

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 2021, a worker would have to earn \$34.06 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 almost three times the minimum wage of \$11.50 per hour in 2021.^{4,5} Rhode Island required the 16th highest hourly wage of any state in 2021 to afford the rent for a two-bedroom home.⁶ In 2020, the median

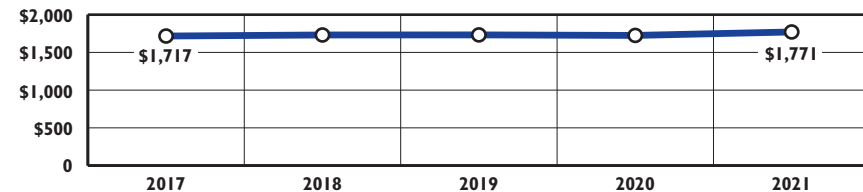
renter in Rhode Island could affordably rent in only one Rhode Island city or town – Burrillville.⁷

According to HousingWorks RI, a household earning the state's median household income of \$67,167 would be not 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. Currently, only six of Rhode Island's 39 cities and towns meet that goal. In FY 2020, Rhode Island invested only \$18.34 per capita in affordable homes, much lower than neighboring Massachusetts which invested \$116.02 per capita. 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.^{11,12}

Average Rent, Two-Bedroom Apartment, Rhode Island, 2017-2021



Source: Rhode Island Housing, Rhode Island Rent Survey, 2017-2021. Rents are adjusted to 2021 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 2021, the average cost of rent for a two-bedroom apartment in Rhode Island was \$1,771. When adjusted for 2021 dollars, rents remained fairly stable over the five-year period from 2017 through 2021, with a slight increase in 2021.¹³
- ◆ In 2019, almost half (49%) of renters in Rhode Island spent 30% or more of their household income on rent, similar to the percentage who faced a cost burden in 2009 (50%). The percentage of homeowners who had a cost burden due to their mortgages has decreased, from 43% in 2009 to 29% in 2019.^{14,15}

The Effect of COVID-19 on Housing Stability

- ◆ While rental hardship has fallen from the peak of the COVID-19 pandemic, when one in five renters reported they were behind in rent, many households are still struggling. Black renters and families with children continue to face the greatest housing insecurity.^{16,17}
- ◆ The federal government provided protections against evictions for nonpayment of rent from March 2020 through August 26, 2021, when the Supreme Court struck down the moratorium. The Court's decision effectively ended eviction protections for families in states like Rhode Island that did not have their own eviction moratoriums.^{18,19}
- ◆ Both the *CARES Act*, passed in March 2020, and the *American Rescue Plan Act*, passed in March 2021, included funding for rental assistance and to help individuals and families experiencing homelessness. Rent Relief RI will close to new applications on June 1, 2022.^{20,21,22,23}

Table 7.

