

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, and emotional well-being and on a family's ability to meet a child's basic needs. Children who live in families with cost burdens may live in low-quality and overcrowded housing and move frequently, all of which have been linked to lower educational achievement and increased risk of homelessness.^{2,3}

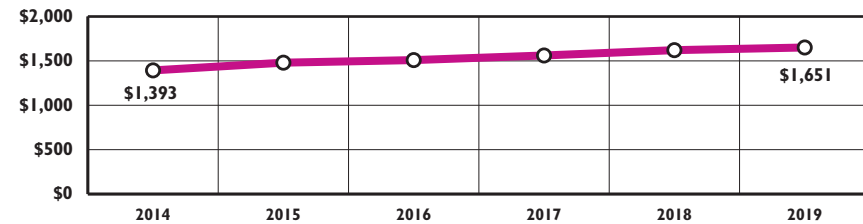
In 2019, a worker would have to earn \$31.75 an hour and work 40 hours a week year-round to be able to afford the average rent in Rhode Island without a cost burden. This hourly wage is more than three times the 2019 minimum wage of \$10.50 per hour.^{4,5} Rhode Island required the 17th highest hourly wage in 2019 to afford the rent for a two-bedroom home of any state.⁶

In Fiscal Year (FY) 2019, the Area Median Income for families in Rhode Island was \$82,758.⁷ Families with this income can afford to purchase a median-priced, single-family home in 11 of the 39 communities in the state. The median cost of a single-family home in Rhode Island in 2018 was \$270,000, 22% higher than in 2013.⁸

Federally-funded Section 8 Housing Choice rental vouchers can help low-income individuals and families afford the cost of housing; however, there are not enough vouchers to meet the need. Long waiting periods are common and housing authorities may close waiting lists when there are more families on the list than can be helped in the near future.⁹ Rhode Island's FY 2015 budget increased the real estate conveyance tax and created a dedicated funding stream for housing subsidies as well as homelessness prevention, housing retention, and lead abatement.¹⁰ In FY 2018, Rhode Island invested \$21.90 per capita in affordable homes (up from \$5.21 in FY 2017), compared to neighboring Massachusetts which invested \$100.88 per capita, almost five times as much. Rhode Island law establishes a goal that 10% of every community's housing stock qualify as Low- and Moderate-Income Housing. Currently, only six of Rhode Island's 39 cities and towns meet that goal.¹¹



Average Rent, Two-Bedroom Apartment, Rhode Island, 2014-2019



Source: Rhode Island Housing, Rhode Island Rent Survey, 2014-2019. Rents 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 annual one-year estimates. Due to a change in methodology, data cannot be compared to Factbooks prior to 2019.

◆ In 2019, the average cost of rent in Rhode Island rose by \$30 from \$1,621 in 2018 to \$1,651, increasing 19% since 2014.¹²

◆ The percentage of renters in Rhode Island who spent 30% or more of their household income on rent was 47% in 2018, down from 50% in 2009. The percentage of homeowners who had a cost burden due to their mortgages decreased from 43% in 2009 to 33% in 2018.^{13,14}



Cost of Heating and Other Utilities

◆ High energy costs make housing even less affordable for low-income families. Research shows that children in households experiencing energy shutoffs are also at risk of food insecurity, poor health, and developmental delays.¹⁵

◆ Rhode Island state law prohibits utility shutoffs for protected customers (such as the unemployed and low-income families with children under age two) and customers facing financial hardships during the moratorium period from November 1 through April 15.¹⁶

◆ The federally-funded Low Income Home Energy Assistance Program (LIHEAP) provides financial assistance to Rhode Island's low-income households to meet home heating and energy costs.¹⁷ Rhode Island's FFY 2019 allocation for LIHEAP was \$23.7 million.¹⁸ In 2016, Rhode Island created a LIHEAP Enhancement Plan that established per-payment forgiveness of utility debt and allowed previously homeless families to obtain a crisis grant to cover the down payment required to participate in this program.¹⁹

Table 7.

