

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

Inadequate, costly, or crowded housing has a negative impact on children's health, safety, 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.^{2,3}

From 2000 to 2013 in Rhode Island, the growth in low- and middle-income families' housing expenses outpaced income growth.⁴ In 2014, 23% of Rhode Island's 156,122 working households spent more than half of their income on housing costs, making Rhode Island the state with the highest cost burden in New England.⁵

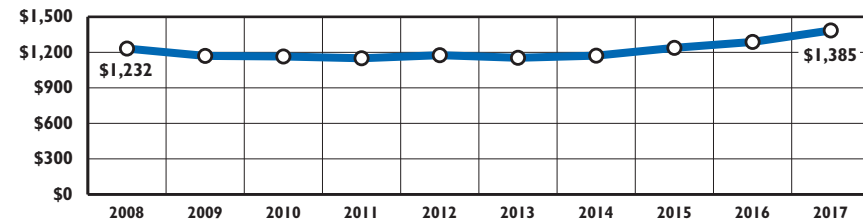
In 2017, a worker would have to earn \$26.63 an hour and work 40 hours a week year-round to be able to afford the average rent in Rhode Island

without a cost burden. This hourly wage is more than two and a half times the 2017 minimum wage of \$9.60 per hour.⁶ In 2017, Rhode Island required the 18th highest hourly wage to afford the rent for a two-bedroom home of any state.⁷

In 2017, the Area Median Income for families in Rhode Island was \$73,640.⁸ Families with this income can afford to purchase a median-priced, single-family home in 11 of the 39 communities in the state. In 2016, the median cost of a single-family home in Rhode Island was \$239,900, 15% higher than 2011, but still 29% lower than 2006.⁹

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.¹⁰ 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.¹¹ In 2016, Rhode Island voters approved \$50 million in housing bonds for affordable housing development and urban revitalization.¹²

Average Rent, Two-Bedroom Apartment, Rhode Island, 2008-2017



Source: Rhode Island Housing, Rhode Island Rent Surveys, 2008-2017. Rents include adjustments for the cost of heat, cooking fuel, electricity, and hot water. Adjustments for utilities for each year vary according to HUD annual utility allowances. The HUD utility allowance decreased in 2013, so average rents which include this allowance also decreased.

- ◆ In 2017, the average cost of rent in Rhode Island rose by almost \$100 to \$1,385, after remaining fairly stable between 2008 and 2016, increasing from \$1,232 in 2008 to \$1,288 in 2016.¹³
- ◆ The percentage of renters in Rhode Island who spent 30% or more of their household income on rent was 49% in 2016, which was the same as in 2008. The percentage of homeowners who had a cost burden due to their mortgages decreased between 2008 and 2016, from 42% to 32%.^{14,15}

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 hunger and problems with health and development.¹⁶
- ◆ 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 15.¹⁷
- ◆ 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.¹⁸ Rhode Island's FFY 2017 allocation for LIHEAP was \$25.3 million.¹⁹ 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.²⁰

Table 7.

