

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}

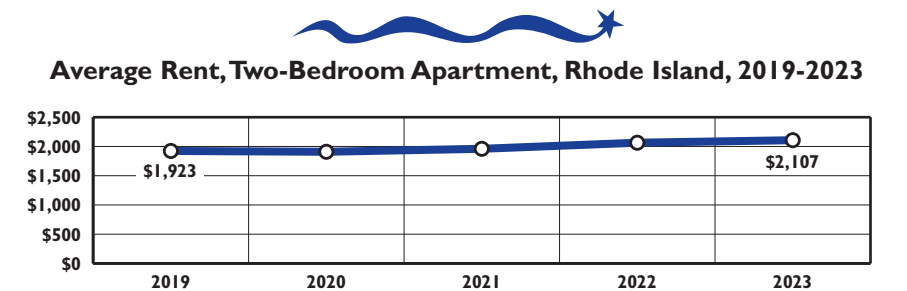
In 2023, a worker had to earn \$40.51 an hour or \$84,270 per year to be able to afford the average rent in Rhode Island without a cost burden. This hourly wage was over three times the minimum wage of \$13.00 per hour in 2023.^{4,5} In 2023, Rhode Island required the 15th highest hourly wage of any state to afford the rent for a two-bedroom home and the median renter

in Rhode Island could affordably rent in only one Rhode Island city or town – Burrillville.^{6,7}

According to HousingWorks RI, a household earning the state's median household income of \$74,489 would not be 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 at least 10% of every community's housing stock qualify as Low- and Moderate-Income Housing (LMIH).¹¹ Currently, only five of Rhode Island's 39 cities and towns meet that goal. From FY 2018 to FY 2022, Rhode Island more than tripled its per capita investments in affordable housing. However, Rhode Island's per capita investments are still far lower than neighboring Connecticut and Massachusetts, and the state still relies heavily on federal resources.¹²



Source: Rhode Island Housing, Rhode Island Rent Survey, 2019-2023. Rents are adjusted to 2023 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 2023, the average cost of rent for a two-bedroom apartment in Rhode Island was \$2,107. Even when adjusting for 2023 dollars, rents have increased 10% from 2019 to 2023.¹³

★ Nationally, households with children are twice as likely as other households to be threatened with eviction, and Black renters are four times more likely to be evicted than white renters. Studies show that experiencing an eviction increases a child's likelihood of lead poisoning, food insecurity, emotional trauma, and academic decline.^{14,15}

★ States can reduce evictions by investing in eviction diversion programs, providing a right to counsel for those facing eviction, automatically sealing eviction records, enacting just cause eviction legislation, and passing source of income discrimination laws.¹⁶

Legislative and Budget Initiatives Addressing Affordable Housing

★ Rhode Island's FY 2024 budget included \$71 million in federal funds from the *American Rescue Plan Act* dedicated to housing production and support for people experiencing homelessness in addition to the \$250 million approved in the FY 2023 budget.^{17,18}

★ In 2023, the Rhode Island General Assembly approved a package of bills designed to address the state's housing crisis. This new legislation allowed for the adaptive reuse of certain commercial properties into high-density residential developments, encouraged the construction of housing near transportation hubs, streamlined the permitting, application, and appeal processes for housing development, created a rental registry, allowed residential eviction records to be sealed if a motion is filed, and prohibited rental application fees.^{19,20}

Table 8.

