

# 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.<sup>1</sup> 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.<sup>2,3</sup>

In 2020, a worker would have to earn \$31.92 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 more than three times the minimum wage of \$10.50 per hour in effect for most of 2020.<sup>4,5</sup> In 2020, Rhode Island required the 18th highest hourly wage of any state to afford the rent for a two-bedroom home.<sup>6</sup> In

2019, the median renter in Rhode Island had a household income of \$34,255, and this renter could not affordably rent in any Rhode Island city or town.<sup>7</sup>

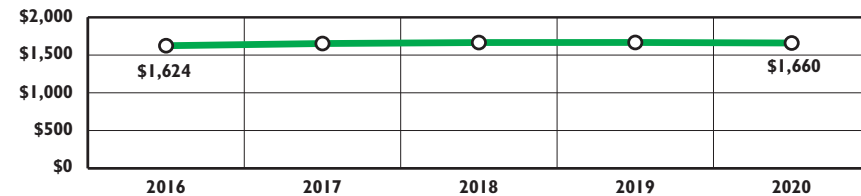
According to HousingWorks RI, a household earning the state's median household income of \$63,296 would be able to affordably buy in only one of Rhode Island's cities or towns – Central Falls.<sup>8</sup>

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, long waiting periods are common, and families are often turned away by landlords who do not accept vouchers.<sup>9,10</sup>

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. In FY 2019, Rhode Island invested only \$20.45 per capita in affordable homes, less than half the investment made by the next highest New England state (Maine) and much lower than neighboring Massachusetts which invested \$105.71 per capita, more than five times as much.<sup>11</sup> In 2021, Rhode Island voters approved a \$65 million housing and community opportunity bond, but the state still does not have a permanent funding stream for affordable housing.<sup>12,13</sup>



**Average Rent, Two-Bedroom Apartment, Rhode Island, 2016-2020**



Source: Rhode Island Housing, Rhode Island Rent Survey, 2016-2020. Rents are adjusted to 2020 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 annual one-year estimates. Due to a change in methodology, data cannot be compared to Factbooks prior to 2019.

◆ In 2020, the average cost of rent for a two-bedroom apartment in Rhode Island was \$1,660. When adjusted for 2020 dollars, rents remained fairly stable over the five-year period from 2016 through 2020.<sup>14</sup>

◆ In 2019, almost half (49%) of renters in Rhode Island spent 30% or more of their household income on rent, down slightly from 50% in 2009. The percentage of homeowners who had a cost burden due to their mortgages also decreased, from 43% in 2009 to 29% in 2019.<sup>15,16</sup>



## The Effect of COVID-19 on Housing Stability

◆ During the COVID-19 pandemic, in both the U.S. and in Rhode Island, one in five renters reported that they were unable to keep up with their rent. Nationally, Black renters and families with children faced the greatest hardships.<sup>17</sup>

◆ The *CARES Act*, passed in March 2020, included a provision prohibiting evictions for nonpayment of rent through the end of July 2020, and this protection was extended when the Centers for Disease Control created its own eviction moratorium and later extended it through June 30, 2021.<sup>18,19</sup>

◆ Both the *CARES Act* and the *American Rescue Plan Act*, passed in March 2021, included funding for rental assistance and funding to assist individuals and families experiencing homelessness. In Rhode Island, these funds have been distributed through a variety of programs administered by the United Way of Rhode Island, Rhode Island Housing, and Crossroads Rhode Island.<sup>20,21,22,23,24</sup>

Table 7.

