

# Housing Crisis in Rhode Island

Our state is in the midst of the worst housing crisis in its history. Even moderate-income families are finding it difficult or impossible to find safe, affordable housing. Monthly average homeowner costs were \$1,305 per month in the state in the year 2002 (U.S. Census, 2002 American Community Survey); this means that a household would require an annual income of \$52,200 to afford to own the average home at 30% of income. But the American Community Survey reports that the median household income for Rhode Island was only \$45,634 in 2002. 39% of the state's households therefore rent their homes. Unfortunately, average rents are very high and are rising rapidly. A rent survey by Rhode Island Housing covering the January 2003 to September 2003 period found average rents for two-bedroom apartments to be \$1,017 per month. Assuming that renters can afford to pay a high 30 percent of income on their housing, this means that an annual income of \$40,680 per year is required to afford the \$12,204 needed to rent the average apartment. This is \$12,000 more in annual income than the typical renter's household income which is \$28,801 (American Community Survey, U.S. Census 2002). Someone working at the state's new minimum wage of \$6.75 per hour would have to work 116 hours a week year-round to be able to afford the typical two-bedroom apartment. Since 1997, housing costs have increased twice as fast as household income in Rhode Island.

Government has not met the housing needs of Rhode Island residents in this crisis. This is due partly to the fact that the federal government has reduced the amount they spend on housing from \$56 billion in 1980 (2001 dollars) to \$29 billion in 2003. The state has over 109,000 households making under \$25,000 per year that cannot afford private market rents (American Community Survey, U.S. Census 2002), but only 38,000 assisted housing units and 16,000 public housing units in RI. The average wait for public and subsidized housing is three to five years or more. There are not nearly enough federal Section 8 vouchers available for poor families; those who have them have often found it very difficult to find landlords willing to accept them in a hot rental market.

High rents and the failure of government to address the housing crisis that has resulted, has led to dramatic increases in homelessness in Rhode Island. For the year ending June 30, 2003, 5,686 individuals utilized Rhode Island shelter system. This was an all-time high and an increase of 29% over the last two years. The shelter system also saw all-time highs in the number families at 731, single women at 879 and single men at 2,507. The number of bed nights provided by the shelter system last year also hit an all-time high of 192,034. Back in July of 2001, the system was sheltering approximately 450 persons per night; we are now often sheltering over 600 persons per night.

Many homeless individuals and families are now turned away from shelters. A large population of long-term homeless persons now find shelter in places such as parks, cars and trucks, abandoned buildings, hospital emergency rooms, even graveyards and portable toilets. A recent study of long-term homeless persons in Rhode Island found that they spent an average of 45 nights per year in outdoor locations. Two-thirds had histories of depression; many had other serious medical and mental health problems, and most had no health insurance. All are in need of affordable permanent housing.

High housing prices dramatically affect the lives of low and moderate-income people, even if they are not homeless. Many of those using our soup kitchens and food pantries do so because housing costs use up nearly all of their income leaving them unable to afford to meet their families' food needs. People are forced to use emergency rooms to meet their health needs because their high rents mean they can't afford to buy health insurance.

These housing problems can be solved. Homelessness can be addressed through permanent supportive housing for single adults and through subsidized rents and apartments for families. Similar government subsidies can be used to produce permanent, safe, affordable housing for low and moderate-income households who may not be homeless but who cannot afford skyrocketing housing costs.

Housing availability is also a crucial economic development issue. How can jobs be created and filled in Rhode Island if safe, affordable housing is priced out of reach of nearly half of our households? Subsidizing housing production also creates jobs in the development process. The U.S. Department of Commerce estimates that a \$5 million investment in housing creates 1,250 jobs and \$30 million in wages in housing and associated consumer industries. The state's Neighborhood Opportunities Program has produced over 350 units of affordable housing for low-income working households and persons with disabilities. The \$16.6 million of state funds dedicated to this program has leveraged nearly \$102 million in additional funds. Housing production is among the best and most necessary of all economic development strategies.

At a minimum, Rhode Island must provide a continuing commitment of \$5 million per year to the Neighborhood Opportunities Program, a housing program that provides subsidized family housing for low to moderate income working families, and permanent supportive housing that reduces homelessness among single adults. Rhode Island spends less than \$5 per resident per year on housing production compared to \$25 per capita by Massachusetts and \$21 per capita by Connecticut.

A more serious effort to address housing needs would involve the creation of a state housing fund to provide flexible financing, of at least \$10 million per year, for low and moderate income housing production. Rhode Island should also provide \$5 million per year for a transitional state rental subsidy program, which would provide a two-year subsidy while families gain the income needed to get established in this difficult expensive rental market.

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