

The Low Income Investment Fund (LIIF) Affordable Buildings for Children's Development (ABCD) Initiative developed this **Child Care Facility Development Budget Guide** to help illustrate for child care operators the elements of a development budget. The development budget below is intended to be instructional and does not represent an actual budget. Start up costs such as a three-months operating reserve, furniture and equipment, marketing and staff recruitment and others are not included in this development budget however must be considered.

<b>Child Care Facility Development Budget Guide</b>		
<b>A. CAPITAL</b>		<b>A. Capital</b>
		A detailed list of <b>ALL</b> the sources of funding to be used for the development project. Some other sources include foundation grants, fundraising, Redevelopment, and local First 5 Commission capital.
<b>Source</b>	<b>Amount</b>	
Bank Loan	\$ 325,408	
Community Development Block Grant	\$ 200,000	
Operator's Savings	\$ 150,000	
<b>Total Capital</b>	<b>\$ 675,408</b>	
<b>B. DEVELOPMENT EXPENSES</b>		<b>B. Development Expenses</b>
		A categorical list of <b>ALL</b> development expenses. Depending on the scope of the project, in this section you could replace "Acquisition" with "Tenant Improvements" and "Rehabilitation" with "Construction".
<b>Expense</b>	<b>Amount</b>	
<b>1. ACQUISITION</b>		<b>B. 1. Acquisition</b>
Land	\$ 120,000	The cost to purchase the land.
Building	\$ 85,000	The cost to purchase the building.
Broker's Fee	3% \$ 3,600	The fee charged by the real estate agent.
<b>Subtotal Acquisition</b>	<b>\$ 208,600</b>	
<b>2. REHABILITATION</b>		<b>B. 2. Rehabilitation</b>
Parking	\$ 12,000	The total cost to prepare the parking area.
Landscaping	\$ 15,000	The total cost for all landscaping work.
Playground	\$ 10,000	The total cost for all playground work and equipment.
Building Renovation	\$ 225,000	The total cost for all building rehabilitation work.
		The total cost to improve items such as underground utilities, curb cuts, fire hydrants, traffic signs, emergency access and other local government requirements.
Offsite improvements	\$ 25,000	
		A reserve set aside for unforeseen repairs during the renovation process.
Contingency	20% \$ 57,400	
<b>Subtotal Rehabilitation</b>	<b>\$ 344,400</b>	
<b>3. SOFT COSTS</b>		<b>B. 3. Soft Costs</b>
		Fees paid to an architect and/or engineer for their expertise and work products such as designs, reports and technical specifications.
Architectural/Engineering	\$ 25,000	
		Land use and related fees paid to a city or county to allow the property to be used for child care.
Entitlement Fees	\$ 12,000	
		Fees paid to an environmental firm to evaluate a site and produce a report identifying any hazards prior to renovation.
Environmental Reports	\$ 6,500	
		Required by most lenders, hired by the architect or project manager to oversee the rehabilitation work.
Construction Manager	\$ 15,000	
		The child care operator's consultant who oversees all aspects of the rehabilitation project and communicates with all external parties.
Project Manager	\$ 10,000	
		Lenders agent who verifies all work is completed properly and advises on each contractor payment request.
Lenders Inspector	\$ 1,500	
		Fees, points and other costs paid to the lender for originating and servicing a loan.
Loan Fees	\$ 3,500	
		In order to determine how much equity can be used for loan collateral, this report is commissioned by a lender to determine the property and/or project improvement value.
Appraisal	\$ 6,500	
		Fees paid to a title company and city/county recorder's office to verify there are no outstanding liens on the property and to record a loan as a lien against the property.
Title & Recording	\$ 1,500	
		All associated taxes pertaining to new ownership of property.
Real Estate Taxes	\$ 2,380	
		Loan fees associated with the preparation of loan documents generated by the lender's legal department.
Lender Legal Fees	\$ 5,000	
		Fees associated with establishing a business' legal status such as corporation, non-profit status, etc.
Legal - Organizational	\$ 1,200	
		Legal fees paid to an attorney for preparation or review of rehabilitation transaction such as contractor contract.
Legal - Transaction	\$ 1,200	
		All insurance fees associated with the rehabilitation project and loan transaction.
Insurance	\$ 15,000	
		A loan fee for processing contractor payment from the loan proceeds.
Accounting	\$ 5,000	
		A reserve set aside for unforeseen soft cost during the renovation process.
Soft Cost Contingency	10% 11,128	
<b>Subtotal Soft Costs</b>	<b>\$ 122,408</b>	
<b>TOTAL DEVELOPMENT EXPENSES</b>	<b>\$ 675,408</b>	<b>Total Development Expenses</b> must be equal to or less than <b>Total Capital</b> .