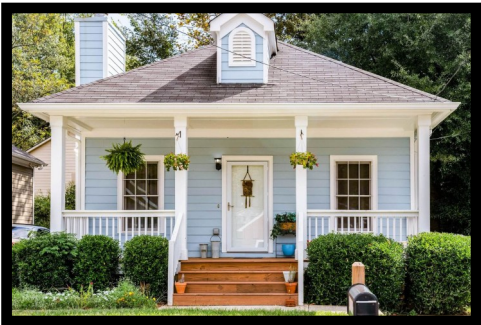


2025 was the year of the A words: **Artificial Intelligence (AI)** and **Affordability**. We are constantly hearing about **AI's** newest ability and what we can expect from **AI** in the future. But the **Affordability** of homes, cars and even savings for young people (Gen Y and Gen Alpha) has become a real concern. Will they be able to afford the American Dream.

- 1) The table below shows the average price of starter homes in four cities of various sizes in 2025 and projected for 2030. Calculate the percentage change in price for each city.
- Step 1: $2030 \text{ Price} - 2025 \text{ Price} = \text{Change in Price}$
- Step 2: $\text{Change in Price} / 2025 \text{ Price} = \% \text{ Change in Price}$ (round answers to the nearest 1/10th percent)

City	2025	2030	% Change
Sterling, IL	\$137,000	\$171,000	24.8%
Indianapolis, IN	\$182,000	\$217,000	19.2%
Chicago, IL	\$308,000	\$351,000	14.0%
San Francisco, CA	\$1,255,000	\$1,800,000	43.4%



- 2) Calculate the total of payments for a starter home in each city based on a 10% down payment and a 6% interest rate for 30 years.

City	2030	Monthly Payment	Total of Payments
Sterling, IL	\$171,000	\$ 986.83	\$ 355,258.80
Indianapolis, IN	\$217,000	\$ 1,252.30	\$ 450,828.00
Chicago, IL	\$351,000	\$ 2,025.60	\$ 729,216.00
San Francisco, CA	\$1,800,000	\$10,387.72	\$3,739,579.20

Monthly Payment X 360

- 3) It has been suggested that mortgage terms be raised to 50 years (600 payments). Do you think this is a good idea or a bad idea? Explain why.

- 5) What would you do to make housing more affordable?