Cost of Housing for Very Low-Income Families, Rhode Island, 2023

CITY/TOWN	FAMILY INCOME		HOMEOWNERSHIP COSTS		RENTAL COSTS		
	2023 POVERTY LEVEL FAMILY OF THREE	2023 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	\$24,860	\$46,100	\$5,437	142%	\$1,504	73%	39%
Bristol	\$24,860	\$46,100	\$3,785	99%	\$1,247	60%	32%
Burrillville	\$24,860	\$46,100	\$3,077	80%	\$1,073	52%	28%
Central Falls	\$24,860	\$46,100	\$2,259	59%	\$1,637	79%	43%
Charlestown*	\$24,860	\$46,100	\$4,392	114%	\$1,409	68%	37%
Coventry	\$24,860	\$46,100	\$2,832	74%	\$1,975	95%	51%
Cranston	\$24,860	\$46,100	\$2,959	77%	\$2,108	102%	55%
Cumberland	\$24,860	\$46,100	\$3,398	88%	\$2,498	121%	65%
East Greenwich	\$24,860	\$46,100	\$5,480	143%	\$1,889	91%	49%
East Providence	\$24,860	\$46,100	\$3,054	79%	\$2,316	112%	60%
Exeter*	\$24,860	\$46,100	\$3,928	102%	\$1,409	68%	37%
Foster*	\$24,860	\$46,100	\$3,183	83%	\$1,409	68%	37%
Glocester*	\$24,860	\$46,100	\$3,080	80%	\$1,409	68%	37%
Hopkinton*	\$24,860	\$50,000	\$3,123	75%	\$1,416	68%	34%
Jamestown*	\$24,860	\$46,100	\$6,958	181%	\$1,409	68%	37%
Johnston	\$24,860	\$46,100	\$3,219	84%	\$2,228	108%	58%
Lincoln	\$24,860	\$46,100	\$4,027	105%	\$1,798	87%	47%
Little Compton*	\$24,860	\$46,100	\$5,893	153%	\$1,409	68%	37%
Middletown	\$24,860	\$55,600	\$5,005	108%	\$2,179	105%	47%
Narragansett	\$24,860	\$46,100	\$5,421	141%	\$3,175	153%	83%
New Shoreham*	\$24,860	\$50,000	\$11,327	272%	\$1,416	68%	34%
Newport	\$24,860	\$55,600	\$5,796	125%	\$1,923	93%	42%
North Kingstown	\$24,860	\$46,100	\$4,373	114%	\$2,119	102%	55%
North Providence	\$24,860	\$46,100	\$3,041	79%	\$1,987	96%	52%
North Smithfield	\$24,860	\$46,100	\$3,253	85%	\$2,304	111%	60%
Pawtucket	\$24,860	\$46,100	\$2,638	69%	\$1,765	85%	46%
Portsmouth	\$24,860	\$55,600	\$4,937	107%	\$2,082	100%	45%
Providence**	\$24,860	\$46,100	\$2,685	70%	\$2,078	100%	54%
Richmond*	\$24,860	\$46,100	\$3,693	96%	\$1,409	68%	37%
Scituate*	\$24,860	\$46,100	\$3,379	88%	\$1,409	68%	37%
Smithfield	\$24,860	\$46,100	\$3,338	87%	\$1,941	94%	51%
South Kingstown*	\$24,860	\$46,100	\$4,251	111%	\$1,409	68%	37%
Tiverton	\$24,860	\$46,100	\$3,291	86%	\$2,036	98%	53%
Warren	\$24,860	\$46,100	\$3,289	86%	\$2,397	116%	62%
Warwick	\$24,860	\$46,100	\$2,829	74%	\$2,157	104%	56%
West Greenwich	\$24,860	\$46,100	\$4,373	114%	\$3,191	154%	83%
West Warwick	\$24,860	\$46,100	\$2,717	71%	\$2,195	106%	57%
Westerly	\$24,860	\$50,000	\$3,608	87%	\$1,428	69%	34%
Woonsocket	\$24,860	\$46,100	\$2,534	66%	\$1,483	72%	39%
Four Core Cities	\$24,860	\$46,100	\$2,529	66%	\$1,741	84%	45%
Remainder of State	\$24,860	\$47,249	\$4,164	106%	\$2,073	100%	53%
Rhode Island	\$24,860	\$46,900	\$3,154	81%	\$2,107	102%	54%

Source of Data for Table/Methodology

Family Income: 2023 poverty level for a family of three as reported in: Federal Register, 88(12), January 19, 2023, pages 3424-3425.

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. (2023). *FY2023 Rhode Island income limits for low- and moderate-income households*. Retrieved March 20, 2024, from www.rihousing.com

Homeownership costs: Data on typical monthly housing payments are from HousingWorks RI's 2023 *Housing Fact Book*. They are based on the median selling price of a single-family home using year-end 2022 data and calculated based on a 30-year mortgage at a 5.34% interest rate with a 3.5% downpayment. 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, 2023. 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 2023 dollars. Statewide average based on all units in state. Core city and remainder of state are calculated by Rhode Island Housing. Data cannot be compared to *Factbooks* prior to 2019.

(Sources continued with References on page 175)