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?
## Building your budget

<table>
<thead>
<tr>
<th>Uses</th>
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<tbody>
<tr>
<td>Acquisition</td>
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<td>Hard Cost - Construction</td>
<td>Multiple Bidders</td>
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<tr>
<td>Design Fees</td>
<td>Multiple Bidders</td>
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<tr>
<td>Permitting</td>
<td>Cost is Fixed – New Orleans Safety and Permits</td>
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<tr>
<td>Construction Loan Interest</td>
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<td>Construction Loan Closing Costs</td>
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<tr>
<td>Entitlements (re-zoning, parking waiver), surveys, appraisals, environmental</td>
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<td>Third Party Construction Management Firm</td>
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<td>Property Taxes</td>
<td>Cost is Fixed - New Orleans Assessors Office</td>
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<td>Developer Fee</td>
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## Building Your Budget

### Sources

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Cash</td>
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<tr>
<td>Construction Loan</td>
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<tr>
<td>Investor / Friends and Family Money</td>
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<td>Louisiana State Historic Tax Credits</td>
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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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