

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.
Offsite improvements	\$ 25,000	The total cost to improve items such as underground utilities, curb cuts, fire hydrants, traffic signs, emergency access and other local government requirements.
Contingency	20% \$ 57,400	A reserve set aside for unforeseen repairs during the renovation process.
<b>Subtotal Rehabilitation</b>	<b>\$ 344,400</b>	
<b>3. SOFT COSTS</b>		<b>B. 3. Soft Costs</b>
Architectural/Engineering	\$ 25,000	Fees paid to an architect and/or engineer for their expertise and work products such as designs, reports and technical specifications.
Entitlement Fees	\$ 12,000	Land use and related fees paid to a city or county to allow the property to be used for child care.
Environmental Reports	\$ 6,500	Fees paid to an environmental firm to evaluate a site and produce a report identifying any hazards prior to renovation.
Construction Manager	\$ 15,000	Required by most lenders, hired by the architect or project manager to oversee the rehabilitation work.
Project Manager	\$ 10,000	The child care operator's consultant who oversees all aspects of the rehabilitation project and communicates with all external parties.
Lenders Inspector	\$ 1,500	Lenders agent who verifies all work is completed properly and advises on each contractor payment request.
Loan Fees	\$ 3,500	Fees, points and other costs paid to the lender for originating and servicing a loan.
Appraisal	\$ 6,500	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.
Title & Recording	\$ 1,500	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.
Real Estate Taxes	\$ 2,380	All associated taxes pertaining to new ownership of property.
Lender Legal Fees	\$ 5,000	Loan fees associated with the preparation of loan documents generated by the lender's legal department.
Legal - Organizational	\$ 1,200	Fees associated with establishing a business' legal status such as corporation, non-profit status, etc.
Legal - Transaction	\$ 1,200	Legal fees paid to an attorney for preparation or review of rehabilitation transaction such as contractor contract.
Insurance	\$ 15,000	All insurance fees associated with the rehabilitation project and loan transaction.
Accounting	\$ 5,000	A loan fee for processing contractor payment from the loan proceeds.
Soft Cost Contingency	10% 11,128	A reserve set aside for unforeseen soft cost during the renovation process.
<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> .