

The affordability restriction is administered as follows. The affordable unit restriction limits the pool of potential purchasers to all those with less than or equal to either 65% or 120% of Area Median Income (AMI), which varies by household size as shown in the AMI income table already provided to you.

The price that is affordable to eligible households within the AMI range is dependent on the following assumptions and requirements and negotiations between you and the eligible buyer. However, all costs associated with the housing payment are included in the negotiated price and monthly payment.

### Typical Price Assumptions<sup>1</sup>

The monthly payment for a home is based on the following assumptions<sup>2</sup>:

- Down Payment
  - 3.5%
- Mortgage
  - 4.5% fixed rate
  - 30 year term
- Homeowners Insurance
  - TBD
- HOA Fee
  - TBD
- Property Taxes
  - TBD

**Buyer Eligibility Requirements<sup>3</sup>:** In addition to the table above only those buyers that meet the following requirements are eligible<sup>4</sup>.

- **Buyer's Front-End Ratio**
  - $\geq 20\%$  to  $\leq 35\%$  of Gross Income.
- **Buyer's Back-End Ratio**
  - $< 41\%$  of Gross Income.

So for example, while the Ordinance allows the developer to sell a unit to a household earning 120% AMI, that is the maximum income for an eligible household to purchase the unit. The developer is free to choose at what price within the range to market the unit, however, any buyer must meet the eligibility requirements above.

**Identifying Eligible Buyers.** The City contracts with Community Partners for Affordable Housing (CPAH) to assist in the administration of the City's affordable housing program. CPAH maintains a waiting list of income eligible buyers and will provide your team qualified leads. Please contact CPAH's Development Director Amy Kaufman, at 847.263.7478 or email at [akaufman@cpahhousing.org](mailto:akaufman@cpahhousing.org) for information about this service and how CPAH can assist you in selling the unit.

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<sup>1</sup> These assumptions will be adjusted to reflect the particular sale in question to verify whether a particular price is affordable for a particular buyer based on the City's Buyer Eligibility Requirements.

<sup>2</sup> City policy is to use HUD and Lake County guidelines, the cost of housing should be no more than 35% of income.

<sup>3</sup> Based on Lake County underwriting parameters used for HOME program assistance.

<sup>4</sup> Per City Policy – this policy helps ensure that those purchasing affordable units in Highland Park can afford to do so.