

Issue Brief



Rental housing in Rhode Island

The persistent need for long-term affordable apartments

Rhode Island has seen many changes to its housing market during the last several years. The state's foreclosure crisis and high unemployment rate have exacerbated the need for long-term affordable rental homes. Long-term affordable rental homes are a necessity for a wide range of Rhode Islanders:

- Carlos, a customer service representative at a call center, is looking for a three-bedroom apartment for himself and his family.
- Abigail is a URI graduate starting out her professional life as a program assistant. She is looking for a one-bedroom apartment she can afford on her own that is close to her job.
- Frances, a widow, would like to sell her family home and downsize to an affordable apartment in her community.
- Darryll has been honorably discharged from the Army after three tours of duty in the Middle East and is trying to move back to his hometown in Rhode Island.
- Ed is disabled and living in a homeless shelter because he is not able to earn enough to live in an apartment.



These composites are examples of circumstances faced by everyday Rhode Islanders for whom the lack of quality affordable apartments is a serious challenge.

This Issue Brief examines the persistent need for long-term affordable rental homes in Rhode Island and how the state's investment is necessary in meeting demand.

Long-term affordable rental homes in Narragansett. Developed by Narragansett Affordable Housing Corporation with funding from the state's Building Homes Rhode Island program.

The Price-Wage Gap for Rhode Island Renters

Close to 40 percent of Rhode Islanders rent their homes, more than any other state in New England.¹ This group has been particularly affected by increasing rental prices during the past decade. The average cost for a three-bedroom apartment in 2010 was \$1,531, 75 percent higher than in 2001; for a two-bedroom apartment, 50 percent higher; and for a one-bedroom apartment, 47 percent higher.²

High rental costs are unaffordable to Rhode Island's top occupation groups. For example, in 2010 close to 18 percent of Rhode Island's workforce were office and administrative workers. The median hourly rate for these workers was \$16.22, and the entry-level hourly rate was \$12.65.³ But the hourly wage needed to afford the average 2-bedroom apartment rent in the state that same year was \$23.90.⁴

High Housing Cost Burdens

Studies have shown that renters are more than twice as likely as owners to be extremely housing cost burdened.⁵ This is due in large part to renters having lower incomes than homeowners. **In Rhode Island, one in four renters is extremely housing cost burdened, spending 50 percent or more of their income on housing related expenses.**⁶

Such cost-burdens result in little money left for other monthly expenses. Compared with working families who are spending less than 30 percent of their income on housing, housing cost-burdened families are more likely to have difficulty purchasing food and more likely to have a child or adult lack health insurance.⁷ **High housing cost burdens also make it extremely difficult to save money or invest in education as a way to move out of poverty.**

Permanent Supportive Housing – Quality rental homes for our veterans



In 2008, Rhode Island ranked fourth behind California, Nevada, and Hawaii as having the highest percentage of veterans with a severe housing cost burden.⁸ Such cost burdens mean veterans, especially, are at high risk of becoming homeless. In fact, data from the Veterans Administration indicates that veterans are twice as likely as other Americans to be chronically homeless. Such sobering statistics illustrate the im-

portance of having an adequate supply of long-term affordable homes for our veterans.

A model that has proven cost-effective in the state is **permanent supportive housing**— a combination of long-term affordable rental homes with client-centered services that help people live more stable, productive lives.

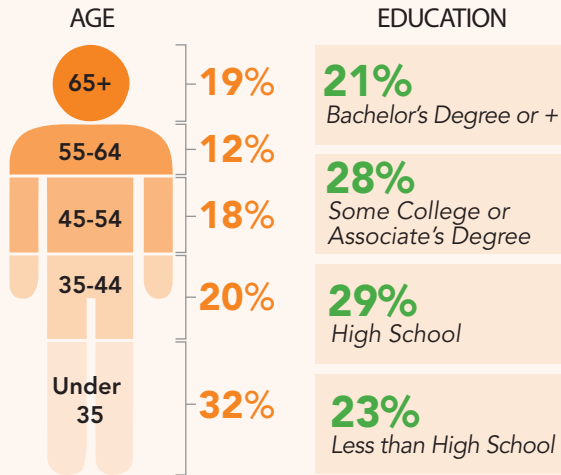
Operation Stand Down Rhode Island, which is working to house homeless veterans, currently manages five permanent supportive housing facilities. With supportive services such as case management, substance abuse counseling, job training, and medical and psychiatric referrals, veterans are afforded the stability needed to rebuild their lives.

Operation Stand Down Rhode Island received \$1.105 million from the state's Building Homes Rhode Island program to develop long-term affordable rental homes for 60 veterans in the state.

Pictured: Family housing in Johnston for formerly homeless and disabled female veterans and their children. Developed and operated by Operation Stand Down Rhode Island with funds from the state's Building Homes Rhode Island program.

