

# 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 \_\_\_\_\_