

DEVELOPMENT BUDGET CHECKLIST

ACQUISITION COSTS

Purchase price

Carrying costs of site ownership pre-closing: insurance, taxes, utilities, security

Closing costs of site ownership: legal fees, filing fees

HARD COSTS

Construction

Cost estimating services

Demolition of existing structures

Environmental remediation

Utility connection fees (gas, electricity, water and sewer, cable, internet)

Special green elements (e.g., solar panels, special windows, geothermal)

Construction Contingency

During project planning, a minimum of 10-15%

At closing, 5% for new and 10%+ for rehab

SOFT COSTS

Professional Fees and Services

Architecture and engineering

Design phase and construction administration by architect

Civil or site engineering

Specialists: HVAC, Teledata

Consultants for conservation, historic, wetlands

Energy analysis

Special design for green elements: solar, wind, geothermal

Graphics for public or community presentations (e.g., models, renderings, drawings)

Code consultant

Technical plan review for owner

Construction phase technical testing and inspection (e.g., concrete, soils compaction, blower door tests)

Commissioning of buildings

Site surveys: boundary and topographic

Survey of each completed unit for homeownership sales

Geotechnical exploration for new construction (soils borings)

Environmental engineering (prepare 21E report, hire/supervise remediation contractors, testing, DEP reports)

Owner's construction representative or clerk of the works

Legal

Attorneys' fees for project funders

Accounting/auditing for each year of development

Cost certification

Development and/or financial consulting

Appraisal for acquisition or for completed project

Market study to verify rents or sales prices

Property management

Funders' construction inspection

Public Permits and Fees

Filing fees for zoning, planning, conservation board approvals

Inclusionary fees charged by municipality for affordable housing

Financing Related Costs

- Application fees
- Loan interest on acquisition and/or predevelopment loans
- Interest on construction-period loan(s)
- Financing closing costs
- Filing fees

Marketing Costs; FF&E

- Personnel costs to manage rent-up
- Brokers' or realtors' fees for sales
- Fees to conduct lottery for affordable home buyers
- Advertising, Website, brochure
- Model unit furnishings
- Counseling pre- and post-purchase for affordable home buyers
- FF&E: furniture, fixtures and equipment for management office, maintenance staff, common areas and/or social service space

Relocation Costs (Existing Tenants)

- Relocation consultant
- Relocation expenses (e.g., moving costs, rent payments)

Reserves for Rental Projects

- Operating reserves, typically six months of operating costs
- Social service reserves in special needs housing
- Operating costs prior to full rent-up

Carrying Costs During Sales Period for Ownership Projects

- Interest on construction loan, insurance, taxes, utilities, security

Soft Cost Contingency

- At least 5% of costs above until budget is fixed. At closing, 2-3% of above items

DEVELOPER FEE AND OVERHEAD

SPECIAL COSTS FOR COMMERCIAL DEVELOPMENT

- Broker's fee for leasing (often a percentage of revenue from the entire lease period)
- Tenant improvement funds
- Additional architectural fees for tenant improvement
- Tenant improvement reserve
- Retail or commercial operating reserve

Please Note | Effort has been made by the author and sponsoring organizations to provide current and accurate information. However, readers should not rely on the information and are urged to review source material and consult with appropriate funding sources, practitioners and legal counsel before embarking on a particular course of action.