



New Building Financing Worksheet (Purchase or Construct)

How much building can our church afford to own?

This worksheet was created by Church Facility Solutions, LLC (“CFS”) to lead your church through a preliminary planning process to estimate the financial “capacity” that your church current has. Your financial capacity defines the size and cost of the building that your church can afford to acquire.

Who is Church Facility Solutions?

CFS serves its church clients by acquiring land or an existing building, by developing a new building ground-up, by renovating an existing building and/or by listing for lease or sale its existing church property. In addition to the real estate and development aspects of its services, CFS also assists with orchestrating capital campaigns, the new property financing, audio/visual/lighting procurement, furniture/fixtures procurement, congregation communication and church leadership planning.

Financial Rules of Thumb

- Conduct your research on web.
- 33-40% max debt service to operating budget
- In order to add such a large cost line item to the budget, what are you prepared to cut out of the budget. Usually this requires downsizing your staff for a period of time. Who would you let go? What ministries can you “postpone”.
- Plan to raise 2-3 times your annual budget in capital stewardship campaign.
- Personnel salaries shall not exceed **40%** of operating budget.
- Top givers and percentage of number of Giving Units



Let's get started

Whether your church chooses to lease or purchase an existing building, or acquire land and construct a new building, you will need to estimate the square feet (ft²) of floor space that your church needs. The following criteria will determine the size of building you will need to accomplish your church's ministry needs:

Amount of Parking

Multiply the total number of parking spaces by 350 ft² to determine the land needed for parking.

Number of parking spaces _____ x 350 ft² = _____ ft² of parking area

Land Area

Basic method

For most early planning exercises, this basic method will suffice. The number of seats in sanctuary divided by 100 equals the number of acres for both the building and the parking.

(**Note:** Does the land have sewer service? If no, add appropriate land area for septic drainage field or install package plant.)

Land Area = number of seats _____ / 100 = _____ acres

Detailed method

If you desire to get more specific, then add the square footage of building footprint, the total parking area, the outdoor recreation areas, the expansion area(s) and the open space required by the municipality to determine the approximate square feet needed for the project. To convert square feet to acres, divide by 43,560 (sf per acre).

Land Area = _____ Total ft² | Divided by 43,560 = _____ acres

Annual Budget

Add up the useable square footage of all of the items above and then multiply times 1.4 to calculate the total gross square footage of the building.

Annual Budget = _____ GSF (Gross Square Feet)



Now that you know the size of the building and the approximate amount of land for the building and parking, let us apply some average unit costs to estimate the proposed project's total costs.

Land Cost

Estimate the likely purchase price of the land per square foot (or per acre). Multiply the cost per SF times 43,560 (SF per acre).

$$\text{Land Cost} = \text{_____ acres} \times 43,560 \times \$ \text{_____} / \text{ft}^2 = \$ \text{_____}$$

Hard Costs

The cost to prepare and install the site infrastructure and to construct the building will range from \$150-\$200/ft² depending on the building shape, the number of rooms and the desire for material enhancements. Multiply the Gross Building Size (ft² above) times the hard costs.

$$\text{Hard Costs} = \text{_____ ft}^2 \times \$ \text{_____} / \text{ft}^2 = \$ \text{_____}$$

Soft Costs

The most important aspect of any project is its planning. We see projects derail as the result of poor planning. Hire professionals that have previously designed and constructed a church or school project. These projects are very specific and unlike other commercial projects. These professionals will save you more money than you think you will save by using inexperienced volunteers. You will need to hire professionals including an architect, engineers (structural, civil, MEP, acoustic, etc.) and a project manager to orchestrate your new project.

Expect to spend 12% of your hard costs on Soft Costs.

$$\text{Soft Costs} = \$ \text{_____} (\text{Hard Costs}) \times 12\% = \$ \text{_____}$$

Furniture Fixtures and Equipment Costs

Don't forget to plan for sanctuary seating, AVL equipment (audio, visual, lighting), chairs for classrooms, furniture for fellowship and administrative areas, playground equipment, signs, etc.

Expect to spend 12% of your hard costs on FF&E.

$$\text{FF\&E Costs} = \$ \text{_____} (\text{Hard Costs}) \times 12\% = \$ \text{_____}$$



Financing Costs

Unless you plan to pay cash for your project, you will need to plan for the cost to underwrite a loan. These costs will include loan origination, appraisal, escrows, fees, closing costs and others.

Expect to spend 8% of your hard costs on Financing.

Financing Costs = \$ _____ (Hard Costs) x 8% = \$ _____

Total Project Costs

Land Cost	\$ _____
Hard Costs	\$ _____
Soft Costs	\$ _____
FF&E Costs	\$ _____
Financing Costs	\$ _____

Total Project Costs = \$ _____

It may be hard to believe just how expensive it really is to construct a new church building from the ground up. Over the past 5 years, the costs of construction have skyrocketed. Fortunately, we are just now seeing both materials and labor costs decrease as heavy demand has subsided. We are happy to give you several specific examples of church construction projects for your review. Perhaps you might want to go on a tour of these projects.

Should you have any questions about anything, please don't hesitate to contact us. We have a skilled staff available to review and guide you through this process. All of us at Development CFS look forward to assisting you and your church with its real estate and development needs.

Best regards,
Church Facility Solutions LLC

Scott A. McLean, CEO