

Buying a House -- New or Old?

Housing plans must be twofold:

- How does a chapter finance a house?
- Can the proposed house create sufficient income?

The first area must involve the Board of Advisors, alumni, the International Fraternity and the chapter in a coordinated financial planning effort. The Board, working with the chapter, should establish the need for housing, then review the buy-and-renovate approach or build a new house. It is also important to check zoning, determine financing requirements, review proposed chapter operating plans, find sources of funds, let contracts, and establish adequate levels of insurance protection.

Establishing the need is something which the Board and the chapter must agree on at the very start of any planning. While this statement seems so obvious that it shouldn't even be necessary to mention, a number of chapters have started a proposal on their own only to discover that their Board of Advisors, who must sign all legal documents, are unaware of any plans and become hostile because they were not included in the initial planning stages.

Several chapters will say, "the Board never does anything." However, if the chapter approaches its Board with the need plainly spelled out, the Board will listen.

The buy-and-renovate existing property, or build new, decision is one in which availability of property adjacent to the campus is a factor. Can the chapter be without facilities for an extended period of time, if the decision is to tear down and rebuild on existing property? Are any properties available that may be remade into adequate fraternity housing?

A very vital consideration is the zoning of the proposed area, either for buying an existing structure or building a new one. If the Board finds the zoning is not proper, they must take immediate steps to get proper zoning.

Once the plans for housing have been agreed on and the zoning has been cleared, the Board should first review the proposed chapter house operating budget feasibility, and then contact contractors or outside sources. It is suggested that an outside contractor do this coordinating unless the Board has a man who can devote full time to the renovation.

Financing requirements should be worked out by the Board, using the assistance of the chapter, local sources, alumni, and the International Fraternity. The chapter must aid in establishing the need, deciding housing facilities and, most important, prepare a realistic operating plan for the house.

Budget

While the subject of budgets has been previously mentioned, it bears repeating here with regard to a chapter house budget. Don't even contemplate a house that will house more men than your chapter has ever had-unless you have realistic plans for increasing your membership or are willing to plan on outsiders living in the house. This requirement is dictated by the size of payments needed to meet regular mortgage principal and interest. Once the house capacity has been established, use an 80 to 85 percent occupancy for breakdown operations. The chapter that budgets under the assumption of full occupancy for the entire year is going to use other chapter operating funds to pay house expenses before the year is over.

The amount of rent should be established based on competitive conditions-What are other fraternities charging, what are dorms charging, what are outside apartment rates? There is not good reason why a fraternity rent rate need be less than the competition, however. The expense side of the budget should include the fixed expenses of mortgage payment, insurance, taxes, housemother, if required, plus her payroll taxes. The balance of the expenses are those which vary with occupancy such as linen, operating supplies, utilities and repairs and maintenance. These repair and maintenance items include those requirements which occur in the regular course of events.

If this proposed operating plan is carefully thought out and presented, it will go a long way towards encouraging a Board of Advisors to work with its chapter and will aid in obtaining required financing.

Furniture

Planning for furniture for a new house or an existing one requires much of the same discipline referred to above. Need must be established, financial limits known and plans made to obtain funds. This is the area where local and/or previously obtained funds should be used. This is true because house financing sources will invariably take mortgages on property only-not furnishings. Usually a chapter house fund should be counted on for furnishings as well as for a down payment.

The Board again should carefully review all plans and inspect the the furnishings. They should exercise this prerogative to insure vendor reliability, not to dictate sources. The Board should require a review of several sources to help insure a choice while getting the best deal possible. While the chapter's taste and interests may be served, their prime consideration should center around durability, cleanability to appearance.

Money for Normal Operations

Planning for general chapter operation once again goes back to the preparation of a chapter operating budget. While the Crysophylos is held responsible for the budget, he must involve every committee chairman or officer so that the total plan is a "WE" plan, not a "THEY" plan.

Of course, a new officer or committee chairman can lay out all the plans he wants and may even be able to put dollar estimates with the plans, but he will invariably ask the Crysophylos,

How much did we spend last year?

This question, properly answered, is another proof of a good chapter with adequate records and plans. From these initial meetings and plans, the Crysophylos, who has also been working on the income side of the operating

plan, is able to prepare the budget for review by the chapter and Board of Advisors. From this operating plan the chapter has a financial course set towards achieving its overall goal of "tops on campus."