

## Neighborhood Association Business Plans.

### INTRODUCTION.

A business plan for a neighborhood association may seem unusual or even too much, but consider that an association has costs, sources of revenue and possibly a future. If so, planning for a secure source of revenue to meet costs over a number of years seems to make sense.

### THE SOURCES AND USES OF FUNDS.

Modifying the traditional accounting approach, the association's business plan can consider existing and future revenue streams and the costs associated with running the association and completing projects that the resident members may desire.

### THE TYPE OF HOUSING REPRESENTED.

The neighborhood association may represent a single family community, an apartment complex or a condominium; or, in the worst case, a mixed use development that has many different types of residential and non-residential uses. Given the type of housing represented by the association, different business models and plans will be appropriate.

### THE CONCEPT OF A BUSINESS PLAN.

Business plans have been effectively used by large and small businesses, non-profit and other organizations for a long time. The composition is not very esoteric or complex. The typical content of a full blown business plan is presented to the right. A straight-forward neighborhood association is a simpler case and can probably get satisfactory results from a simpler process; however, an association with differing housing types or even different land use types may warrant the whole-magillah.

A basic outline for a straight-forward association business plan is:

- The purpose of the organization.
- Estimated annual costs for 5 years.
- Estimated revenue sources for 5 years.

### THE PURPOSE OF THE ORGANIZATION.

This can be simple or more sophisticated based on the shared vision of the residents. An agreed-upon purpose is a required first step. The purpose could be to protect the neighborhood from obnoxious intrusions, to enhance the streets, get the city to build a neighborhood park or to improve the bike/ped system connecting the neighborhood to nearby schools. The purpose will make a difference in the costs and revenue needs for the association.

### The full business plan content:

- Executive Summary
- Company Description
- Products and Services
- Marketing Plan
- Operational Plan
- Management & Organization
- Startup Expenses & Capitalization
- Financial Plan
- Appendices, if needed

### ESTIMATED ANNUAL COSTS FOR 5 YEARS.

Every neighborhood association has costs of operation. Larger associations may have salaries. There is the cost of meeting space, notices to residents, website construction/maintenance and social media activities. These costs can be estimated and projected.

### ESTIMATED REVENUE SOURCES FOR 5 YEARS.

Revenue sources are tougher. The main source is usually dues, especially for mandatory associations. The association may have a rent-generating billboard or cell tower location within its jurisdiction. Some local governments provide matching funds for start-ups and special projects. The task is to find reliable funding sources to cover the projected costs.

### FIVE YEAR BUDGET.

An annual budget with a membership fee schedule approved by the residents is critical.