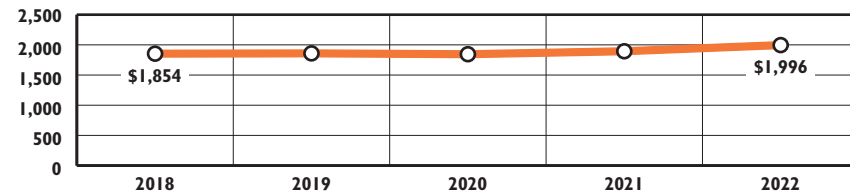
According to HousingWorks RI, a household earning the state's median household income of \$70,305 would not be able to affordably buy in any of Rhode Island's cities or towns.⁸

Federally-funded Section 8 Housing Choice rental vouchers can help low-income individuals and families afford the cost of rent; however, there are not enough vouchers to meet the need and long waiting periods are common.⁹ In 2021, the General Assembly enacted legislation that prohibits discrimination in housing based on lawful source of income, including housing vouchers.¹⁰

Rhode Island law establishes a goal that 10% of every community's housing stock qualify as Low- and Moderate-Income Housing (LMIH). Currently, only six of Rhode Island's 39 cities and towns meet that goal. A permanent funding stream for affordable housing was enacted in 2021, financed through an increase in the real estate conveyance tax on homes over \$800,000. This funding source is estimated to provide about \$4 million a year for the production and preservation of affordable housing. Rhode Island continues to rely heavily on federal funding to meet its housing needs. During FY 2022, only 27% of the state's expenditures on housing were from state funds (e.g., housing bonds and the real estate conveyance tax).^{11,12}



Average Rent, Two-Bedroom Apartment, Rhode Island, 2018-2022



Source: Rhode Island Housing, Rhode Island Rent Survey, 2018-2022. Rents are adjusted to 2022 dollars and include adjustments for the cost of gas, fuel, water, and electricity. Adjustments for utilities for each year vary according to U.S. Census American Community Survey's (ACS) annual one-year estimates. Due to a change in methodology, data cannot be compared to Factbooks prior to 2019.

- ◆ In 2022, the average cost of rent for a two-bedroom apartment in Rhode Island was \$1,996. When adjusted for 2022 dollars, rents remained fairly stable from 2018 through 2020, and then increased in 2021 and 2022.¹³
- ◆ In June 2022, the Providence metropolitan area had the fifth highest year-over-year increases in rent in the nation. Low rates of multifamily construction and low vacancy rates in Rhode Island have contributed to rising rents.¹⁴
- ◆ While renter cost burdens are relatively similar across race and ethnicity, a much higher percentage of Black and Hispanic households experience cost burdens as homeowners.¹⁵ Only 34% of Black Rhode Islanders own their homes compared to 42% of Black Americans and 62% of all Rhode Islanders.¹⁶



Legislative and Budget Initiatives Addressing Affordable Housing

- ◆ Rhode Island's FY 2023 budget included \$250 million in federal funds from the *American Rescue Plan Act* dedicated to housing initiatives, including \$30 million for downpayment assistance for homebuyers, \$36.5 million to address homelessness, and \$155 million toward housing production.^{17,18}
- ◆ In 2022, the Rhode Island General Assembly approved a package of bills addressing the state's housing crisis. The new legislation updates the *Low and Moderate Income Housing Act*, streamlines the approval of construction of low and moderate income housing, creates a new Department of Housing and allows for the repurposing of school buildings for affordable housing.¹⁹

Table 8.

