

Model Operating Budget

Note: This handout was created for cohousing financing workshops presented by Design Coalition in 1992

PART I ~~ IDENTIFYING OPERATING INCOME

1. Gross annual income _____
2. Vacancy allowance (3-5%) _____
3. Effective gross income _____
4. Other income _____

- 5. NET OPERATING INCOME** _____

INCOME DEFINITIONS

1. This line should reflect the annual income to the project from residents. It should include payments for mortgage, taxes, insurance and operating fees.
2. Vacancy allowance is budgeted to cover the costs of carrying vacant units. It should reflect a conservative estimate of liability, since you can always redistribute these charges if you find that the project is fully occupied.
3. Effective gross income is the total income less the vacancy allowance.
4. Other income is any income to the project from another source, such as charges to outside groups for rental space of community rooms, or commercial rentals for other parts of the property. It could also include the costs of rental for parking spaces or other amenities outside of the generic budget.
5. Net operating income is the amount of income you expect to realize through all of the above calculations.

PART II ~~ IDENTIFYING OPERATING EXPENSES

Management Costs

- 1. Management fee _____
- 2. Payroll expenses _____
- 3. Legal fees _____
- 4. Accounting / audit fees _____
- 5. Advertising _____
- 6. Telephone _____
- 7. Office supplies _____
- 8. Other _____

Subtotal _____

Maintenance Costs

- 9. Payroll expense _____
- 10. Elevator _____
- 11. Other mechanical equipment (specify) _____
- 12. Decorating (specify) _____
- 13. Routine repairs _____
- 14. Extermination _____
- 15. Lawn and landscaping _____
- 16. Garbage / trash removal _____
- 17. Snow removal _____
- 18. Other _____

Subtotal _____

Utilities

- 19. Electricity
 - a. residential _____
 - b. commercial _____
 - c. common areas _____

- 20. Heat (gas, oil,electric, LP - specify)
 - a. residential _____
 - b. commercial _____
 - c. common areas _____

- 21. Sewer / water _____

Subtotal _____

Taxes / Insurance / Reserves

22. Property insurance (annual) _____

23. Real estate taxes _____

24. Replacement reserve _____

25. Other _____

Subtotal _____

TOTAL ANNUAL OPERATING EXPENSES _____

(Add subtotal lines)

PART III ~~ IDENTIFYING INCOME AVAILABLE FOR DEBT SERVICE

26. Net Operating income _____

27. Minus total operating expenses _____

28. Income available for debt service _____

29. Debt service coverage ratio _____