Cost of Housing for Very Low-Income Families, Rhode Island, 2017

CITY/TOWN	FAMILY INCOME		HOMEOWNERSHIP COSTS		RENTAL COSTS		
	2017 POVERTY LEVEL FAMILY OF THREE	2017 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	\$20,420	\$32,450	\$2,691	100%	\$1,573	92%	58%
Bristol	\$20,420	\$32,450	\$2,018	75%	\$1,467	86%	54%
Burrillville	\$20,420	\$32,450	\$1,660	61%	\$1,049	62%	39%
Central Falls	\$20,420	\$32,450	\$1,040	38%	\$1,041	61%	38%
Charlestown	\$20,420	\$32,450	\$2,216	82%	\$1,498	88%	55%
Coventry	\$20,420	\$32,450	\$1,563	58%	\$1,366	80%	51%
Cranston	\$20,420	\$32,450	\$1,535	57%	\$1,369	80%	51%
Cumberland	\$20,420	\$32,450	\$1,866	69%	\$1,371	81%	51%
East Greenwich	\$20,420	\$32,450	\$3,126	116%	\$1,674	98%	62%
East Providence	\$20,420	\$32,450	\$1,527	56%	\$1,432	84%	53%
Exeter*	\$20,420	\$32,450	\$1,989	74%	\$994	58%	37%
Foster*	\$20,420	\$32,450	\$2,096	78%	\$994	58%	37%
Glocester*	\$20,420	\$32,450	\$1,900	70%	\$994	58%	37%
Hopkinton*	\$20,420	\$36,150	\$1,842	61%	\$1,123	66%	37%
Jamestown	\$20,420	\$32,450	\$3,393	125%	\$1,932	114%	71%
Johnston	\$20,420	\$32,450	\$1,633	60%	\$1,386	81%	51%
Lincoln	\$20,420	\$32,450	\$2,172	80%	\$1,367	80%	51%
Little Compton*	\$20,420	\$32,450	\$2,890	107%	\$994	58%	37%
Middletown	\$20,420	\$42,200	\$2,395	68%	\$1,683	99%	48%
Narragansett	\$20,420	\$32,450	\$2,601	96%	\$1,459	86%	54%
New Shoreham*	\$20,420	\$36,150	\$6,212	206%	\$1,123	66%	37%
Newport	\$20,420	\$42,200	\$2,835	81%	\$1,753	103%	50%
North Kingstown	\$20,420	\$32,450	\$2,484	92%	\$1,583	93%	59%
North Providence	\$20,420	\$32,450	\$1,623	60%	\$1,392	82%	51%
North Smithfield	\$20,420	\$32,450	\$1,817	67%	\$1,549	91%	57%
Pawtucket	\$20,420	\$32,450	\$1,298	48%	\$1,235	73%	46%
Portsmouth	\$20,420	\$42,200	\$2,392	68%	\$1,733	102%	49%
Providence**	\$20,420	\$32,450	\$1,103	41%	\$1,357	80%	50%
Richmond*	\$20,420	\$32,450	\$2,037	75%	\$994	58%	37%
Scituate	\$20,420	\$32,450	\$1,993	74%	\$1,533	90%	57%
Smithfield	\$20,420	\$32,450	\$1,852	68%	\$1,348	79%	50%
South Kingstown	\$20,420	\$32,450	\$2,134	79%	\$1,355	80%	50%
Tiverton	\$20,420	\$32,450	\$1,756	65%	\$1,636	96%	60%
Warren	\$20,420	\$32,450	\$1,835	68%	\$1,332	78%	49%
Warwick	\$20,420	\$32,450	\$1,466	54%	\$1,558	92%	58%
West Greenwich*	\$20,420	\$32,450	\$2,473	91%	\$994	58%	37%
West Warwick	\$20,420	\$32,450	\$1,447	54%	\$1,282	75%	47%
Westerly	\$20,420	\$36,150	\$1,874	62%	\$1,377	81%	46%
Woonsocket	\$20,420	\$32,450	\$1,293	48%	\$1,138	67%	42%
Four Core Cities	\$20,420	\$32,450	\$1,184	44%	\$1,286	76%	48%
Remainder of State	\$20,420	\$33,603	\$2,210	79%	\$1,448	85%	52%
Rhode Island	\$20,420	\$33,485	\$1,702	61%	\$1,385	81%	50%

Source of Data for Table/Methodology

2017 poverty level for a family of three as reported in: *Federal Register*, 82(19), January 31, 2017, pages 8831-8832.

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 calculated separately for each of the three metropolitan areas comprising Rhode Island. Reported by Rhode Island Housing. (2017). *2017 Rhode Island income limits for low- and moderate-income households*. Retrieved February 22, 2018, from www.rhodeislandhousing.org

Data on typical monthly housing payments are from HousingWorks RI's *2017 Housing Fact Book*. They are based on the median selling price of a single-family home using year-end 2016 data and calculated based on a 30-year mortgage at a 3.65% 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*, 2017. Average rents are based on a survey of rents in Rhode Island between January and December, 2017. 2017 rents are adjusted using HUD's utility allowance of \$238 for a two-bedroom apartment (includes heat, cooking fuel, electricity, and hot water) unless the listing stated that utilities were included in the rent, in which case the adjustment was not made.

*Rhode Island Housing 2017 *Rhode Island Rent Survey* data are not available. Average rent used for these communities is the HUD 2017 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.

**Typical monthly housing payment for Providence does not include the East Side and therefore cannot be compared to data reported for Providence in Factbooks prior to 2013.

Core cities are Central Falls, Pawtucket, Providence, and Woonsocket.

References are on page 175.