Cost of Housing for Very Low-Income Families, Rhode Island, 2022

CITY/TOWN	FAMILY INCOME		HOMEOWNERSHIP COSTS		RENTAL COSTS		
	2022 POVERTY LEVEL FAMILY OF THREE	2022 VERY LOW-INCOME FAMILY	TYPICAL MONTHLY HOUSING PAYMENT	% INCOME NEEDED FOR HOUSING PAYMENT, VERY LOW-INCOME FAMILY	AVERAGE RENT 2-BEDROOM APARTMENT	% INCOME NEEDED FOR RENT POVERTY LEVEL FAMILY OF THREE	% INCOME NEEDED FOR RENT VERY LOW-INCOME FAMILY
Barrington	\$23,030	\$43,550	\$3,864	106%	\$1,468	76%	40%
Bristol	\$23,030	\$43,550	\$3,031	84%	\$1,206	63%	33%
Burrillville	\$23,030	\$43,550	\$2,466	68%	\$1,026	53%	28%
Central Falls	\$23,030	\$43,550	\$1,949	54%	\$1,599	83%	44%
Charlestown*	\$23,030	\$43,550	\$2,901	80%	\$1,234	64%	34%
Coventry	\$23,030	\$43,550	\$2,235	62%	\$1,883	98%	52%
Cranston	\$23,030	\$43,550	\$2,211	61%	\$1,961	102%	54%
Cumberland	\$23,030	\$43,550	\$2,537	70%	\$2,333	122%	64%
East Greenwich	\$23,030	\$43,550	\$4,544	125%	\$1,772	92%	49%
East Providence	\$23,030	\$43,550	\$2,236	62%	\$2,156	112%	59%
Exeter*	\$23,030	\$43,550	\$3,069	85%	\$1,234	64%	34%
Foster*	\$23,030	\$43,550	\$2,690	74%	\$1,234	64%	34%
Glocester*	\$23,030	\$43,550	\$2,417	67%	\$1,234	64%	34%
Hopkinton*	\$23,030	\$47,250	\$2,539	64%	\$1,259	66%	32%
Jamestown*	\$23,030	\$43,550	\$5,420	149%	\$1,234	64%	34%
Johnston	\$23,030	\$43,550	\$2,385	66%	\$2,121	110%	58%
Lincoln	\$23,030	\$43,550	\$2,924	81%	\$1,690	88%	47%
Little Compton*	\$23,030	\$43,550	\$4,350	120%	\$1,234	64%	34%
Middletown	\$23,030	\$52,500	\$3,424	78%	\$1,977	103%	45%
Narragansett	\$23,030	\$43,550	\$3,944	109%	\$1,805	94%	50%
New Shoreham	\$23,030	\$47,250	\$8,108	206%	\$1,769	92%	45%
Newport*	\$23,030	\$52,500	\$4,310	99%	\$1,705	89%	39%
North Kingstown	\$23,030	\$43,550	\$3,463	95%	\$1,877	98%	52%
North Providence	\$23,030	\$43,550	\$2,302	63%	\$1,934	101%	53%
North Smithfield	\$23,030	\$43,550	\$2,744	76%	\$1,860	97%	51%
Pawtucket	\$23,030	\$43,550	\$1,925	53%	\$1,677	87%	46%
Portsmouth	\$23,030	\$52,500	\$3,309	76%	\$1,723	90%	39%
Providence**	\$23,030	\$43,550	\$2,200	61%	\$2,073	108%	57%
Richmond*	\$23,030	\$43,550	\$2,698	74%	\$1,234	64%	34%
Scituate*	\$23,030	\$43,550	\$2,565	71%	\$1,234	64%	34%
Smithfield	\$23,030	\$43,550	\$2,623	72%	\$1,965	102%	54%
South Kingstown	\$23,030	\$43,550	\$3,069	85%	\$1,234	64%	34%
Tiverton	\$23,030	\$43,550	\$2,430	67%	\$1,901	99%	52%
Warren	\$23,030	\$43,550	\$2,713	75%	\$2,310	120%	64%
Warwick	\$23,030	\$43,550	\$2,132	59%	\$1,966	102%	54%
West Greenwich	\$23,030	\$43,550	\$3,478	96%	\$1,380	72%	38%
West Warwick	\$23,030	\$43,550	\$2,182	60%	\$2,646	138%	73%
Westerly	\$23,030	\$43,550	\$2,802	77%	\$2,086	109%	57%
Woonsocket	\$23,030	\$43,550	\$2,102	58%	\$1,403	73%	39%
Four Core Cities	\$23,030	\$43,550	\$2,044	56%	\$1,688	88%	47%
Remainder of State	\$23,030	\$44,529	\$3,146	85%	\$1,867	97%	50%
Rhode Island	\$23,030	\$44,300	\$2,412	65%	\$1,996	104%	54%

Source of Data for Table/Methodology

Family Income: 2022 poverty level for a family of three as reported in: *Federal Register*, 87(14), January 21, 2022, pages 3315-3316.

A very low-income family as defined by the U.S. Department of Housing and Urban Development (HUD) is a three-person family with income 50% of the Area Median Income and is defined separately for each of the three metropolitan areas comprising Rhode Island and for the state as a whole. Core city and remainder of state are calculated by Rhode Island KIDS COUNT using unweighted community data. Reported by Rhode Island Housing. (2022). *FY2022 Rhode Island income limits for low- and moderate-income households*. Retrieved February 28, 2023, from www.rihousing.com

Homeownership costs: Data on typical monthly housing payments are from HousingWorks RI's *2022 Housing Fact Book*. They are based on the median selling price of a single-family home using year-end 2021 data and calculated based on a 30-year mortgage at a 2.96% interest rate with a 3.5% down payment. The typical monthly housing payment for the state comes from HousingWorks RI, but core city and remainder of state are calculated by Rhode Island KIDS COUNT using unweighted community data.

Rental Costs: Rhode Island Housing, Rhode Island Rent Survey, 2022. Estimates include rent and utility costs. Starting with the *2019 Factbook* average rent is calculated using the CoStar database for two-bedroom units. Average utility costs are from the U.S. Census American Community Survey's (ACS) annual one-year sample, which includes gas, fuel, water, and electricity for two-bedroom units. For 2021, 2019 ACS data were used for utility costs due to COVID-related data collection issues for the 2020 ACS. All values are adjusted for 2022 dollars. Statewide average based on all units in state. Core city and remainder of state are calculated by Rhode Island KIDS COUNT using unweighted community data. Data cannot be compared to Factbooks prior to 2019.

*Rhode Island Housing 2022 Rhode Island Rent Survey data are not available. Average rent used for these communities is the HUD FY 2022 Fair Market Rent for the metropolitan area as reported by the U.S. Department of Housing and Urban Development. The average rents calculated for the four core cities and the remainder of state do not include communities for which data from the 2022 Rhode Island Rent Survey was not available.

(Sources continued with References on page 175)