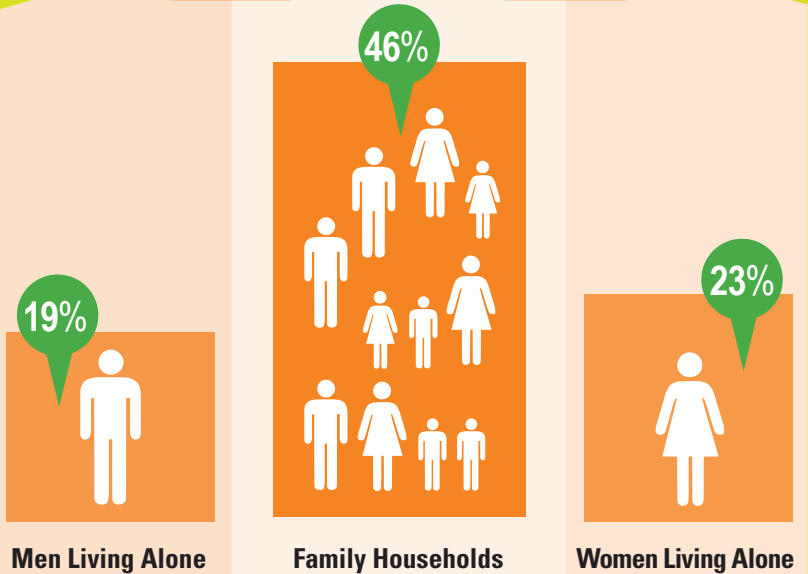
A LOOK *at* RENTERS *in* RI

• RENTERS *in* RI •



US Census Bureau, 2010 American Community Survey

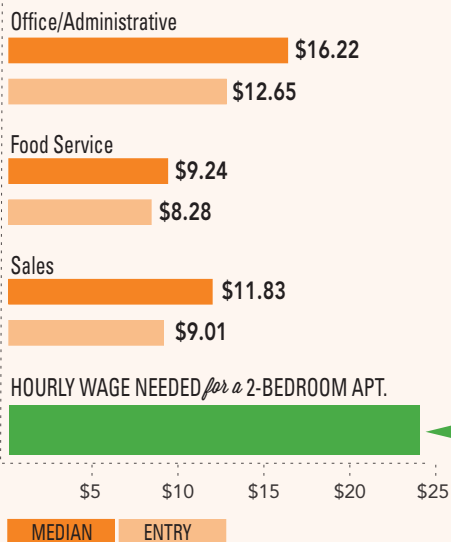
• TYPE of HOUSEHOLD •



US Census Bureau, 2010 Census

• WAGES: EARNED *vs.* NEEDED* •

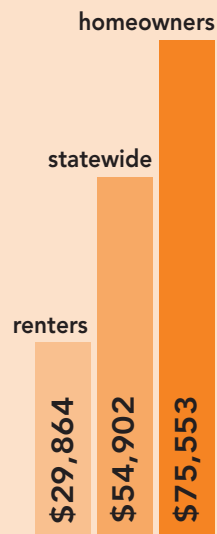
FOR MOST FREQUENTLY EMPLOYED
OCCUPATION GROUPS IN RI



WAGES EARNED: Rhode Island Department of Labor and Training, Occupational Wage Report 2010. WAGES NEEDED: Rhode Island Housing 2010 Rental Survey. Hourly wage needed based on 37.5 hour work week

*For a 2-Bedroom Apartment in RI

MEDIAN HOUSEHOLD INCOME



US Census Bureau, 2010 American Community Survey

27%



1 in 4 RI renters are spending 50% or more of their income on housing expenses

Joint Center for Housing Studies of Harvard University tabulations of the US Census Bureau, 2010 American Community Survey

INCREASES IN RENTAL PRICES 2001 - 2010



75%
3-BEDROOM

50%
2-BEDROOM

47%
1-BEDROOM

Rhode Island Housing 2010 Rental Survey

How Public Investment Can Help

The state needs a full continuum of safe, long-term affordable rental housing. From Public Housing Authorities and Section 8 vouchers⁹ to the Neighborhood Opportunities Program¹⁰ and Building Homes Rhode Island, the public investment in long-term affordable homes works to create a strong housing infrastructure that is essential for a strong economy.

Building Homes Rhode Island has helped to create over 1,000 long-term affordable rental homes in 21 communities across the state. Some of these homes are meeting the needs of low-wage workers and people with disabilities thanks to operating

support being provided by the Neighborhood Opportunities Program.

If the state is to continue to meet the need for affordable rental housing, lawmakers must maintain a consistent public investment in these programs. Investment in housing provides the necessary capital funds to rehab and develop long-term affordable rentals and assist with operating expenses and, in some cases, support services. Such an investment will ensure that Rhode Islanders, regardless of income, can live in safe, affordable rental homes in thriving communities.

References

¹ U.S. Census Bureau 2010 Census.

² Rhode Island Housing Rental Survey.

³ Rhode Island Department of Labor and Training, Occupational Wage Report 2010.

⁴ Rhode Island Housing Rental Survey. Hourly wage needed based on 37.5 hour work week.

⁵ Joint Center for Housing Studies of Harvard University, *The State of the Nation's Housing 2011*.

⁶ Joint Center for Housing Studies of Harvard University tabulations of the US Census Bureau, 2010 American Community Survey.

⁷ Barbara Lipman, Center for Housing Policy, *Something's Gotta Give: Working Families and the Cost of Housing* (2005).

⁸ National Alliance to End Homelessness, *Vital Mission: Ending Homelessness Among Veterans*, (2008).

⁹ Public Housing Authorities and Section 8 vouchers keep rent at 30 percent of the rental household's income.

¹⁰ The Neighborhood Opportunities Program provides gap funding to developments, allowing them to be rented to low-wage workers and people with disabilities.

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Quality affordable homes for all

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