

Small Scale Development Workshop - Static Pro Forma Worksheet - By Right

WHAT REVENUE CAN YOUR BUILDING PRODUCE?						
#1. MONEY IN	Quantity	Rent per Unit	SF per Unit	Rent/SF	Total SF	Total Monthly Rent
Studio Apartments		\$	SF	\$	SF	\$
One Bedrooms		\$	SF	\$	SF	\$
Two Bedrooms		\$	SF	\$	SF	\$
Commercial Space		\$	SF	\$	SF	\$
Common Area/Storage/Garages		\$	SF	\$	SF	\$
				Total	SF	\$

Gross Potential Annual Income - GPI (Monthly Rent x 12)	\$
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WHAT WILL IT COST TO OPERATE THE BUILDING?			
#2. VACANCY AND OPERATING	% of Gross Income		#3. CALCULATE NET OPERATING INCOME
GPI - From #1			Take your Potential Gross Income (PGI) from #1
Vacancy Factor (% of GPI)	5%		Subtract the Vacancy Factor
Annual Operating Expenses(OpEx); Insurance, tax, property management, repairs, expenses, etc. (% of GPI-Vacancy)	25%		Sub-Total is the Gross Operating Income (GOI):
			Subtract the Operating Expenses GOI X 25% OpEx) from #2
			Remainder is the annual Net Operating Income (NOI):

WHAT WILL IT COST TO BUILD? - WHAT IS YOUR RETURN ON PROJECT COST?				
#4. COST OF BUILDING THE PROJECT	Quantity	Cost per SF	Total	#5. CALCULATE ESTIMATED RETURN ON PROJECT COST
Land Cost	1	N/A	\$	Take your Annual NOI from #3
Hard Costs (Total SF from #1 x Cost per SF)		\$115	\$	Divide that by your Total Project Cost from #4
Soft Costs (Total SF from #1 x Cost per SF)		\$28	\$	The product is your Estimated Return on Project Cost
Other (Off-site Improvement Costs)	1	N/A	\$	
Total Project Cost:			\$	

HOW DO YOU FINANCE THE BUILDING? - HOW MUCH MONEY IS LEFT AFTER YOU PAY EXPENSES AND DEBT SERVICE?			
#6. DEBT SERVICE	\$		#7. CALCULATE CASH-ON-CASH RETURN
Total Project Cost from #4			Take your Annual Net Operating Income from #3
Assume 25% Equity (down payment) is required in cash and other equity (land, deferred fees, etc.)			Subtract your Annual Debt Service from #6
Assumed Loan Amount is 75% of the Total Project Cost. This is the Total Project Cost less the Equity provided:			This produces your Net Annual Income (or Cash Flow after OpEx and Debt Service):
How much do you have to pay each month to service that debt? (Assume 4.5% interest and 25 year amortization with no PMI) www.mortgagecalculator.org			Divide your Net Annual Income by the 25% Equity number from #6 to calculate your return on the Equity; your Cash on Cash Return:
Multiply Monthly Payment by 12 to produce your Annual Debt Service .			#8. ESTIMATE ANNUAL DEPRECIATION EXPENSE
Divide the Annual NOI by the Annual Debt Service to produce your Debt Service Coverage Ratio:			Multiply the Total Project Cost by .75 as a rough estimate of the value of improvements to the land. Divide the result by 27.5 years to determine the Annual Depreciation Expense: