



– Technical Guide –
Village of Northbrook Affordable Unit Pricing Schedule

Background and Authority

Each year the Village of Northbrook will issue an updated Pricing Schedule pursuant to Zoning Code Amendment, Article IX; Part III, Section 9-305 C, Pricing Schedule, which states:

“The Village Manager shall publish a Housing Expenses Pricing Schedule of rental and sales prices for affordable housing units for each income tier designated in 9-305 B, which pricing schedule will be made publicly available and will be updated annually”

Identification of Eligible Tenants and Eligible Buyers of Owner-Occupied Units

The income tier designates the gross household income that will apply to potential tenants and homebuyers. The gross household income limit varies depending on household size. Qualified applicants must be below the designated income limit for their household size. For example, a unit that is designated as Tier B, for households earning 50 – 80% of the Area Median Income (AMI), must be sold or leased to a qualified household with total gross household income below 80% of AMI for their household size. The Village uses the Annual Income Limits provided by the U.S Department of Housing & Urban Development (see Table 3 below) to determine gross income limits applicable for qualification of applicants and for determining the maximum rent and purchase prices that can be charged for a particular unit.

Calculation of Rent for Affordable Housing Rental Units

Pursuant to Section 9-311 “Rental rates for Affordable Housing Rental Units”, the rent a property owner can charge for a particular affordable unit depends on the income tier and the size of the unit. The income tiers, unit sizes and other specifics related to each affordable unit are in the Developer Agreement and the Final Approved Affordable Housing Compliance Plan. For each particular affordable rental unit:

- Household size for purposes of rent calculation is assumed to be number of bedrooms in the unit plus one. For example, a one-bedroom unit would assume a household of 2 for purposes of rent calculation. (See Table 2 below.)
- Rents are calculated based on what is affordable to a household that would be below the income tier limit. For example, a unit that is Tier B, or between 50 – 80% AMI, must have rent that is affordable to a household earning 65% AMI.
- Rents are calculated using a housing payment ratio of 31%.
- In this example, based on current income limits and a maximum 31% housing ratio, the maximum rent a developer could charge for the 1-bedroom unit in Tier B would be \$1,253.

Sample Calculation:

- A one bedroom unit assumes a 2 person household, per Table 2, below.
- The unit that is designated as Tier B, or 51-80% AMI, has rent that is based on 65% of AMI for that household size. 65% AMI for a 2 person household is \$48,490. See Table 3 below.
- Divide \$48,490/12 to get \$4,041/month in income.
- Using a housing expense ratio of 31%, multiply \$4,041 x 31%. The max rent for this unit would be \$1,253.
- Please note that these rents are maximums based on a household size of “number of bedrooms plus one”. Smaller household sizes, with lower income limits, may not qualify for the maximum rent as determined above. Developers may decide for rents to be below the maximum allowable to increase the potential number of qualified applicants.

Table 1: Village of Northbrook Affordable Rental Unit Pricing Schedule* Effective July 1, 2021

Unit Type / Bedrooms	Income Tier		
	Tier A (0% to 50% AMI)	Tier B (51% to 80% AMI)	Tier C (81%-100% AMI)
	Maximum Rent based on 45% AMI	Maximum Rent based on 65% AMI	Maximum Rent based on 80% AMI
Efficiency	\$759	\$1,096	\$1,350
One	\$867	\$1,253	\$1,541
Two	\$975	\$1,409	\$1,734
Three	\$1,083	\$1,565	\$1,926
Four	\$1,171	\$1,691	\$2,081

Source: Village of Northbrook Department of Development and Planning Services, pursuant to Code Sec. 9-305.

* All rents shown include utilities. If your unit rents do not include utilities the above prices must be adjusted downward – please contact the Department of Development and Planning Services for details. Rents shown are maximums. Developers are permitted to lower rents to reflect market forces and other considerations. Pricing Schedule will be updated and published annually by the Village of Northbrook per Section 9-305 B.

The Tables below are used to calculate the maximum rents in Table 1 above.

Table 2: Expected Unit Occupancy by Unit Type / Bedrooms

	# of Bedrooms in Unit				
	Efficiency	One	Two	Three	Four
Occupancy (# of people in Household)	One	Two	Three	Four	Five

Table 3: Gross Income Limits by Area Median Income (AMI) and Household Size

% of AMI	1	2	3	4	5	6	7	8
45%	\$29,385	\$33,570	\$37,755	\$41,940	\$45,315	\$48,690	\$52,020	\$55,395
50%	\$32,650	\$37,300	\$41,950	\$46,600	\$50,350	\$54,100	\$57,800	\$61,550
65%	\$42,445	\$48,490	\$54,535	\$60,580	\$65,455	\$70,330	\$75,140	\$80,015
80%	\$52,200	\$59,650	\$67,100	\$74,550	\$80,550	\$86,500	\$92,450	\$98,450
100%	\$65,300	\$74,600	\$83,900	\$93,200	\$100,700	\$108,200	\$115,600	\$123,100
115%	\$75,095	\$85,790	\$96,485	\$107,180	\$115,805	\$124,430	\$132,940	\$141,565
120%	\$78,360	\$89,520	\$100,680	\$111,840	\$120,840	\$129,840	\$138,720	\$147,720

Source: U.S. Dept. of Housing and Urban Development FY-2021 Income Limits Documentation System, Chicago-Joliet-Naperville, IL HUD Metro FMR Area

Calculation of Sales Price for Owner Occupied Affordable Housing Units

Pursuant to Section 9-310 “Initial Sales Price for Affordable Owner-Occupied Units”, the maximum allowable initial sales price for affordable owner-occupied units shall be set according to a schedule published by the Village annually and calculated on the basis of:

- Housing expenses at or below thirty one percent (31%) of the designated eligible income tiers set forth in Section 9-305 C
- Expected occupancy as shown in Table 2 above
- An available fixed rate thirty (30) year mortgage, consistent with the average rate published from time to time by Freddie Mac
- A down payment of five percent (5%)
- A calculation of property taxes
- A calculation of homeowner’s insurance
- A calculation of condominium or homeowner association fees
- A calculation of private mortgage insurance, if applicable
- Sales prices are calculated based on what is affordable to a household that would be below the income tier limit. For example, for a unit that is Tier 1, or between 50 – 80% AMI, the price must be affordable to a household with income at 65% AMI.

Sample calculation of a 2 bedroom condominium—Please note that these calculations depend on assumptions made for the purpose of example, and the maximum allowable sales price will change when inserting numbers that reflect actual costs related to the sale.

- Per table 2, we assume a household size of 3 for a 2 bedroom condominium
- If the unit is designated as Tier 1, or for households earning less than 80% AMI, the purchase price is based on 65% of AMI for that household size. 65% AMI for a 3-person household is \$54,535. See Table 3 above.
- Divide \$54,535/12 to get \$4,545/month in income.
- Using a housing expense ratio of 31%, multiply \$4,545 x 31%. The max monthly payment for this unit would be \$1,409.
- Following are assumptions used for this sample calculation purposes only: 3% interest rate, 5%down payment, \$400/month property taxes, \$125/month insurance, 0.6% Private Mortgage Insurance, and \$200/month association fees.
- Using a mortgage calculator, determine the maximum price that a person with \$54,535 of income can afford for a unit with the assumptions noted in the bullet above. Mortgage Calculator:
<https://www.mortgagecalculator.org/calculators/affordability-calculator.php>
- In this example, the price of this condo could not exceed approximately \$152,000.
- Please note that these sales prices are maximums based on a household size of “number of bedrooms plus one”. Smaller household sizes, with lower income limits, may not qualify for the maximum sales price as determined above. Developers may elect for sales prices to be below the maximum allowable to increase the potential number of qualified applicants.

Table 4 below displays the maximum allowable initial sales prices for affordable owner-occupied units based on the assumptions shown. The actual maximum allowable initial sales prices for any particular affordable housing unit will be calculated by the Village based on the interest rates at the time of initial marketing and the particulars of the development.

**Table 4: Village of Northbrook Affordable Ownership Unit Pricing Schedule*
Effective July 1, 2021**

	Tier A (0% to 80% AMI)	Tier B (80% to 120% AMI)
	Maximum price based on 46% AMI	Maximum price based on 100% AMI
Efficiency	\$83,000	\$215,000
One	\$118,000	\$268,000
Two	\$152,000	\$322,000
Three	\$187,000	\$375,000
Four	\$215,000	\$418,000

Source: Village of Northbrook Department of Development and Planning Services, pursuant to Code Sec. 9-310.
* Sales prices are maximums based on a 3% interest rate, 5% down payment, \$400/month property taxes, \$125/month insurance, 0.6% Private Mortgage Insurance, and \$200/month association fee. Actual maximum allowable sales prices per each affordable unit will be calculated by the Department of Development and Planning Services based on current interest rates and actual property details. Developers are permitted to sell for less to reflect market forces and other considerations. Pricing Schedule will be updated and published annually by the Village of Northbrook per Section 9-305 B.