Cost of Housing for Very Low-Income Families, Rhode Island, 2021

CITY/TOWN	FAMILY INCOME		HOMEOWNERSHIP COSTS		RENTAL COSTS		
	2021 POVERTY LEVEL FAMILY OF THREE	2021 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*	\$21,960	\$38,950	\$3,416	105%	\$1,148	63%	35%
Bristol	\$21,960	\$38,950	\$2,428	75%	\$1,109	61%	34%
Burrillville	\$21,960	\$38,950	\$1,984	61%	\$929	51%	29%
Central Falls	\$21,960	\$38,950	\$1,782	55%	\$1,443	79%	44%
Charlestown*	\$21,960	\$38,950	\$2,724	84%	\$1,148	63%	35%
Coventry	\$21,960	\$38,950	\$2,035	63%	\$1,713	94%	53%
Cranston	\$21,960	\$38,950	\$2,003	62%	\$1,762	96%	54%
Cumberland	\$21,960	\$38,950	\$2,213	68%	\$2,113	115%	65%
East Greenwich	\$21,960	\$38,950	\$3,908	120%	\$1,710	93%	53%
East Providence	\$21,960	\$38,950	\$1,901	59%	\$1,933	106%	60%
Exeter*	\$21,960	\$38,950	\$2,447	75%	\$1,148	63%	35%
Foster*	\$21,960	\$38,950	\$2,561	79%	\$1,148	63%	35%
Glocester*	\$21,960	\$38,950	\$2,172	67%	\$1,148	63%	35%
Hopkinton*	\$21,960	\$42,250	\$2,127	60%	\$1,176	64%	33%
Jamestown*	\$21,960	\$38,950	\$3,770	116%	\$1,148	63%	35%
Johnston	\$21,960	\$38,950	\$2,114	65%	\$1,901	104%	59%
Lincoln	\$21,960	\$38,950	\$2,453	76%	\$1,554	85%	48%
Little Compton*	\$21,960	\$38,950	\$4,133	127%	\$1,148	63%	35%
Middletown	\$21,960	\$47,650	\$2,819	71%	\$1,724	94%	43%
Narragansett	\$21,960	\$38,950	\$3,350	103%	\$1,701	93%	52%
New Shoreham*	\$21,960	\$42,250	\$6,874	195%	\$1,176	64%	33%
Newport	\$21,960	\$47,650	\$3,742	94%	\$1,557	85%	39%
North Kingstown	\$21,960	\$38,950	\$2,681	83%	\$1,718	94%	53%
North Providence	\$21,960	\$38,950	\$1,913	59%	\$1,763	96%	54%
North Smithfield	\$21,960	\$38,950	\$2,208	68%	\$1,647	90%	51%
Pawtucket	\$21,960	\$38,950	\$1,760	54%	\$1,481	81%	46%
Portsmouth	\$21,960	\$47,650	\$3,025	76%	\$1,790	98%	45%
Providence**	\$21,960	\$38,950	\$1,726	53%	\$1,846	101%	57%
Richmond*	\$21,960	\$38,950	\$2,392	74%	\$1,148	63%	35%
Scituate*	\$21,960	\$38,950	\$2,432	75%	\$1,148	63%	35%
Smithfield	\$21,960	\$38,950	\$2,306	71%	\$1,833	100%	56%
South Kingstown*	\$21,960	\$38,950	\$2,680	83%	\$1,148	63%	35%
Tiverton	\$21,960	\$38,950	\$2,239	69%	\$1,708	93%	53%
Warren	\$21,960	\$38,950	\$2,374	73%	\$1,977	108%	61%
Warwick	\$21,960	\$38,950	\$1,823	56%	\$1,737	95%	54%
West Greenwich*	\$21,960	\$38,950	\$2,745	85%	\$1,148	63%	35%
West Warwick	\$21,960	\$38,950	\$1,819	56%	\$1,658	91%	51%
Westerly	\$21,960	\$42,250	\$2,305	65%	\$1,272	70%	36%
Woonsocket	\$21,960	\$38,950	\$1,851	57%	\$1,204	66%	37%
Four Core Cities	\$21,960	\$38,950	\$1,780	55%	\$1,707	93%	53%
Remainder of State	\$21,960	\$39,979	\$2,689	81%	\$1,821	100%	55%
Rhode Island	\$21,960	\$39,000	\$2,154	66%	\$1,771	97%	54%

Source of Data for Table/Methodology

Family Income: 2021 poverty level for a family of three as reported in: *Federal Register*, 86(19), February 1, 2021, pages 7732-7734.

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. (2021). *FY2021 Rhode Island income limits for low- and moderate-income households*. Retrieved March 15, 2022, from www.rihousing.com

Homeownership costs: Data on typical monthly housing payments are from HousingWorks RI's *2021 Housing Fact Book*. They are based on the median selling price of a single-family home using year-end 2020 data and calculated based on a 30-year mortgage at a 3.11% 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, 2021. 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 2021 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 2021 Rhode Island Rent Survey data are not available. Average rent used for these communities is the HUD FY 2021 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 2021 Rhode Island Rent Survey was not available.

(Sources continued with References on page 175)