

# MIDDLETOWN LEADS

## WHAT IS MIDDLETOWN LEADS?

*Middletown Leads* is a weekly newsletter intended to connect the Middletown community by providing information about the civic undertakings of the Town.

## WHAT IS AFFORDABLE HOUSING?

Housing is considered affordable if a household spends no more than 30 percent of its annual income on housing costs. For example, a Rhode Island household earning \$50,000 should not exceed \$15,000 annually or about \$1,250 monthly for housing and utility costs combined. (*Housing Works*, 2017)

The 30 percent rule was established by the Federal government and adopted by housing and mortgage agencies. Households spending up to 30 percent of their income on housing gives residents the ability to afford food, healthcare, transportation, and childcare expenses. A household spending more than 30% of its income is considered “cost burdened”.

## CURRENT STATUS IN RHODE ISLAND

From 2000 to 2016, the percentage of both homeowner and renter households that are considered cost burdened has increased in Rhode Island. As of 2016, more than 1 in 3 homeowner households with a mortgage along with 1 in 5 homeowner households without a mortgage are cost burdened. In addition, more than half of all Rhode Island renter households are cost burdened.

In total, across all income categories, more than 145,000 Rhode Island households, or 35 percent, spend more than 30 percent of their income on housing costs.

## HOMEOWNERS OR RENTERS?

Nearly 90 percent of the lowest income owner households with a mortgage spend 30 percent or more of their income on housing costs. In total, more than 50,000 Rhode Island households with mortgages are cost burdened.

Even after paying off a mortgage, some homeowner households are still burdened by housing costs such as utilities, insurance, and property taxes. More than 80 percent of the lowest income homeowners without a mortgage—more than 12,000 households—spend 30 percent or more of their income on housing costs. This group includes seniors who are on fixed incomes.

Nearly 70 percent of the lowest income renter households—more than 23,000 households—spend more than 30 percent of their income on housing costs. Of these households, nearly 17,000 are actually severely cost burdened by spending more than 50 percent of their income on housing costs.

## HOW IS THE STATE ADDRESSING THE PROBLEM?

RI invests \$5.21 per capita in affordable homes while MA spends nearly 20 times as much.

## WHAT IS WORKFORCE HOUSING?

According to the National Association of Realtors, workforce housing is housing that is affordable to workers and close to their jobs. The most common definition of workforce housing comes from the *Urban Land Institute*, which defines workforce housing as: “housing that is affordable to households earning 60 to 120 percent of the area median income.”

According to *HousingWorksRI Fact Book*, the median household income in Middletown is \$63,717. Thirty-one percent (31%) of homeowners in Middletown are cost burdened. Fifty-four percent (54%) of renters are cost burdened.

## SENIOR HOUSING

The Middletown Town Council is in the process of making a decision regarding the senior housing issue within a self-imposed deadline of 2 months. However, the work is not over.

The Aquidneck Island Planning Commission recently conducted an all-day workshop for members of the island communities to discuss the challenge of increasing affordable and workplace housing. Panelists represented HousingWorksRI, Connect Greater Newport, and Church Community Housing among others.

## HOUSING AND THE ECONOMY

Housing and the economy are inextricably connected. For example, if a household is cost burdened, there is little financial ability to make purchases beyond the basic necessities. The result is less money to spend at restaurants or in retail establishments, providing less income for local business, sometimes placing them in jeopardy. (We are all familiar with closed store-fronts.)

Looking at a bigger picture, if the housing market is priced beyond the capability of even those with the median income, there is no incentive for business or industry to relocate in the area. The lack of affordable housing undermines a potential increase in the tax base.

## WHAT TO DO?

The Aquidneck Island Planning Commission recently conducted an all-day workshop for members of the island communities to discuss the challenge of increasing affordable housing. A report will be submitted to the member towns for their consideration regarding how to proceed.

## FOOTNOTE

Weekly essays about Middletown community and municipal affairs will appear on the Middletown Public Library website. Editorial essays may appear in the following: [MiddletownLeads@blogspot.com](mailto:MiddletownLeads@blogspot.com).