How to Create a ProForma and Budget for your project

Preservation Resource Center

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Agenda

- What is your project
- Detailing your goals
- Who is on your team?
- What to include in your budget
- Creating a budget and Pro Forma
- Reviewing a Pro Forma

- Advice from Others

What is your project?

Define Your Investment Goals

Personal Investment Due Diligence

Do you have Investment Partners?

Wish List

- Location
- Type of building – Renovation? New Construction?
- Commercial vs Residential?
- Intensity of the Renovation
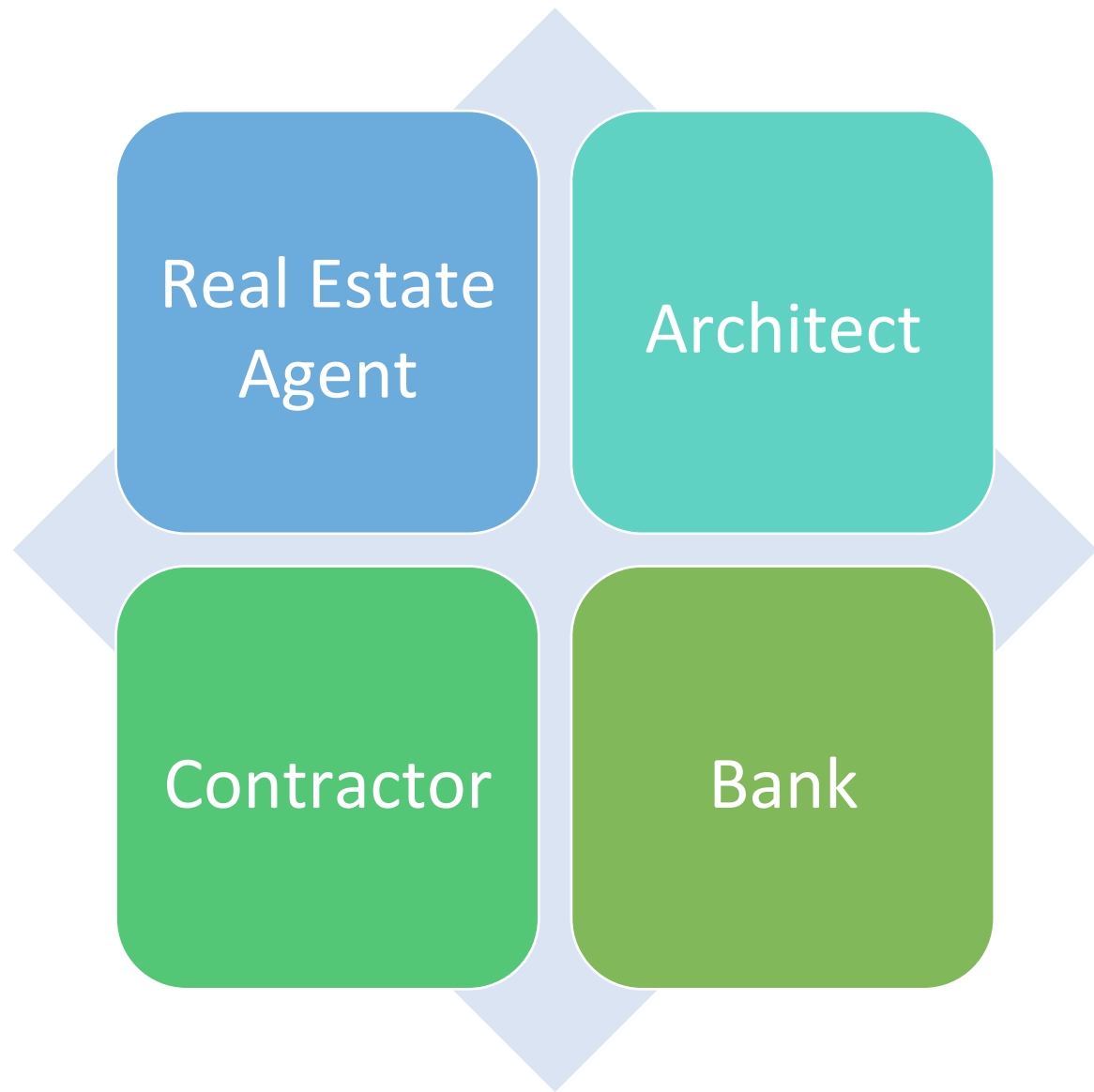- Timeline
- Inspection Process

Wish List

Dream Items
- Ceiling fan in every room
- Bevolo gas light on the porch
- Tile backsplash
- Small things like location and quantity of outlets
- Priorities

Chicken or the Egg – Who do you call first?

Real Estate Agent	Architect
Contractor	Bank

Building your budget

ses	
quisition	
rd Cost - Construction	Multiple Bidders
sign Fees	Multiple Bidders
rmitting	Cost is Fixed – New Orleans Safety and Permits
nstruction Loan Interest	
nstruction Loan Closing Costs	
titlements (re-zoning, parking waiver), surveys, appraisals, vironmental	
rd Party Construction Management Firm	
pperty Taxes	Cost is Fixed - New Orleans Assessors Office
veloper Fee	

Building Your Budget

Sources
Cash
Construction Loan
Investor / Friends and Family Money
Louisiana State Historic Tax Credits

Construction Loan

Appraised Value

- Time period at acquisition or construction loan

Loan To Value

- 75% - Investment Property, Interest Rate 4 – 7%
- 90% - Personal Property, Interest Rate 5.5% - 7%

Advice from others

Financial

- Contingency Fund!
- Be as detailed as possible and then add more money
- Have cash to use between draws

Miscellaneous

- You might fight a lot with your partner
- If you're flipping a house, design for the neighborhood, not for you to live in
- Sometimes Home Depot and Lowes is okay
- Everyone gets one splurge item
- Clean Title

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