## Cost of Housing for Very Low-Income Families, Rhode Island, 2020

CITY/TOWN	FAMILY INCOME		HOMEOWNERSHIP COSTS		RENTAL COSTS		
	2020 POVERTY LEVEL FAMILY OF THREE	2020 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*	\$21,720	\$39,150	\$3,341	102%	\$1,075	59%	33%
Bristol	\$21,720	\$39,150	\$2,298	70%	\$1,372	76%	42%
Burrillville	\$21,720	\$39,150	\$1,916	59%	\$886	49%	27%
Central Falls	\$21,720	\$39,150	\$1,233	38%	\$1,428	79%	44%
Charlestown*	\$21,720	\$39,150	\$2,649	81%	\$1,075	59%	33%
Coventry	\$21,720	\$39,150	\$1,874	57%	\$1,633	90%	50%
Cranston	\$21,720	\$39,150	\$1,935	59%	\$1,650	91%	51%
Cumberland	\$21,720	\$39,150	\$2,219	68%	\$1,859	103%	57%
East Greenwich	\$21,720	\$39,150	\$3,700	113%	\$1,634	90%	50%
East Providence	\$21,720	\$39,150	\$1,833	56%	\$1,694	94%	52%
Exeter*	\$21,720	\$39,150	\$2,600	80%	\$1,075	59%	33%
Foster*	\$21,720	\$39,150	\$2,481	76%	\$1,075	59%	33%
Glocester*	\$21,720	\$39,150	\$2,236	69%	\$1,075	59%	33%
Hopkinton*	\$21,720	\$40,250	\$2,422	72%	\$1,154	64%	34%
Jamestown*	\$21,720	\$39,150	\$3,735	114%	\$1,075	59%	33%
Johnston	\$21,720	\$39,150	\$1,927	59%	\$1,763	97%	54%
Lincoln	\$21,720	\$39,150	\$2,605	80%	\$1,679	93%	51%
Little Compton*	\$21,720	\$39,150	\$3,199	98%	\$1,075	59%	33%
Middletown	\$21,720	\$45,450	\$2,710	72%	\$1,621	90%	43%
Narragansett	\$21,720	\$39,150	\$3,218	99%	\$1,679	93%	51%
New Shoreham*	\$21,720	\$40,250	\$5,966	178%	\$1,154	64%	34%
Newport	\$21,720	\$45,450	\$3,471	92%	\$1,455	80%	38%
North Kingstown	\$21,720	\$39,150	\$2,730	84%	\$1,783	99%	55%
North Providence	\$21,720	\$39,150	\$1,934	59%	\$1,556	86%	48%
North Smithfield	\$21,720	\$39,150	\$2,265	69%	\$1,476	82%	45%
Pawtucket	\$21,720	\$39,150	\$1,710	52%	\$1,415	78%	43%
Portsmouth	\$21,720	\$45,450	\$2,861	76%	\$1,862	103%	49%
Providence**	\$21,720	\$39,150	\$1,637	50%	\$1,781	98%	55%
Richmond*	\$21,720	\$39,150	\$2,259	69%	\$1,075	59%	33%
Scituate*	\$21,720	\$39,150	\$2,417	74%	\$1,075	59%	33%
Smithfield	\$21,720	\$39,150	\$2,208	68%	\$1,793	99%	55%
South Kingstown*	\$21,720	\$39,150	\$2,545	78%	\$1,075	59%	33%
Tiverton	\$21,720	\$39,150	\$2,206	68%	\$1,758	97%	54%
Warren	\$21,720	\$39,150	\$2,210	68%	\$1,973	109%	60%
Warwick	\$21,720	\$39,150	\$1,770	54%	\$1,640	91%	50%
West Greenwich*	\$21,720	\$39,150	\$2,810	86%	\$1,075	59%	33%
West Warwick	\$21,720	\$39,150	\$1,779	55%	\$1,589	88%	49%
Westerly	\$21,720	\$40,250	\$2,227	66%	\$1,252	69%	37%
Woonsocket	\$21,720	\$39,150	\$1,768	54%	\$1,187	66%	36%
Four Core Cities	\$21,720	\$39,150	\$1,587	49%	\$1,453	80%	45%
Remainder of State	\$21,720	\$39,784	\$2,587	78%	\$1,619	89%	49%
Rhode Island	\$21,720	\$40,400	\$2,069	61%	\$1,660	92%	49%

### Source of Data for Table/Methodology

Family Income: 2020 poverty level for a family of three as reported in: *Federal Register*, 85(12), January 17, 2020, pages 3060-3061.

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. (2020). *FY2020 Rhode Island income limits for low- and moderate-income households*. Retrieved March 17, 2021, from [www.rihousing.com](http://www.rihousing.com)

Homeownership costs: Data on typical monthly housing payments are from HousingWorks RI's *2020 Housing Fact Book*. They are based on the median selling price of a single-family home using year-end 2019 data and calculated based on a 30-year mortgage at a 3.94% 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, 2020. 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 adjusted for 2020 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 2020 Rhode Island Rent Survey data are not available. Average rent used for these communities is the HUD FY 2020 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 2020 Rhode Island Rent Survey was not available.

(Sources continued with References on page 174)