Cost of Housing for Very Low-Income Families, Rhode Island, 2019

CITY/TOWN	FAMILY INCOME		HOMEOWNERSHIP COSTS		RENTAL COSTS		
	2019 POVERTY LEVEL FAMILY OF THREE	2019 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	\$21,330	\$36,900	\$3,583	117%	\$1,331	75%	43%
Bristol	\$21,330	\$36,900	\$2,365	77%	\$1,376	77%	45%
Burrillville	\$21,330	\$36,900	\$1,978	64%	\$906	51%	29%
Central Falls	\$21,330	\$36,900	\$1,391	45%	\$1,436	81%	47%
Charlestown*	\$21,330	\$36,900	\$2,642	86%	\$1,060	60%	34%
Coventry	\$21,330	\$36,900	\$1,931	63%	\$1,810	102%	59%
Cranston	\$21,330	\$36,900	\$1,953	64%	\$1,642	92%	53%
Cumberland	\$21,330	\$36,900	\$2,186	71%	\$1,785	100%	58%
East Greenwich	\$21,330	\$36,900	\$3,684	120%	\$1,705	96%	55%
East Providence	\$21,330	\$36,900	\$1,870	61%	\$1,684	95%	55%
Exeter	\$21,330	\$36,900	\$2,619	85%	\$1,137	64%	37%
Foster*	\$21,330	\$36,900	\$2,466	80%	\$1,060	60%	34%
Glocester*	\$21,330	\$36,900	\$2,113	69%	\$1,060	60%	34%
Hopkinton*	\$21,330	\$37,350	\$2,177	70%	\$1,176	66%	38%
Jamestown*	\$21,330	\$36,900	\$4,567	149%	\$1,060	60%	34%
Johnston	\$21,330	\$36,900	\$2,079	68%	\$1,722	97%	56%
Lincoln	\$21,330	\$36,900	\$2,735	89%	\$1,707	96%	56%
Little Compton*	\$21,330	\$36,900	\$3,219	105%	\$1,060	60%	34%
Middletown	\$21,330	\$43,100	\$2,691	75%	\$1,635	92%	46%
Narragansett	\$21,330	\$36,900	\$3,140	102%	\$1,753	99%	57%
New Shoreham*	\$21,330	\$37,350	\$6,825	219%	\$1,176	66%	38%
Newport	\$21,330	\$43,100	\$3,815	106%	\$1,427	80%	40%
North Kingstown	\$21,330	\$36,900	\$2,920	95%	\$1,549	87%	50%
North Providence	\$21,330	\$36,900	\$1,957	64%	\$1,544	87%	50%
North Smithfield	\$21,330	\$36,900	\$2,496	81%	\$1,516	85%	49%
Pawtucket	\$21,330	\$36,900	\$1,656	54%	\$1,394	78%	45%
Portsmouth	\$21,330	\$43,100	\$2,765	77%	\$1,855	104%	52%
Providence**	\$21,330	\$36,900	\$1,504	49%	\$1,779	100%	58%
Richmond*	\$21,330	\$36,900	\$2,390	78%	\$1,060	60%	34%
Scituate*	\$21,330	\$36,900	\$2,524	82%	\$1,060	60%	34%
Smithfield	\$21,330	\$36,900	\$2,180	71%	\$1,170	66%	38%
South Kingstown*	\$21,330	\$36,900	\$2,691	88%	\$1,060	60%	34%
Tiverton	\$21,330	\$36,900	\$2,111	69%	\$1,648	93%	54%
Warren	\$21,330	\$36,900	\$2,291	75%	\$1,632	92%	53%
Warwick	\$21,330	\$36,900	\$1,815	59%	\$1,625	91%	53%
West Greenwich	\$21,330	\$36,900	\$2,874	93%	\$2,135	120%	69%
West Warwick	\$21,330	\$36,900	\$1,887	61%	\$1,573	88%	51%
Westerly	\$21,330	\$37,350	\$2,311	74%	\$1,482	83%	48%
Woonsocket	\$21,330	\$36,900	\$1,674	54%	\$1,199	67%	39%
Four Core Cities	\$21,330	\$36,900	\$1,556	51%	\$1,656	93%	54%
Remainder of State	\$21,330	\$37,470	\$2,681	86%	\$1,645	93%	53%
Rhode Island	\$21,330	\$37,250	\$2,063	66%	\$1,651	93%	53%

Source of Data for Table/Methodology

2019 poverty level for a family of three as reported in: *Federal Register*, 84(22), February 1, 2019, pages 1167-1168.

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. (2019). *FY2019 Rhode Island income limits for low- and moderate-income households*. Retrieved February 5, 2020, from www.rihousing.com

Data on typical monthly housing payments are from HousingWorks RI's *2019 Housing Fact Book*. They are based on the median selling price of a single-family home using year-end 2018 data and calculated based on a 30-year mortgage at a 4.54% 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.

Rhode Island Housing, Rhode Island Rent Survey, 2019. 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 annual one-year sample, which includes gas, fuel, water, and electricity for two-bedroom units. All values are in unadjusted dollars. Statewide average based on all units in state. Data cannot be compared to Factbooks prior to 2019.

*Rhode Island Housing 2019 Rhode Island Rent Survey data are not available. Average rent used for these communities is the HUD 2019 Fair Market Rent for the metropolitan area as reported by the U.S. Department of Housing and Urban Development.

The average rent calculated for the state as a whole, for the remainder of state, and four core cities do not include communities for which data from the *Rhode Island Rent Survey* were not available.

Statewide average rent is calculated by taking an average of all listings statewide. Rent averages for the four core cities and the remainder of state are calculated using weighted community data from Rhode Island Housing.

(Sources continued with References on page 174)