

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

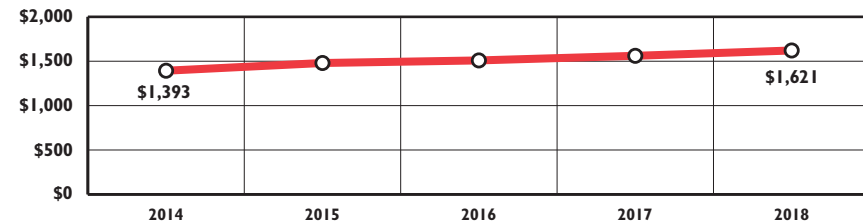
Poor quality, unaffordable, or crowded housing has a negative impact on children's physical health, development, and emotional well-being and on a family's ability to meet a child's basic needs. Children who live in families with cost burdens may live in low-quality and overcrowded housing and move frequently,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

In 2018, a worker would have to earn \$31.17 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 2018 minimum wage of \$10.10 per hour.⁴ In 2017, Rhode Island required the 18th highest hourly wage to afford the rent for a two-bedroom home of any state.⁵

In 2018, the Area Median Income for families in Rhode Island was \$81,384.⁶ Families with this income can afford to purchase a median-priced, single-family home in 16 of the 39 communities in the state. In 2017, the median cost of a single-family home in Rhode Island was \$255,000, 25% higher than in 2012, but still 22% lower than in 2007.⁷

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.⁸ 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.⁹ Rhode Island invests \$5.21 per capita in affordable homes, compared to neighboring Massachusetts which invests \$100.12 per capita, 20 times as much. Rhode Island State 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.¹⁰

Average Rent, Two-Bedroom Apartment, Rhode Island, 2014-2018



Source: Rhode Island Housing, Rhode Island Rent Surveys, 2014-2018. 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.

◆ In 2018, the average cost of rent in Rhode Island rose by almost \$60 from \$1,561 in 2017 to \$1,621, increasing 16% since 2014.¹¹

◆ The percentage of renters in Rhode Island who spent 30% or more of their household income on rent was 46% in 2017, down from 49% in 2008. The percentage of homeowners who had a cost burden due to their mortgages decreased from 42% in 2008 to 32% in 2017.^{12,13}

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.¹⁴

◆ 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 15.¹⁵

◆ 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.¹⁶ Rhode Island's FFY 2018 allocation for LIHEAP was \$26.9 million.¹⁷ 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.¹⁸

Table 7.

Cost of Housing for Very Low-Income Families, Rhode Island, 2018

CITY/TOWN	FAMILY INCOME		HOMEOWNERSHIP COSTS		RENTAL COSTS		
	2018 POVERTY LEVEL FAMILY OF THREE	2018 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	\$20,780	\$36,150	\$3,113	103%	\$1,293	75%	43%
Bristol	\$20,780	\$36,150	\$2,212	73%	\$1,346	78%	45%
Burrillville	\$20,780	\$36,150	\$1,773	59%	\$914	53%	30%
Central Falls	\$20,780	\$36,150	\$1,069	35%	\$1,410	81%	47%
Charlestown*	\$20,780	\$36,150	\$2,348	78%	\$1,014	59%	34%
Coventry	\$20,780	\$36,150	\$1,756	58%	\$1,626	94%	54%
Cranston	\$20,780	\$36,150	\$1,764	59%	\$1,606	93%	53%
Cumberland	\$20,780	\$36,150	\$1,935	64%	\$1,846	107%	61%
East Greenwich	\$20,780	\$36,150	\$3,478	115%	\$1,653	95%	55%
East Providence	\$20,780	\$36,150	\$1,712	57%	\$1,630	94%	54%
Exeter	\$20,780	\$36,150	\$2,198	73%	\$1,123	65%	37%
Foster*	\$20,780	\$36,150	\$2,240	74%	\$1,014	59%	34%
Glocester*	\$20,780	\$36,150	\$2,066	69%	\$1,014	59%	34%
Hopkinton*	\$20,780	\$36,000	\$1,843	61%	\$1,161	67%	39%
Jamestown*	\$20,780	\$36,150	\$4,060	135%	\$1,014	59%	34%
Johnston	\$20,780	\$36,150	\$1,822	60%	\$1,759	102%	58%
Lincoln	\$20,780	\$36,150	\$2,454	81%	\$1,647	95%	55%
Little Compton*	\$20,780	\$36,150	\$3,500	116%	\$1,014	59%	34%
Middletown	\$20,780	\$42,350	\$2,646	75%	\$1,579	91%	45%
Narragansett	\$20,780	\$36,150	\$2,713	90%	\$1,550	90%	51%
New Shoreham*	\$20,780	\$36,000	\$5,787	193%	\$1,161	67%	39%
Newport	\$20,780	\$42,350	\$2,966	84%	\$1,572	91%	45%
North Kingstown	\$20,780	\$36,150	\$2,395	80%	\$1,522	88%	51%
North Providence	\$20,780	\$36,150	\$1,756	58%	\$1,501	87%	50%
North Smithfield	\$20,780	\$36,150	\$2,004	67%	\$1,349	78%	45%
Pawtucket	\$20,780	\$36,150	\$1,492	50%	\$1,374	79%	46%
Portsmouth	\$20,780	\$42,350	\$2,658	75%	\$1,782	103%	50%
Providence**	\$20,780	\$36,150	\$1,257	42%	\$1,760	102%	58%
Richmond*	\$20,780	\$36,150	\$2,131	71%	\$1,014	59%	34%
Scituate*	\$20,780	\$36,150	\$2,055	68%	\$1,014	59%	34%
Smithfield	\$20,780	\$36,150	\$2,107	70%	\$1,156	67%	38%
South Kingstown*	\$20,780	\$36,150	\$2,426	81%	\$1,014	59%	34%
Tiverton	\$20,780	\$36,150	\$2,065	69%	\$1,532	88%	51%
Warren	\$20,780	\$36,150	\$2,028	67%	\$1,653	95%	55%
Warwick	\$20,780	\$36,150	\$1,611	53%	\$1,601	92%	53%
West Greenwich	\$20,780	\$36,150	\$2,664	88%	\$1,933	112%	64%
West Warwick	\$20,780	\$36,150	\$1,597	53%	\$1,548	89%	51%
Westerly	\$20,780	\$36,000	\$2,106	70%	\$1,463	84%	49%
Woonsocket	\$20,780	\$36,150	\$1,497	50%	\$1,177	68%	39%
Four Core Cities	\$20,780	\$36,150	\$1,329	44%	\$1,637	95%	54%
Remainder of State	\$20,780	\$36,669	\$2,400	79%	\$1,614	93%	53%
Rhode Island	\$20,780	\$36,350	\$1,851	61%	\$1,621	94%	54%

Source of Data for Table/Methodology

2018 poverty level for a family of three as reported in: *Federal Register*, 82(19), January 31, 2018, 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 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. (2018). *2018 Rhode Island income limits for low- and moderate-income households*. Retrieved January 29, 2019, from www.rhodeislandhousing.org

Data on typical monthly housing payments are from HousingWorks RI's *2018 Housing Fact Book*. They are based on the median selling price of a single-family home using year-end 2017 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*, 2018. 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 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 prior Factbooks.

*Rhode Island Housing 2018 *Rhode Island Rent Survey* data are not available. Average rent used for these communities is the HUD 2018 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 175)